Jamaican Teas LTD.

Annual Report 2020

Mission

We aim to grow our business by producing high quality products that are safe, healthy and economical, while simultaneously being an exemplary corporate citizen, ensuring sustainable returns to our customers, shareholders and staff.

Vision

To become a leading producer of consumer goods within the Latin American and Caribbean region, through innovation, growth in exports and people centered values.

Contents

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of the Company will be held at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 on the 30th day of March 2021 at 2:00 p.m. for the purpose of transacting the following business:

1. a) To receive and approve the Audited Financial Statements and the Reports of the Directors for the year ended 30 September 2020 together with the Auditors' Report therein.

   b) Be it resolved:

   "That the Audited Financial Statements, the Auditors' Report and the Reports of the Directors for said period, be and is hereby approved."

2. a) To declare a capital distribution of six cents (0.06¢) per share paid on 15 October 2020, as a final distribution out of the sums standing to the credit of the Company's Capital Reserves for the year ending 30 September 2020.

   b) Be it resolved:

   "That the capital distribution of six cents (0.06¢) paid out of capital reserves for said period, be and is hereby approved."

3. a) To elect Directors:

   i. Suzette Smellie-Tomlinson retires by rotation as a Director in accordance with Article 111 of the Company's Articles of Association and being eligible, she offers herself for re-election.

   ii. Duncan Rory Davidson retires by rotation as a Director in accordance with Article 111 of the Company's Articles of Association and is not offering himself for re-election.

   iii. Damien King, having been appointed after the last AGM, retires in Accordance with Article 117 of the Company's Articles of Association and being eligible, offers himself for election.

   b) To consider, and if thought fit, pass the following resolution:

   i. "That Suzette Smellie-Tomlinson, who is retiring by rotation in accordance with (a) i above, be and is hereby re-elected a Director of the Company.

   ii. "That Damien King, having been appointed after the last AGM, in accordance with (a) iii above, be and is hereby elected a Director of the Company."

4. To approve the remuneration of the Directors:

   To consider, and if thought fit, pass the following resolution:

   "That the amount shown in the Audited Financial Statements for the year ended 30 September 2020 as fees to the Directors for services as Directors', be and is hereby approved."

5. To reappoint KPMG, Chartered Accountants, as Auditors of the Company for the next financial year and to authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD

Cameron Burnet
SECRETARY

Dated this 22nd day of January 2021

All individuals who attend the meeting will be required to wear masks and comply with all other Covid-19 precautions and protocols, including layout and seating. Hand sanitizer will be provided at convenient locations.

*Please see Proxy Form and notes thereto.

The meeting will be live-streamed at http://jamaicanteas.com/agm


Caribbean Dreams Select
20 Teabags
LYCHEE GINGER
té de lichi y jengibre
TEA INFUSION
Net. Wt. 40g(1.41oz)
CHOCOLATE MINT TRUFFLE
té de chocolate con trufa de menta
APRICOT PASSION FRUIT
té de maracuyá albaricoque
PINEAPPLE COCONUT
té de piña y coco
Product of Jamaica

Corporate Data

BANKERS:

Bank of Nova Scotia Ja. Ltd.

Scotiabank Centre

Cnr. Duke & Port Royal Streets

P.O. Box 709, Kingston

REGISTRAR & PAYING AGENT:

Jamaica Central Securities Depository

40 Harbour Street

Kingston

ATTORNEYS-AT-LAW:

Hart Muirhead Fatta

2nd Floor

The Victoria Mutual Building

53 Knutsford Boulevard

Kingston 5

AUDITORS:

KPMG

Chartered Accountants

6 Duke Street

Kingston

CHAIRMAN'S AWARD

John Mahfood
An Exceptional and Visionary Leader

Unassuming and down to earth, John Mahfood has tangibly demonstrated that foresight and dedication can indeed bear fruit.

With quiet fortitude and drive, John has played a pivotal role in steering the Jamaican Teas Group on the road to success well beyond the concept in 1996 when he and his late father and former Chairman of the Group, Adeeb Mahfood, acquired the Company (formerly Tetley Tea Co. (Ja) Ltd.). They transformed the Company from the sole production of black tea to a dynamic and innovative range of flavoured teas, under both the Tetley brand and the Company's own Caribbean Dreams brand. These products are in high demand locally and overseas and are the pillars on which towering sales are based.

Highly considerate and gifted with enviable inter-personal skills, some might think he is easily influenced but that would be a gross misunderstanding of this man, who is discerning and has an analytical mind.

John convinced his father to take the Company public and achieved this in 2010 when Jamaican Teas Limited (JTL) launched its Initial Public Offering (IPO) and was listed on the Junior Market of the Jamaica Stock Exchange (JSE). Since then, he has quietly gone about building Jamaican Teas, mindful of their shared vision of growing the business through exports and the investment of surplus funds.

He forged mutual relationships with external partners in the Caribbean and North America, all the while ensuring that JTL remains proactive in managing the requirements of growing and successful partnerships.

John is an inclusive CEO, who maintains an open-door policy and is as comfortable on the factory floor as he is in the boardroom. As CEO, he also understands the importance of media relations and is always receptive to journalists, even at short notice.

His philanthropy and civic mindedness are evident in the Company's active Corporate Social Responsibility programmes, which assist the wider community.

In his personal capacity, he is also well-known as a public commentator on varying matters of national importance and oftentimes, when he sees fit, boldly takes the lead in lobbying for change and improvement.

Under his commendable stewardship, JTL's profits have consistently grown, and revenues exceeded $2 billion in 2020 with profit after tax of $222 million, compared to revenues at $462 million and profit after tax at $58 million in 2010 when the Company was listed.

JTL's success has positioned the Group as one of the leading Jamaican business entities. The Company's achievements are also supported by investor confidence with registered shareholders growing steadily from 291 at September 2010 to 2,385 presently. Another measure of success is JTL's stock price, which has increased ten times since the IPO price of $3.37.

John is still brimming with ideas and ready to take the Group to the next level.

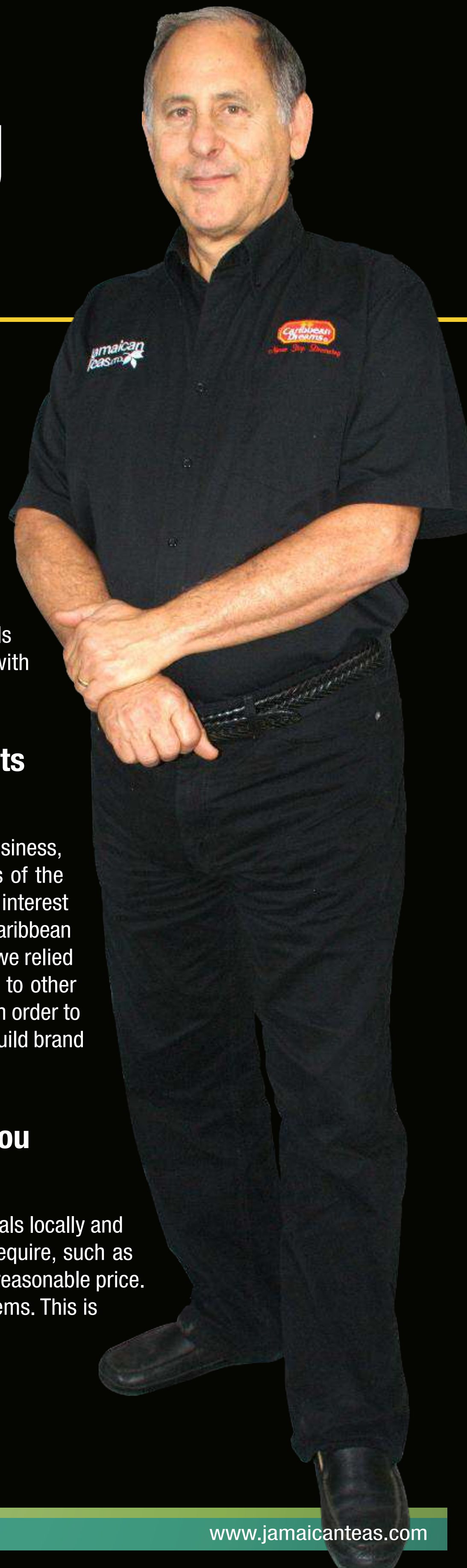
John Jackson
Chairman

22nd January 2021

Legend in Manufacturing

John Mahfood

Chief Executive Officer, Jamaican Teas Limited



How long have you been in manufacturing?

We acquired the factory with one packing machine and six employees in 1996. Today, we have 15 packing machines and 60 employees.

What inspired you to start your business?

We saw that there was an unmet need for ready-to-drink herbal teas in Jamaica and the wider Caribbean. We also realized that these teas were consumed by Caribbean people for the past 400 years, and the basis of their use was that the teas were good for you. Furthermore, we realized that a lot of the raw materials were available locally. Finally, we realized that we could compete on cost with international tea companies, and so we had the basis for a viable business.

To whom/what do you attribute your accomplishments in the manufacturing industry?

Both my father and I made personal sacrifices in the first 10-15 years of the business, working long hours and taking minimal pay, and reinvesting all of the profits of the Company. We did not have to borrow from financial institutions at the time when interest rates were very high, because we reinvested all profits. Finally, we identified the Caribbean market as our primary market, because we realized that we could not survive if we relied only on the domestic market. This meant that we had to do a lot of travelling to other Caribbean markets and we had to send small orders by air, at little or no profit, in order to get customers to try the products. It took at least 10 years before we started to build brand awareness and regular export orders.

What would you say is one of the major challenges you have faced in manufacturing?

We originally started the business on the basis that we could get the raw materials locally and we could help develop local farming. Unfortunately, the major items that we require, such as ginger and peppermint, are not available locally in sufficient quantities and at a reasonable price. This held us back in our development and we eventually had to import these items. This is one of the factors that allowed us to grow and increase our exports.

Continued on page 8

What would you say is the major difference between manufacturing in Jamaica now versus then?

- Much more efficient customs and port facilities that allow us to clear goods more quickly.
- More efficient government revenue services that allow for payments online rather than in person by cash or cheque.
- A more competitive banking system that has brought interest rates down to single-digit rates.
- Better shipping arrangements within the Caribbean that allow us to ship anywhere within the Caribbean.
- More recognition by the Government of the importance of manufacturing and their availability to help. The start of the Junior Stock Exchange in 2010, which allowed companies such as ours to raise capital and obtain tax relief. The tax relief allowed us to generate more cash for investment in equipment.
- Reduction in the cost of electricity from JPS and in the cost of solar PV systems, which have allowed many manufacturers to significantly reduce their cost of energy.
- Greater awareness among manufacturers today that their survival depends on their ability to export. We have lost most of our largest manufacturers, who were around 25 years ago, because they either went out of business or were taken over by foreign companies because they did not export and were not competitive.

Share with us one fun fact about your company or brand?

Back in 1988 (before we acquired the factory) when Hurricane Gilbert struck, the factory was in St Thomas. It took us three days after the hurricane before we were able to visit the factory to inspect it. We had been without water and electricity in Kingston for many weeks. When we got to the factory, there was no roof and there was a pool of water three feet deep in the factory. However, all of the tea in the factory was exposed to the rain and it was one great, big pot of black tea. The only good thing was that the factory still had running water and we were all able to strip and have a good shower. It felt so good!

What makes a successful manufacturer?

The realisation that we are all very small in Jamaica and we must think small and be nimble. If you think that you are big, you are done for. Look long term for your success as it takes many years of slow growth until you develop brand awareness. Do not let obstacles get in your way as there is always an answer to every problem. Do not cut costs by keeping salaries and benefits of your employees low. Find other means of cutting costs, including your own benefits. Treat your customer as your most important asset and do whatever it takes to satisfy their needs. I get a lot of negative feedback from our overseas customers about sloppy and lazy Jamaican manufacturers and they say that they could do much more business if the local manufacturers could meet their needs.

What impact do you hope to further make within the Jamaican manufacturing sector?

Provide an example to other manufacturers in Jamaica that we can succeed and compete with international companies. Show other manufacturers that you can succeed with almost any product provided that you are prepared to make personal sacrifices. Show other manufacturers that our domestic market is too small to allow for long term sustained growth. Assist other manufacturers by introducing them to our overseas customers.

What would your advice be to fellow Jamaicans who want to enter manufacturing?

Be prepared to make big personal sacrifices. If you are working for someone now, chances are that you will take a big hit to your earnings for a long time. But this is an investment in yourself for the long term. Don't be afraid to fail because you will gain a lot of valuable experience from building your own business and you will always be in demand by employers. Don't make the same thing that everyone else is doing; look for something new, look for a product that can be exported after you have developed the product on the local market. Pay your taxes and utilities and operate within the law. If you have to break the law to succeed then this business will not survive.

What is one key area of focus that will help to push the Jamaican manufacturing sector forward?

Manufacturers should set as their goal, to earn 50 percent of their revenue from outside of Jamaica and direct all of their efforts to achieving this. This will expose them to the best business practices and will ensure that they are competitive and make the best product possible. Jamaica is a tiny market and does not allow for long term growth for any manufacturer.

What mantra or philosophy do you live by?

Obstacles are things that get in your way when you take your eyes off your goal.

Interview reproduced with the permission of the Jamaica Manufacturers and Exporters Association (JMEA) from the Association's National Manufacturers' Month feature in the Gleaner of 30 October 2020.

Corporate Governance

Corporate Governance is a critical component in sustaining the growth and development of The Jamaican Teas Group of Companies for the benefit of our shareholders and stakeholders. Our Board of Directors ensure oversight of all the subsidiaries of Group, more so as Jamaican Teas Limited, the largest producer of teas in the Caribbean, exports more than half of its products to regional markets, the U.S.A and the United Kingdom.

Other subsidiaries of the Group include the real estate and property companies, H. Mahfood and Sons Limited (HMS) and H. Mahfood and Sons (2020) Limited, Bay City Foods Limited, operators of a supermarket in Kingston, LTJ Managers Limited (formerly JRG Shoppers Delite Enterprise Limited), an investment company, QWI Investments Limited, an investment holding and management company and KIW International Limited, an investment holding company with 17.95 percent ownership of QWI.

The Board of Directors of Jamaican Teas Limited, entrusted with the responsibility of Corporate Governance, ensures that the Company is set on a solid foundation that supports and fosters:

- Its long-term strategic goals, including that of its shareholders, stakeholders and employees
- Sound and fair business ethics
- Compliance with all legal and regulatory requirements in the operations of the Company's business, according to the Code of Corporate Governance
- Strong relationships with customers and suppliers in the community in which it operates
- Active engagement socially in the local community
- Access to information on the Company's performance, internal changes and other matters of import via strategic media placements and its corporate website
- Participation in protecting the environment

The fulfilment of these objectives is effectively carried out by a management team committed to high standards, which considers the interest of all shareholders, helping them to exercise their rights and encouraging participation in general meetings.

Shareholders are also kept well-informed by way of detailed quarterly reports on the Jamaica Stock Exchange (JSE) website, the Company's corporate website, as well as paid advertising in local newspapers.

The Company is also accountable to other stakeholders in respect of abiding by all legal, contractual and social obligations to non-shareholders, including policy makers, creditors, employees, suppliers, customers and local communities. The Company is also compliant with international regulations in keeping with its US FDA-approved status for exports and HACCP and Kosher certifications.

In its selection of Board members, the Company is guided by a code of conduct, which promotes accountability, integrity, and ethical and responsible decision making. Board members provide management with expertise in areas that facilitate the Company's operations and financial performance.

BOARD COMPOSITION

The Company's Board of Directors comprises five members, namely: John Jackson, Chairman, John Mahfood, Marcos Dabdoub, Duncan Davidson and Suzette Smellie-Tomlinson. Of the five members, there are four independent/non-executive Directors and one non-independent/executive Director, John Mahfood.

A Director meets the independent criteria when he or she:

- Does not have substantial shareholdings in any of the Group's companies;
- Is not a close relative of a shareholder with significant shareholdings; or
- IS NOT in an employment relationship with the Company or its subsidiaries.

Only one of the Company's Board member has substantial shareholdings in any of the Group's companies or an employment relationship with the Company.

Corporate Governance Continued

Areas of Expertise	John Jackson	Suzette Smellie-Tomlinson	John Mahfood	Duncan Davidson	Marcos Dabdoub
Finance & Accounting	√	•	√	•	•
General Management	√	√	√	√	√
Sales & Marketing	•	√	√	•	√
Manufacturing	•	•	√	•	•
Independent	√	√	•	√	√

The Company's Directors were selected because of their expertise in particular areas required by the Company.

All, but one, of the Company's Directors attended the Company's Annual General Meeting (AGM) held in March 2020 and met with shareholders.

TERMS OF OFFICE

Jamaican Teas Limited's Articles of Incorporation provide that one third of the members of its Board of Directors are to retire each year. Each retiring member, if eligible, may present themselves for re-election following their retirement.

The Board is required to meet at least 5 times per year, and whenever else necessary, to review the budget and quarterly reports. Members also attend the Company's Annual Retreat, along with the Operations Management Team —a forum which facilitates discussion and feedback on ongoing activities, plans and projects for implementation.

COMPANY SECRETARY

The Company Secretary supports the Board of Directors in the timely communication, preparation and dissemination of all Board and Committee documents and ensures compliance with applicable regulatory deadlines and requirements. The appointment and removal of the Company Secretary is determined by the Board. The present Company Secretary for Jamaican Teas Limited is Cameron Burnet.

MENTOR

JTL is mandated by the Jamaica Stock Exchange Junior Market Rules to have a Mentor on its Board, throughout its tenure as a Junior Market company. John Jackson has held this position since 2010.

The Mentor, whose competency is approved by the JSE, has the relevant skills, knowledge and expertise required, to carry out the responsibilities and functions as set out in Rule 503(2) of the Junior Market Rules. The skills, knowledge and expertise would have been attained through professional qualifications, work executed for companies listed on the JSE or other stock exchanges, or other relevant experience.

The Mentor is a key adviser to the Board, ensuring that the Company has in place the framework, procedures, systems and policies for good fiscal discipline and corporate governance. The Mentor's responsibilities are administered at all times in the best interest of the Company, its shareholders and stakeholders.

BOARD COMMITTEES

There are two established committees, namely:

- Compensation & Marketing
- Audit & Finance

Corporate Governance Continued

Role of the Compensation & Marketing Committee (CMC)

The Compensation & Marketing Committee comprises independent non-executive Directors: - Chairperson, Suzette Smellie-Tomlinson, Marcos Dabdoub and Duncan Davidson.

The main responsibilities of the CMC are to:

- Review and approve the compensation paid by the member companies to all employees and their Directors
- Review and evaluate the effectiveness of the sales and marketing practices and policies of Jamaican Teas Limited (JTL).

During the year, the CMC reviewed two employee profit-sharing distributions, as well as the Directors' fees payable for the financial year. The Committee also reviews and recommends remuneration and terms of employment for new management staff.

The Committee also:

- Assessed the results from the 2019/20 Annual Marketing Plan and expenditure;
- Reviewed and provided feedback on different activities in progress from the Knowledge Management Framework Plan;
- Assessed the results from the Caribbean Dreams Brand Development Plan 2018-2021, including potential staffing for expected business growth, and activities being implemented or in the process of being implemented;
- Reviewed the 2020/21 Strategic Marketing Plan to provide insight and approve same and the marketing budget. The Plan provides strategic direction for the next two years with a focus on increasing sales volumes and the number of channel partners, market intelligence and development, product development and market penetration strategies and attendant programmes;
- Reviewed market research strategies for instruments to be designed to conduct field research on consumers' perceptions and feedback on various products;
- Held separate meetings outside of the Committee meetings to review documents and provide individual feedback or approval, for example, on the website upgrade, social media opportunities and launch of the Caribbean Dream Select brand of teas.

Some of the CMC's activities during the year were delegated to committees of Directors and Jamaican Teas' employees as required.

Role of the Audit & Finance Committee (AFC)

The Audit & Finance Committee seeks to ensure the integrity of the Company's financial statements and adherence by the Group member companies to applicable accounting standards and applicable governance codes, in the preparation of the quarterly and annual financial statements. Additionally, internal controls are monitored so as to identify and control any operational risks.

The members of the Audit & Finance Committee are all independent except for John Mahfood. John Jackson is Chairman, along with Suzette Smellie-Tomlinson, John Mahfood, and Joan Brown, a Chartered Accountant, who joined the Committee in July 2019.

Board & Committee Meetings/Attendance

During the year, there were five (5) Compensation & Marketing Committee meetings and four (4) Audit & Finance meetings and eight (8) Board meetings.

Directors/Members	*Board Meetings*	*Audit & Finance Committee Meetings*
John Jackson	8	4
Suzette Smellie-Tomlinson	7	4
John Mahfood	7	2
Duncan Davidson	8	•
Marcos Dabdoub	8	•
Joan Brown	•	3

Corporate Governance Continued

Regulatory Responsibilities

Over the last twelve months, the Audit Committee met with the Company's Independent Auditors. During the period, there were no reports of any regulatory breach, including:

- The Securities Act or its insider trading regulations
- Regulations relating to the disclosure of transactions with any related party
- The Listing Rules of the Jamaica Stock Exchange

All the Company's unaudited Quarterly Reports and Audited Financial Statements were filed within the periods required by the Listing Rules of the Jamaica Stock Exchange, and the Financial Services Commission.

On 29 December 2020, KPMG, Independent Auditors of the Company, issued an unqualified audit opinion on the Company's 2020 annual financial statements.

Compensation of Directors

Each Director of the Company is paid an annual fee for his or her membership of the Board of Directors and each member of a Committee of the Board is paid an annual fee for his or her membership of such Committee. Directors who perform the functions of chairperson, whether of the Board or a Committee are paid additional fees.

For the year ended 30 September 2020, the total fees paid by the Company to its Directors was $4.2 million (2019 - $3.5 million). These fees are subject to the approval of the shareholders of the Company at the Annual General Meeting (AGM) and the fees proposed for 2020 will be put to the shareholders for approval at the Company's next AGM.

In addition to an annual fee, each Director of the Company is entitled to participate in the Company's share option schemes, which are described in detail in Note 14 of the Company's Audited Financial Statements. These share option schemes were approved by the Company's shareholders at the 2016 Annual General Meeting.

Share Options for Employees

At its 2011 AGM, the Company approved a stock option plan for its employees, which is described in Note 14 of its Annual Financial Statements. During 2020, no shares were issued to staff, pursuant to this scheme.

Corporate Governance Continued

Evaluation and Training of Directors

The Company does not presently have procedures pursuant to which the Directors evaluate either their own performance or the performance of their fellow Directors. The Directors recognise that the absence of such procedures is undesirable.

In 2021, external consultants may be engaged to establish such procedures and to perform an external evaluation of the Board's performance.

In 2020, the Directors did not participate collectively in any specific training programme relating to their functions as Directors of the Company.

Role of Subsidiary Company Directors

Bay City Foods Limited

The Directors of Bay City Foods Limited (BCF) are John Mahfood, Charles Barrett and Jonathan Mahfood. They are not considered to be independent as all three are full time employees of Jamaican Teas. The Directors do not consider it necessary to have committees, as management services are carried out by the JTL Board. All three Directors serve BCF without remuneration from that company.

H. Mahfood and Sons Limited and H. Mahfood and Sons 2020 Limited

The Directors of H. Mahfood and Sons Limited are John Mahfood, John Jackson, Duncan Davidson and Oliver Goldsmith. Messrs Jackson and Davidson are considered to be independent. The Directors do not deem it necessary to have committees, as management services are carried out by the JTL Board. All four Directors serve the company without remuneration from that company.

KIW International Limited

The Directors of KIW International Limited are John Jackson (Chairman), John Mahfood, Karl Wright and Kemilee McLymont. All Directors, except John Mahfood, are considered to be independent. Since KIW disposed of its investment portfolio to QWI, the services of the sub-committees were discontinued.

Each KIW Director is paid an annual fee and during 2019, John Jackson, along with two other non-Directors, were paid an incentive remuneration fee for their services as Investment Committee members in managing the company's investments.

The total fees paid to KIW Directors in 2020 was $1.2 million. These fees are subject to the approval of the shareholders of the company at the Annual General Meeting and the fees proposed for 2020 will be put to the shareholders for approval at the company's next AGM.

QWI Investments Limited

The Directors of QWI Investments Limited (QWI) are John Jackson (Chairman), John Mahfood, Cameron Burnet, David Stephens, Carl Carby and Malcolm McDonald. Messrs Carby, McDonald and Stephens are independent Directors.

QWI has an Audit Committee chaired by Carl Carby with members Malcolm McDonald, Cameron Burnet and David Stephens. The Audit Committee is therefore independent.

QWI also has an Investment Committee responsible for the management of the company's investments. This committee comprises John Jackson (Chairman), Cameron Burnet, and David Stephens, who is the only independent.

The total fees paid to QWI's Directors in 2019 was $5.5 million. These fees were approved by the shareholders of QWI at the last Annual General Meeting and the fees proposed for 2020 will be put forward for approval at the company's next AGM.

LTJ Managers Limited (formerly JRG Shoppers Delite Enterprise Limited) continues to trade but is not as active as the Group's other member companies.

Directors' Report

Directors (l to r): John Jackson, Suzette Smellie-Tomlinson,
John Mahfood - Chief Executive Officer, Duncan Davidson and Marcos Dabdoub

The financial year 2020 was an exciting one in many ways for Jamaican Teas Limited (JTL), despite the onset of the COVID-19 pandemic and its impact on various aspects of our business.

The Group achieved many positives during the year, which began shortly after our investment division successfully launched an IPO that raised $900 million dollars, after being oversubscribed. The year continued with strong improvement of export sales in our manufacturing division and the real estate division's successful completion of the apartment complex under construction.

Manufacturing sales at Jamaican Teas increased by 29 percent and the Company's profit before tax almost doubled from $165 million to $311 million.

Jamaican Teas LTD.

As the year progressed, COVID-19 presented challenges but we continued to enjoy robust exports, while local sales and manufacturing held their own and recorded modest growth. Sales at the supermarket dipped after April.

DISTRIBUTIONS

Subsequent to year end 2020, your Company made a capital distribution of 6 cents per share to shareholders in respect of the financial year ended 2019.

Directors' Report Continued

At an Extraordinary General Meeting (EGM) held in November 2020, shareholders approved the subdivision of each existing share into three shares. This has increased the Company's shares to over two billion outstanding shares, providing additional liquidity for your stock on the market.

DIRECTORS

On 1 January 2021, we welcomed the appointment of Dr. Damien King to the Board and Duncan Davidson indicated his wish to retire from the Board immediately following the conclusion of our 2021 Annual General Meeting (AGM).

We look forward to working with Damien and wish to recognize and thank Duncan for his contribution to the Board's deliberations over many years. We wish him a happy retirement.

Suzette Smellie -Tomlinson and Damien King are retiring by rotation and are offering themselves for re-election.

AUDITORS

The Auditors, KPMG, Chartered Accountants, have indicated their willingness to continue to serve. A resolution for their reappointment and authorizing the Directors to fix the remuneration of the auditors will be presented at the AGM.

OUTLOOK

Manufacturing sales growth in the three months to December 2020 was very strong and exceeded what was budgeted. The Company's production of soups and seasonings is continuing to grow and attract new customers locally and overseas.

We sense that the economy could be recovering slowly from a sharp decline in 2020. The rebounding of the investment market augurs well and our local investments have continued to recover their value in the first three months of the new financial year. This, along with good returns in the US market, is expected to further improve and contribute to our profits for the year.

There are also signs that our export sales will continue to grow. Our timely factory expansion, now in train, will help to meet growing demand.

The Group is financially sound with surplus funds at the end of the financial year and is therefore in a good position to undertake capital expenditure from our own resources.

2021 could be a record breaking year in terms of revenues and profit with all major divisions contributing to our outlook for a strong financial year.

APPRECIATION

We welcome our new shareholders and invite all to attend our next AGM scheduled for 30 March 2021, at the Jamaica Pegasus Hotel in Kingston. For convenience, as we continue to navigate COVID-19, the meeting will be live-streamed at http://jamaicanteas.com/agm

Thanks to all our customers and to the distributors, who deliver our products to the shops and supermarkets across the region.

Thanks also to our employees whose service and commitment to the Group's member companies contributed bountifully to the successful operations we enjoyed in 2020.

Directors' Profiles

Suzette Smellie-Tomlinson
Non Executive Director

As head of the Compensation and Marketing Committee, Suzette brings to Jamaican Teas more than two decades of experience covering the fields of banking and insurance; retail and distribution; media; education; cold storage and shipping, among others.

She has served in senior positions in corporate entities, namely Scotiabank, AIC Limited, National Commercial Bank Limited and Supreme Ventures Limited.

Suzette holds an MBA in Finance and Marketing from the Manchester Business School and University of Wales, and a BSc. in Economics and Management.

Marcos Dabdoub
Non Executive Director

Marcos is a member of the Compensation and Marketing Committee and a founding Director and Managing Director of Amalgamated Distributors Limited.

His 45 years of experience in the distributive trade positioned him as the exclusive Jamaican distributor of the Jamaican Teas' Tetley and Caribbean Dreams brands, which generate approximately 50 percent of the Company's overall sales. In 1963, he was a salesman at J & J Dabdoub Limited, and in 1967, he opened Marc's Department Store in Kingston.

Marcos' alma mater is St. George's College and he is a graduate of St. Mary's College in St. Andrew.

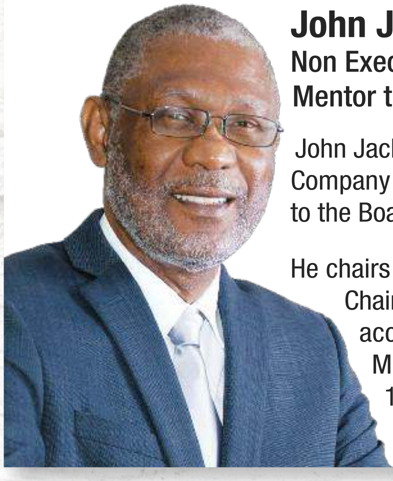
Duncan Davidson
Non Executive Director

Duncan is a business consultant and brings his experience to the Board as a member of the Compensation and Marketing Committee. His expertise in business positioned him to serve the supermarket chain, Hi-Lo Food Stores, and Hardware and Lumber Limited.

His work experience spans the Jamaican shipping industry. He was Managing Director of H. McCauley Orrett Limited, a subsidiary of GraceKennedy & Co. Limited, and a Director of Port Services Limited, GraceKennedy Shipping Limited, and the Maritime Training Institute, among others.

Duncan worked in Canada for a number of years, prior to his return to Jamaica in 1989. He holds a Diploma in Mechanical Engineering, Ryerson University, Toronto, 1971.

Directors' Profile Continued



John Jackson
Non Executive Director
Mentor to the Board

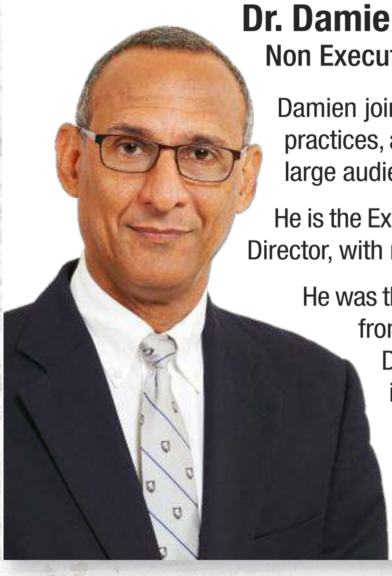
John Jackson brings to the Board his experience in the financial services industry. He serves the Company as Chairman of the Board, Chairman of the Audit and Finance Committee, and Mentor to the Board. He is a Chartered Accountant and Financial Analyst.

He chairs the boards of QWI Investments Limited and Jetcon Corporation Limited. He is a former Chairman of Jamaica Deposit Insurance Corporation (JDIC). He was a founder of the chartered accounting firm, Jackson Burnett Parkinson Jackson. John is a Director of Bridgeton Management Services Limited, a private investment and management company since 1974, and publisher of the financial website ICinsider.com. He was a Director of the Development Bank of Jamaica (DBJ) and is involved in other private entities.

John Mahfood
Chief Executive Director

John Mahfood heads the Management Team and is responsible for developing and implementing guidelines, internal controls and human resource procedures. His experience spans local and international retail and trading, mergers, expansions and turnarounds, all capacities in which he served several corporate entities.

John is a Certified Public Accountant and a Fellow of the Institute of Chartered Accountants in Jamaica.



Dr. Damien King
Non Executive Director

Damien joined the Board on 1 January 2021. He is experienced in fiscal analysis, good governance practices, analysing and formulating public policy and in communicating these ideas to specialist and large audiences.

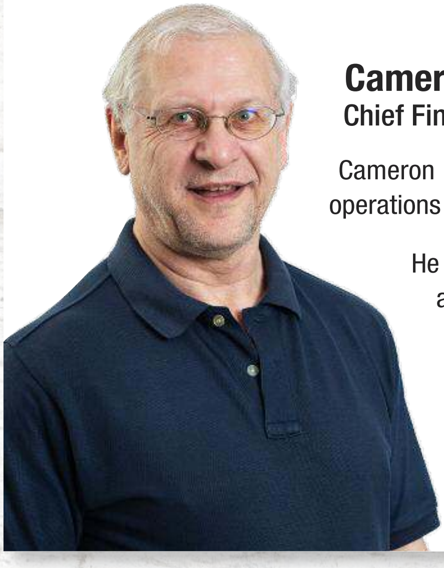
He is the Executive Director of the Caribbean Policy Research Institute (CAPRI) and was also a Research Director, with responsibility for the design and coordination of the Institute's research activity.

He was the head of the Department of Economics at U.W. I. Mona from 2010 to 2016, Senior Lecturer from 2001 to present and Lecturer from 1992-2001. He was Economic Affairs Officer in the Department of Economic and Social Affairs in the United Nations and Economic Specialist in the Economic and Commercial Section of the United States Embassy locally.

He has served on several boards including Recycling Partners of Jamaica, 2019 to present and has authored and contributed to various publications.

He holds a Ph.D. Economics, New York University, U.S.A.

Operations Management Team



Cameron Burnet
Chief Financial Officer

Cameron Burnet joined the Group in July 2017 and oversees the accounting and financial operations of the Group and its member companies.

He is a Chartered Accountant with over 30 years' experience with other food processing and hotel groups in Jamaica and overseas, as well as with two well-known public accounting firms.

Jonathan Mahfood
Export Manager

Jonathan Mahfood works closely with the Chief Executive to realize the scope and vision of the Company. His portfolio of responsibilities includes export management, maintaining and growing the sales relationships with the Company's Caribbean and North American export customers.

He also undertakes other projects associated with new business and commercial developments, and the expansion of the customer base.

He holds a B.A. in International Hospitality & Tourism Management, St. Leo University, Florida.

Operations Management Team Continued

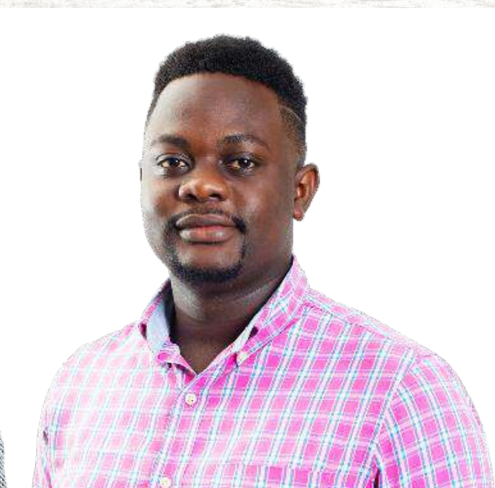
Accounting Department

Oliver Goldsmith
Chief Accountant

Oliver has direct responsibility for Jamaican Teas Limited and H. Mahfood & Sons Limited. He joined the Company in 1998, after serving in a major conglomerate, and has over 20 years' experience in the accounting field.

Robert Bignall
Accountant

Robert joined the Company in 2013 as an Accountant with responsibilities for general accounting, including the retail operations, and also for QWI's financial statements. He has over 5 years' experience in accounting and is currently pursuing the ACCA qualification.



Rachel Bloomfield
Accounting Clerk

Tamarley Walters Grey
Accountant

Omar Francis
Accounting Clerk

Operations Management Team Continued

Marketing & Food Safety

Charles Barrett
Marketing and Food Safety Manager

Charles formulates and directs the marketing, public relations and food safety strategies of Jamaican Teas Limited to improve brand equity, product diversification and revenue growth. He has over 10 years' experience in marketing, regional retail trade, new product development, exports and food safety management.

He holds a BSc. in Botany and Zoology from the University of the West Indies (UWI) and a Masters in Business Administration (MBA) from the Mona School of Business and Management, U.W.I., Mona. He also holds Certificates in Applied HACCP Principles from the Royal Society for Public Health in the United Kingdom, Sales Management from the Mona School of Business, and also a Preventive Controls Qualified Individual (PCQI).

Kimone Meikle
Marketing Officer

Kimone joined the Company in 2020 and works closely with the Marketing and Food Safety Manager to develop, analyse and monitor the performance of JTL's marketing strategies. She also participates in the development of new products.

She has almost a decade of experience in the tertiary education book industry, specializing in Marketing Strategy, Event Management, Digital Marketing and Purchasing.

Kimone holds a BSc. in Management Studies and an MBA, both from U.W.I., Mona.

Stephanie Johnson
Quality Assurance Officer

Stephanie joined the Company in January 2019 after two and a half years at Jam-Mar Processing Ltd. She is responsible for conducting daily tests/checks and completing various records to support maintenance of the Company's Food Safety and Quality Systems.

She is a Preventive Controls Qualified Individual (PSQI) and holds certificates in the implementation of food safety management systems, such as Hazard Analysis Critical Control Points (HACCP) and Safe Quality Food (SQF).

Operations Management Team Continued

Factory

Norman Russell
Factory Manager

Norman joined the Company in 1995, prior to serving as a Factory Supervisor in a major manufacturing operation. He is responsible for all aspects of the Company's factory and warehouse operations.

Omar Duval
Assistant Factory Manager

In 2016, Omar joined the Company in the production department with added responsibility for our food safety system. He has over 15 years' retail management experience with specialized training in warehousing and inventory management.

Cebert Givans
Line Leader

Conrad Bryan
Chief Technician

Operations Management Team Continued

JRG SHOPPERS DELITE

Althea Morgan
Manager

Althea started her career with the Company in 2005, before being transferred to JRG Shoppers Delite. Althea previously held the position as Chief Cashier in the Administrative Office before being promoted to Assistant Manager in 2012 and Manager in 2018.

Michael Mahfood
Assistant Manager

Michael worked in the retail industry for over 20 years before joining JRG Shoppers Delite as an Assistant Manager in 2015. Throughout his 20 years' retail career, Michael has managed several stores in addition to operating a store in the retail industry.

Management Discussion And Analysis

The Financial Statements for the year to 30 September 2020, while providing shareholders and others with information about the management of the Jamaican Teas Group, does not encapsulate all the activities of the Group.

As such, the Management Discussion and Analysis (MD&A) provides additional information that expands the understanding of the report, as well as to share management's plans and projections for the Group.

THE GROUP

Manufacturing I Jamaican Teas Limited (JTL) is the holding Company for the Group and comprises the manufacturing division.

JTL manufactures Tetley and Caribbean Dreams teas and groceries; this includes packing and processing teas for other local companies as well products manufactured locally and overseas by third party manufacturers.

Investments I QWI Investments Limited (QWI), a 35 percent owned subsidiary company, managed and controlled by JTL and KIW, owners of an investment portfolio of companies listed on the JSE and several overseas stock exchanges.

KIW International Limited (KIW), is 50 percent owned. KIW formerly had an investment portfolio of companies listed on the Jamaica Stock Exchange (JSE) and owns some of the Group's shares in QWI Investments Limited. KIW has no other operations at present.

Supermarket I Bay City Foods Limited (BCF), our now wholly owned subsidiary and operators of the Shoppers Delite supermarket in Kingston. This company was 50 percent owned up to October 2019.

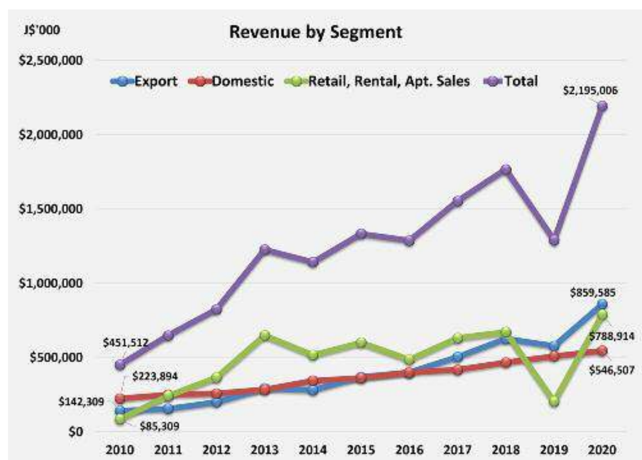
LTJ Managers Limited (LTJ) formerly, JRG Shoppers Delite Enterprise Limited (JRG), which owned the Shoppers Delite supermarket in Kingston up to February 2019 before it was sold to BCF, a then associated company. LTJ has no other operations at present.

Real Estate I H. Mahfood and Sons Limited (HMS) and H. Mahfood and Sons (2020) Limited, which own and develop real estate projects for resale and rental.

GROUP REVENUES AND PROFIT

Group Operating Revenues increased from almost $1.3 billion in 2019 to almost $2.2 billion this year. This $900 million increase was primarily the result of:

- the inclusion of 12 months' sales for Shoppers Delite supermarket this year versus only 4 months' sales in 2019, following its sale to Bay City Foods Limited (BCF), an associated company in February 2019
- the commencement of real estate sales at our 18-unit super studio development in Manor Park
- a 49 percent increase in manufacturing exports from $578 million to $860 million
- a 7 percent increase in domestic manufacturing sales from $509 million to $547 million

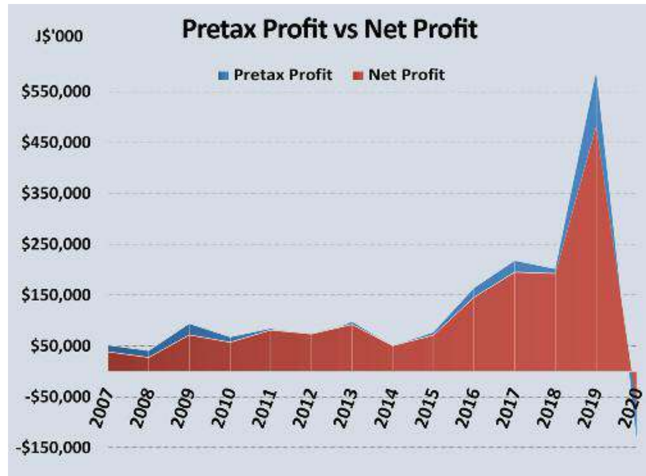


Group Cost of Sales increased from $958 million in 2019, to $1.6 billion in 2020 for the same reasons as the increase in revenue described above.

Gross profit for the year increased from $333 million in the year ending 2019, to $585 million in the year ending 2020.

Fair value gains on investments of $376 million reported in the financial year 2019 decreased to losses of $482 million in 2020. This resulted from the impact of COVID-19, which caused sharp reductions in the activities and earnings of many of the Group's investee companies. These reductions in

Management Discussion And Analysis Continued



earnings resulted in significant decreases in the share prices of many of the securities held by the Group in the second quarter of the financial year. Some of which were partially recovered in the second half as listed company activity and earnings began to recover, and the portfolio was repositioned with stocks that showed promise of earlier gains going forward.

Other Income declined from $174 million to $78 million, primarily due to reductions in revaluation gains on investment properties and lower realized investment gains on securities held by the Group.

Administration, selling and distribution and Finance costs increased modestly in the period and the Group's profits before tax reversed from a profit in 2019 to a loss in 2020, as a result of the fair value losses on investments explained above. The Group recorded a significant deferred tax credit in the year due to unrealized investment losses and this served to limit the total net loss for the year.

All of the investment losses reported by the Group in 2020 were incurred by QWI. Seventy-four percent of QWI's losses are attributable to non-Jamaican Teas' shareholders, with Jamaican Teas accounting for the rest.

Net of the non-controlling interests, the total comprehensive profit attributable to the owners of Jamaican Teas showed a decline from $395 million in 2019 to $222 million in 2020.

MANUFACTURING AND FOOD TRADING

In 2020, Jamaican Teas' export sales increased by 48 percent compared with 2019. This was mainly due to the increased sales of our distributors to their customers and occurred in the USA and most of our Caribbean customers. Local sales increased by 7 percent in 2020. Some of this was driven by the effects of COVID-19, which resulted in many people being confined to their homes from where they had to work and study. This, in turn, caused at-home consumption of food and beverage to increase and restaurant and hotel consumption to decrease. Jamaican Teas and its distributors benefited from this shift in consumption demand.

The gross profit margin of Jamaican Teas moved from 29 percent in 2019 to 33 percent in 2020. This margin growth was driven in part by processes of:

- changing suppliers
- changing the contractual terms on which we buy non-manufactured products from existing suppliers
- the favourable impact of producing soups in-house during the year.

New Products and Labels

During 2020, the Company introduced three new premium herbal teas under the label Tetley Super Teas. These new teas, **Boost, Support** and **Immune,** contain vitamin supplements.

Management Discussion And Analysis Continued

The products are packed locally at JTL's Bell Road HACCP and Kosher-certified plant and are exported to the USA, Canada and the wider Caribbean.

During the year, the Company also launched Caribbean Dreams Non-Dairy and Gluten Free Coconut Condensed Milk and Evaporated Milk. Both are perfect for desserts and sweetening tea.

The Company's Caribbean Dreams Select line of herbal teas launched in 2019, continues to enjoy buoyant sales locally and overseas.

All of the new products have been well received by Jamaican consumers as well as the overseas market and it is anticipated that they will go a far way in contributing to growing sales this year.

Factory Expansion

Expansion plans for the factory valued at US$1 million are on track to begin in April, with a 9-month timeline for completion of an additional 20,000 square feet of space. This should adequately accommodate raw

Management Discussion And Analysis Continued

materials and finished goods for new lines of products, as well as increased demand for the Company's dynamic range of teas and groceries.

In the meantime, the Company will be increasing man hours from one to two production shifts daily to meet demand.

Marketing

This is a critical area for the Group as JTL with its Caribbean Dreams and Tetley brands, further cements its position as a premier and preferred brand locally, regionally and in the overseas markets. As such, the Company's Marketing Committee plays a pivotal role in meetings with the Company's executives.

In 2019, JTL staged its inaugural strategic marketing meeting, bringing together its regional export business partners to explore strategies to boost export sales revenue. JTL also meets with these regional partners in their respective territories to observe the trade and discuss and propose strategies for improvement where necessary.

SUPERMARKET

In February 2019, JRG Shoppers Delite sold its supermarket in Kingston, to Bay City Foods Limited (BCF), our then associated company, resulting in neither gain nor loss to the Group but significantly reducing our consolidated operating revenues for the year ending September 2019. In October 2019, the Group purchased the 50 percent interest in BCF that we did not already own and BCF became a wholly owned subsidiary of the Group.

JRG Shoppers Delite was only consolidated operationally as a supermarket operator for four months to January 2019, with the results included as part of the Group's sales expenses and profit. In 2020, the Group consolidated 12 months of operations for the business, which were accounted for by BCF. Accordingly, sales for the prior financial year do not reflect a full 12 months of operations.

The Shoppers Delite supermarket remained profitable despite the challenges of COVID-19. In the first half of the financial year, the supermarket reported increases in its sales, especially in March 2020, until the introduction of COVID-19 restrictions heavily affected the city of Kingston. From April 2020 onwards, the supermarket's operations were limited by varying night time curfews introduced by the Government, which shortened the opening hours. Management was able to offset some of the sales decline by promoting the Company's online sales and home delivery services and achieved a 16 percent increase in BCF's profit before tax for the year.

While supermarket sales were down year over year up to September and were soft in the last quarter of 2020, the rate of sales decline became progressively smaller every month with December 2020 being almost equal to that of December 2019.

The Shoppers Delite supermarket is being refurbished with new equipment and expanded to improve the shopping experience, and provide extra warehousing space. This project is budgeted at $50 million with completion scheduled for March 2021.

Belvedere

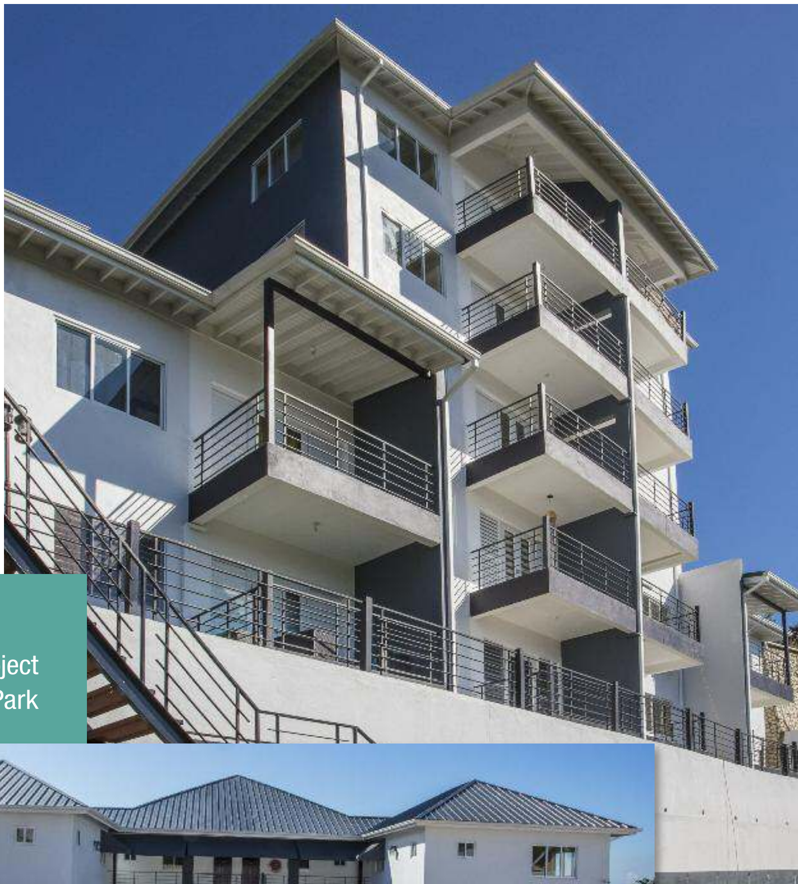
A new development for the Belvedere area is currently underway comprising 18 one bedroom apartments at 653 sq. ft. and 7 studios at 454 sq. ft. Construction began in October 2020 and completion is scheduled for October 2021.

REAL ESTATE

The Group's rental properties in Kingston and land holdings were revalued during the year by an independent valuator, resulting in the revaluation gains reflected in the Profit & Loss Statement.

Our warehouse at 132 Harbour Street is being expanded with 3,000 sq. ft. of new space at a budgeted cost of $20 million. When completed, the facility will be rented.

As a priority for future development, the Group is committed to a policy of maintaining adequate inventory for continuous development of apartment units.



Violet's View

Construction was successfully completed at our Violet's View project comprising 18 super studios on lands owned in the Manor Park area. The sales proceeds from 12 of these units were recognized in 2020 and the balance will be recognized in 2021. The project has contributed a gross profit of $48 million to the Group results to September 2020.

Management Discussion And Analysis Continued

INVESTMENTS

In September 2019, QWI raised approximately $1.2 billion from its Initial Public Offering (IPO) of shares on the main market of the Jamaica Stock Exchange. Over the ensuing year, the company purchased over $1.8 billion of shares and sold $1.1 billion.

The early days of COVID-19 caused great uncertainty in both the local and overseas markets and QWI elected to dispose of some shares to realign the portfolio, as well as reduce exposure to the market to minimise potential losses until it was considered safe to increase investments again. This decision resulted in the booking of some realized losses, as some of the stocks disposed of were sold below the prices at which they were acquired.

By the third quarter, listed company prospects and share prices began to recover as economies began to reopen after the first phase of shut-downs and restrictions.

This trend continued into the fourth quarter, albeit at a slower rate of recovery.

As QWI is not wholly owned by the Group, only a portion of their losses were included in the Total Comprehensive Income (TCI) attributable to the owners of Jamaican Teas. Income fell from a profit of $395 million last year to $222 million this year. This $173 million profit decline was much less than the $643 million decline in QWI's net income during the financial year ending 2020.

During the year as a mark of confidence, Jamaican Teas increased its direct ownership interest in QWI to 17.34 percent and its interest in KIW, to almost 50 percent, while QWI purchased a 0.89 percent interest in JTL.

STATEMENT OF FINANCIAL CONDITION

In 2020, the Group acquired all the outstanding equity capital of BCF, which it did not already own. This was acquired at a significant discount to its fair value, resulting in a gain on acquisition of $21 million and the elimination of our investment in the associate company on the Group's balance sheet.

The Group's portfolio of listed investments increased from $1.36 billion to $1.6 billion during the year arising from the purchase of additional investments by QWI, as well as appreciation in its US portfolio.

Inventories increased from $344 million to $474 million during the year, primarily due to unsold inventory of homes that were completed in the year. The consolidation of BCF's supermarket inventory accounted for $26 million. Growth in inventories of raw materials in the manufacturing business accounted for the balance.

The Group's trade and other receivables fell from $1.5 billion to $405 million in 2020, primarily reflecting the collection of the proceeds from QWI's IPO received in October 2019. Similarly, most of the $229 million decrease in the Group's current liabilities in 2020 to $581 million reflects payment by QWI to brokers for amounts due to brokers at September 2019.

No significant deterioration in the credit quality of the Group's accounts receivables occurred in the financial year.

Group shareholders' equity moved from almost $1.55 billion to $1.72 billion. This increase arose mainly from the reduction in the non-controlling interests in QWI as a result of that company's investment losses and purchases of QWI shares by Jamaican Teas, partly offset by the profits of the Group's manufacturing and real estate business. During the year, QWI acquired a 0.89 percent interest in Jamaican Teas as part of

Management Discussion And Analysis Continued

its investment activity in the year, which is reflected as Treasury shares in the Group's Equity. In addition, KIW bought back a small number of its own shares.

POST YEAR END

In November 2020, an Extraordinary General Meeting (EGM) was called by the Company at which shareholders approved a resolution for a stock split. On 30 November 2020, the shares were sub-divided into 3 units for each stock previously held.

The split adjusted the share price of Jamaican Teas, which was $2.06 at the end of September 2019, $1.55 at September 2020, and $1.97 at the end of December 2020.

This stock split is the third since JTL's listing in 2010, resulting in over 2.2 billion shares in issue. Early indications are that this move has now increased the liquidity of the stock, even as the price has increased since the stock was split. As such, the stock split has achieved the intended objectives, in terms of increased liquidity and publicity.

OUTLOOK

Preliminary results for the first quarter of the financial year 2021 show that manufacturing revenues increased 46 percent over 2020, primarily as a result of an almost doubling of our manufacturing exports. The rate of sales decline at the supermarket has slowed progressively to less than 2 percent in December 2020. Notwithstanding the strong export growth, the Company will continue efforts to accelerate our domestic tea sales and export business for the remainder of the 2021 financial year and beyond.

In the investment arena, the per share Net Asset Value (NAV) of QWI has increased from $1.08 at 30 September 2020, to $1.15 at 31 December 2020. This will likely result in in a first quarter profit before tax for QWI of close to $100 million, compared to a loss of $94 million in the year ago quarter.

Local and overseas markets continue to exhibit bullish signals and accordingly, we expect continued growth for the portfolio, barring any unseen developments.

The Company will carefully monitor the available opportunities for our real estate and financial investments, so as to strengthen and diversify our revenue streams to the benefit of our shareholders.

Jamaican Teas Continues to Soar

SQF CERTIFIED

SQF Certification Recommendation

Jamaican Teas was recently recommended by third party SQF auditors for the globally coveted and recognized Safe Quality Food (SQF) Certification, after having achieved the Hazard Analysis Critical Control Point (HACCP) Certification in 2018.

SQF Certification will position the Company among world class manufacturers, who are able to bring in more contract manufacturing business from global brands and access those markets with greater ease.

As food safety requirements in JTL's main export markets were upgraded, the shift to SQF Certification became critical as the Company sought to maintain access to key markets in the USA and Canada and at the same time, embark on a market development strategy for entering the European market.

The HACCP Certification alone was no longer seen as a competitive advantage in many markets and additional requirements such as SQF were now being requested of the Company.

Landmark Achievement

Recommendation for SQF Certification is a major achievement, as less than ten local companies have attained this recognition.

The Company's CEO John Mahfood said, "We are immensely proud of this accomplishment and encourage other Jamaican and Caribbean manufacturers and exporters to implement the SQF food safety management system, so as to be more globally competitive.

"Our gratitude goes out to the knowledgeable team of consultants from Quality Systems Solutions and Initiatives (QSSI), who guided JTL through implementation and ultimately certification, and to the team at Technological Solutions Limited – Certification Services International (TSL-CSI) - the only local certifying body for SQF.

"Thanks also to our Directors, Managers and staff who all contribute to the ongoing success of Jamaican Teas and our Caribbean Dreams and Tetley brands".

Jamaican Teas earns top JMEA Awards

JTL has maintained its position as top manufacturer and exporter and once more, has been awarded Top Medium Manufacturing Exporter by the Jamaican Manufacturers and Exporters Association (JMEA), at its 2020 awards ceremony staged virtually.

Jonathan Mahfood, Export Manager, JTL, (centre) accepts the Company's JMEA awards for Top Medium Manufacturing Exporter, and Best New Packaging – Caribbean Dreams Select. Others left to right are JMEA executives, Andrew Wildish, Deputy President and Richard Pandhoie, President.

Jamaican Teas Continues to Soar Continued

The Company's Caribbean Dreams Select range of packaging was also awarded - Best New Packaging, crowning JTL's success during a challenging period, and further bolstering the Company's trail-blazing prowess in manufacturing and exports, as evidenced by phenomenal growth in the recently completed 2020 financial year.

CEO John Mahfood continues to attribute the Company's impressive performance to the commitment of his dedicated team, from factory to the boardroom… as "together we continue to make it possible".

Jamaican Teas has continuously earned recognition from prestigious entities such as the JMEA.

- 2013 Champion Exporter and Champion Manufacturer Category II
- 2017 Champion Manufacturer Award (Runner-up, Category II) and the Pauline Gray Award
- 2018 Champion Medium Manufacturing Exporter.

Growing Business Through Exports

Introducing our Regional Export Partners

Partnership with our Caribbean regional distributors took centre stage in 2020, as Jamaican Teas continued to target growth of export sales with exports accounting for 65 percent of total sales in the final quarter of the year.

Our inaugural meeting in January 2020 with a number of our Caribbean counterparts, served to develop and detail a regional marketing strategy for the Tetley and Caribbean Dreams brands, so as to improve coordination and networking, among other specifics, to expand sales.

All of our export customers in the Caribbean, U.S.A. and Canada experienced bouyant sales in 2020, notwithstanding COVID-19, which bodes well for a successful partnership. In the case of Guyana, that market performed very well in 2020, primarily fueled by the commencement of petroleum mining during the year. There are positive indicators that this impressive performance will continue and improve further, a projection that is welcome.

This year marks the launch of our annual feature on our regional export partners and we now introduce, Value4U Inc. in Guyana and Kelvin Ghany Enterprises Limited in Trinidad and Tobago, two companies that are making the Caribbean Dreams and Tetley brands household names in their countries.

Guyana

Value4U Inc.

Value4U Inc. is one of the fastest growing food and household products distribution companies in Guyana. The company has over 18 years' experience and is a member of the John Fernandes Group with access to a well-established network of supermarkets through its sister company, Bounty Supermarkets. This synergy positions Value4U to be the best option for new products entering the Guyanese market.

The company has been associated with the introduction and growth of the Tetley and Caribbean Dreams brands in Guyana for a number of years, as they fit perfectly in its portfolio of high-quality items at affordable prices. Over the years, Value4U

has grown the JTL brands through sampling in stores and at various social events, such as tea parties, in-store branding and give-aways, branding on store fronts and also on its delivery truck.

Growth continues to expand, led by the merchandising and sales teams who have been very instrumental in building strong relationships with customers and influencing them to offer more shelf space for greater visibility of product and trade deals offering discounts on selected items. With a team of over 50 highly motivated employees, Value4U's importation and distribution services are supported by in-house brokers, merchandisers and sales representatives.

Value4U's office space and warehouse capacity of over 21,000 sq. ft. enables the company to import an extensive product line for which they are the sole distributors. With plans in train to construct a much larger state-of-the-art facility, Value4U Inc. will be able to meet the needs of the rapidly growing distribution sector in Guyana.

The company's goal for the future is to consistently increase sales and growth with Jamaica Teas and to market the teas, capitalizing on the greater health awareness of consumers, more so as a result of the global pandemic.

Growing Business Through Exports Continued

Trinidad and Tobago

Kelvin Ghany Enterprises Limited

Caribbean Dreams and Tetley have been the flagship brands for Kelvin Ghany Enterprises Limited for 14 years and is the company's largest brand with the widest distribution in Trinidad and Tobago.

The company, established in 1956, is the recognized wholesale distributor of quality hardware and supermarket products servicing the entire Trinidad and Tobago and its Caribbean neighbours. Apart from Jamaican Teas, Kelvin Ghany represents several other well-known brands from around the globe.

The company's close collaborative relationship and its committed staff is testament to the growth of the brands in the region. Being a privately owned importer/distributor of hardware and fast-moving consumer goods with its self-owned 110,000 sq. ft. of property, Kelvin Ghany Enterprises is equipped to handle bulk inventory.

Its facility is furnished with state-of-the-art technology operated by qualified and experienced staff who are able to deliver orders within a 24-hour period. Partnership with Jamaican Teas contributed to the creation of new SKUs-scannable bar codes for the market, which has helped in the turnaround time of delivery orders.

Kelvin Ghany Enterprises is equipped to handle bulk inventory.

Kelvin Ghany Enterprises' vision for our brands is to expand distribution and to make Caribbean Dreams and Tetley household names throughout the country. Their vison also extends to having the brands more widely available in hotels, restaurants and spas, providing consumers with the opportunity to enjoy the "taste of the Caribbean" in a warm, welcoming environment.

After a 3-day collaborative conference in 2020, JTL treated its regional partners to a sip of paradise. The Company's Marketing and Food Safety Manager, Charles Barrett (3rd right standing) and Marketing Officer Kimone Meikle (2nd right) were consummate hosts to the group on this relaxing adventure. Countries in attendance were Antigua, Barbados, Belize, Grenada, Guyana, Suriname and Trinidad.

Corporate Social Responsibility

Jamaican Teas Cares

The year 2020 was unprecedented in many ways. Countries, societies, families, industries and the global economy in general have been impacted negatively by the COVID-19 pandemic.

Understandably, we were unable, to have face to face interaction and large-scale projects as we normally would. Nevertheless, as a good corporate citizen we had to respond to the social and humanitarian needs arising from the pandemic.

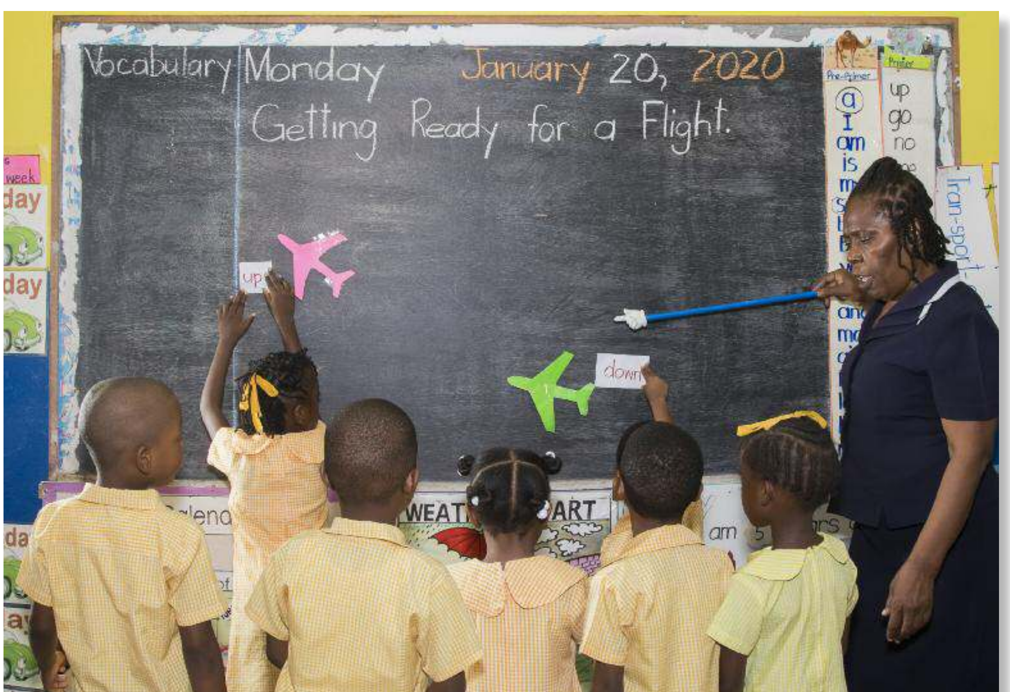
For most of the 2020 financial year, Jamaican Teas Limited (JTL), through its DREAM Initiative, focused on donating food items and other products to the most vulnerable individuals and communities in Jamaica and parts of the Tri-State area in the United States.

We procured food items for, and also donated our own products to:

- Communities in Jamaica under the Ministry of Health & Wellness Quarantine Orders
- Elderly and shut-ins
- Persons living with HIV
- Service-men and women in the Jamaica Constabulary Force
- Communities in South West St. Andrew through Whitfield All Age School and
- Marginalised groups

We also funded the construction of hand sanitization stations at selected primary schools and distributed hundreds of masks, in an effort to assist in the Infection Prevention and Control (IPC) measures.

As we started to live with the virus and with schools under lock down, it came to light that many of our students were being left behind in their education, due to the lack of access to tablets and other such devices to benefit from approved online classes and resources. And so, we began to aggressively focus our attention in ensuring that these students, who are most in need, would be able to access the tools to learning in this ‘new normal’.



JTL extended relief supplies to several entities including its adopted school Whitfield All Age in Whitfield Town during the COVID-19 lock down. A labour of love, JTL, along with the administrators of the school and financial aid and permits from the Ministry of Education (MOE), renovated the school’s infrastructure and created an infant department in 2019. This department is critical in the preparation of students for grade 1, helping to improve their ability to achieve the best scores in PEP at the primary level.

Corporate Social Responsibility Continued

Slipe Leased Primary

Our readers and shareholders will recall that in 2017 Jamaica Teas funded and participated in infrastructural works at the Slipe Leased Primary & Infant School located in the rural farming community of South West St. Elizabeth.

In 2020, we did a follow-up on the school and we were pleased that the infrastructural improvements contributed to higher exam passes, and more students were placed in traditional high schools than ever before. The school has moved from unsatisfactory in its Quality Education Circle (QEC) assessment done by the National Education Inspectorate to being satisfactory. Slipe Leased is the most improved school in its QEC!

We take this opportunity to congratulate the faculty and staff, and the board of the school for the improved performance. Our commitment to the school and to the education of our youth in general is unwavering and we pledge to continue our development programmes in communities most in need.

Sustainability Policy and Waste Management

As a key partner/licensee of Tata Global Beverages, JTL's sustainability policy is closely aligned with our licensor. We are committed to being one of the most admired natural beverage companies in the world, which has been achieved by our Company being consumers' first choice in sustainable beverage production and consumption.

Since mid-2019, all the tea sourced for Tetley is 100 percent Rainforest Alliance certified. Our sustainable sourcing strategy is focussed on sustainable agricultural practices that follow our principles and code of conduct in purchasing tea for our packing and processing units. In addition, it includes the minimum requirements on social and working conditions, safety and environmental demands and agricultural practices for our suppliers.

We accept independent third-party certifications of sustainable agricultural practices, such as Rainforest Alliance Certified™, Trustea or UTZ, from our suppliers as evidence that the product they supply to us is sustainably sourced.

JTL's waste management policy is centred on:

- Optimising consumer packaging
- Efficient use of resources
- Reducing environmental impact
- Maintaining product quality and safety, and
- Reducing waste to landfills

In executing this policy, we encounter challenges such as cost considerations, market performance, environmental management and a sustainable society. We are collaborating with other stakeholders to find sustainable packaging solutions to mitigate and manage packaging waste in a holistic manner.

To this end, we have found ingenuous ways to efficiently manage, reduce and productively utilize our waste, which includes keeping some of our teabags stringless, tag-less and without envelopes. This is helping to reduce the amount of waste that ends up in our landfills annually.

Jamaican Teas Group Climate Change Policy

The Jamaican Teas Group has taken a lead role in becoming knowledgeable and responsive to climate change. In our pursuit of continued growth and shareholder value, the Group adopted environment-friendly technologies, business practices and innovations and has endeavoured to be the benchmark in our segment of the industry by:

- Reducing the carbon footprint for our plant and operations
- Actively engaging in climate advocacy and formulation of regulations in business sectors, and
- the integration of a 'green' culture in key organisational processes.

Historical Financial Data

BALANCE SHEET	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Shares Issued -'000	698,283	695,083	686,033	682,033	674,833	674,833	674,833	674,833	674,833	674,833	674,833
$'000											
Shareholders' Equity	1,722,069	1,554,092	1,246,554	1,063,167	878,103	725,278	634,115	586,937	511,403	471,561	392,146
Long Term Liabilities	123,334	208,726	163,333	0	188,257	292,504	200,179	11,283	35,677	25,059	8,390
Fixed Assets	330,750	307,395	328,434	305,237	291,234	287,251	274,269	124,109	125,701	52,556	31,724
Current Assets	1,201,780	1,954,931	722,655	848,087	683,523	698,786	554,344	594,334	298,146	214,375	206,819
Current Liabilities	581,223	810,294	200,641	378,117	174,265	176,390	203,856	306,450	120,544	42,858	32,684
Inventories	474,356	344,026	285,497	391,552	446,014	389,280	288,906	176,696	131,352	95,814	84,299
Receivables	405,383	1,463,428	298,268	383,313	182,946	277,927	219,644	279,491	100,343	80,833	74,646
Cash & Equivalent	321,701	146,317	135,569	73,222	31,320	22,900	14,657	93,643	1,217	24,066	17,466
Investments	1,599,124	1,363,148	461,737	227,357	157,789	117,571	101,523	150,654	185,165	231,468	191,412
PROFIT & LOSS											
Total Revenue	2,195,006	1,291,192	1,766,758	1,553,572	1,347,799	1,364,726	1,167,573	1,239,296	847,533	672,466	463,782
Yearly Change	70.00%	-26.92%	13.72%	15.27%	-1.24%	16.89%	-5.79%	46.22%	26.03%	45.00%	42.39%
Gross Profit	584,887	333,104	337,611	330,158	306,145	259,129	204,146	220,849	150,014	147,067	124,538
Yearly Change	75.59%	-1.33%	2.26%	7.84%	18.14%	26.93%	-7.56%	47.22%	2.00%	18.09%	7.90%
Pretax Profit	-135,435	589,728	202,849	219,160	165,275	78,381	51,369	99,208	66,897	85,511	68,626
Yearly Change	-122.97%	190.72%	-7.44%	32.60%	110.86%	52.58%	-48.22%	48.30%	-21.77%	24.60%	-28.00%
Aftertax Profit	-69,720	483,117	193,259	196,128	146,509	72,201	51,609	93,256	74,749	82,232	58,102
Yearly Change	-114.43%	149.98%	-1.46%	33.87%	102.92%	39.90%	-44.66%	24.76%	-9.10%	41.53%	-19.86%
IMPORTANT RATIOS											
Equity to Debt ratio	0.07	0.13	0.13	0.00	0.21	0.40	0.32	0.02	0.07	0.05	0.02
Current Assets ratio	2.07	2.41	3.60	2.24	3.92	3.96	2.72	1.94	2.47	5.00	6.33
Return on equity-%	-4.26	34.50	16.73	20.21	18.28	10.62	8.45	16.98	15.21	19.04	17.61
Revenues to Inventories	4.63	3.75	6.19	3.97	3.02	3.51	4.04	7.01	6.45	7.02	5.50
Revenues to Receivables	5.41	0.88	5.92	4.05	7.37	4.91	5.32	4.43	8.45	8.32	6.21
Gross Profit Margin	27%	26%	19%	21%	23%	19%	17%	18%	18%	22%	27%
Return on Assets	-3%	19%	12%	14%	12%	6%	5%	10%	11%	15%	13%
Price Book Ratio	1.88	2.75	2.67	2.49	1.50	0.72	0.88	1.15	1.29	1.40	1.57
Price Sales Ratio	1.48	3.31	1.88	1.70	0.98	0.38	0.48	0.54	0.78	0.98	1.33
Cash/Invest Per Share	2.75	2.17	0.87	0.44	0.28	0.21	0.17	0.36	0.28	0.38	0.31
Net Asset Per Share	2.47	2.24	1.82	1.56	1.30	1.07	0.94	0.87	0.76	0.70	0.58
Earnings Per Share ($)	0.32	0.54	0.29	0.29	0.22	0.11	0.08	0.14	0.11	0.13	0.10
Closing Stock Price ($)	4.64	6.15	4.85	3.88	1.95	0.78	0.83	1.00	0.98	0.98	0.91
P.E. Ratio	14.50	11.39	16.72	13.38	9.07	7.21	10.65	7.27	8.86	7.80	9.36

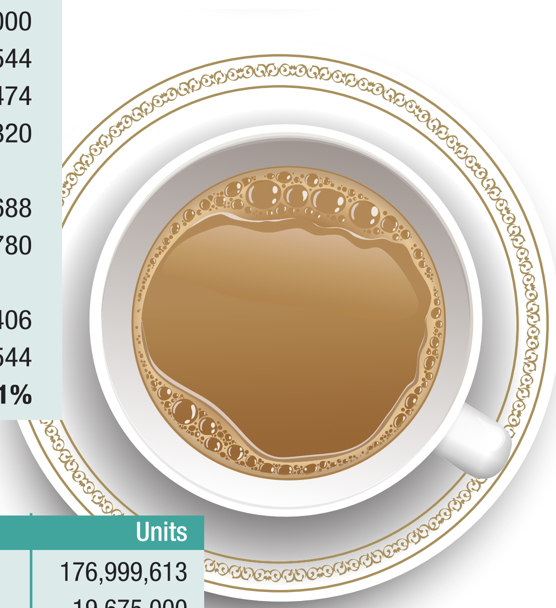
Note: The company split the number of shares into 5 units, for each one previously held in 2009, by 2 in March 2016 and by 2 in April 2017.
Accordingly, the number of shares in the prior years, the earnings per share and the stock prices have been adjusted to reflect these changes.

Shareholdings

as at 30 September 2020

10 Largest Primary Account Holders

Name	Units
Violet Helen Mahfood	200,792,840
John Mahfood	176,999,613
Jennifer Ann Mahfood	19,675,000
Combined Holdings	196,674,613
Nancy D. Milne	39,250,000
Mayberry Jamaican Equities	27,134,544
JCSD Trustee Services Ltd. A/C 76579-02	15,053,474
SJLIC for Scotiabridge Retirement Scheme	10,509,320
GraceKennedy Pension Fund Custodian Ltd. for GraceKennedy Pension Scheme	10,198,688
PAM - Pooled Equity Fund	7,785,780
JCSD TrusteeServices Limited A/c - Barita Unit Trust Capital Growth Fund	6,720,406
QWI Investments Limited	6,183,544
Total Percentage of Shareholdings	**74.51%**



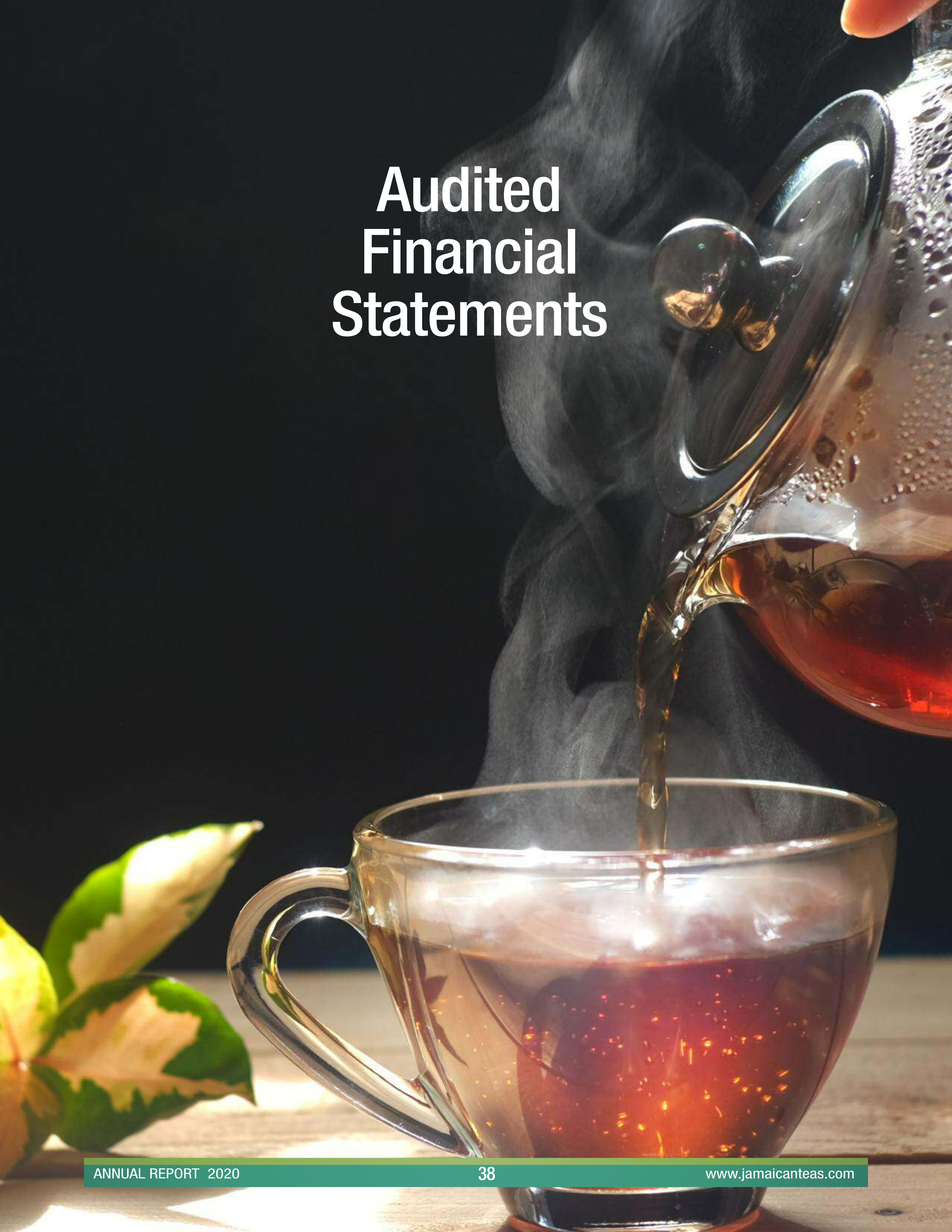
Directors and Connected Parties

Name	Position	Units
John Mahfood	Chief Executive Officer	176,999,613
	Connected Party Holdings	19,675,000
	Combined Holdings	196,674,613
John Jackson	Director	978,992
	Connected Party Holdings	4,933,812
	Combined Holdings	5,912,804
Duncan Davidson	Director	20,000
Marcos Dabdoub	Director	4,800,000
Suzette Smellie-Tomlinson	Director	586,095

Senior Managers and Connected Parties

Name	Position	Units
Cameron Burnet	Senior Manager	NIL
	Connected Party Holdings	501,000
Oliver Goldsmith	Senior Manager	NIL
Jonathan Mahfood	Senior Manager	60,000
Charles Barrett	Senior Manager	100,850
Norman Russell	Senior Manager	1,000,000

Audited Financial Statements



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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jamaican Teas Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 47 to 103, which comprise the group's and company's statements of financial position as at September 30, 2020, the group's and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at September 30, 2020, and of the group's and company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

R. Tarun Handa
Cynthia L. Lawrence Nigel R. Chambers Wilbert A. Spence
Rajan Trehan Nyssa A. Johnson Rochelle N. Stephenson
Norman O. Rainford W. Gihan C. de Mel Sandra A. Edwards

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 *Measurement of Expected Credit Losses*

Key Audit Matter	*How the matter was addressed in our audit*
The group recognise expected credit losses ('ECL') on financial assets measured at amortised cost. The determination of ECL is highly subjective and requires management to make significant judgements and estimates and the application of forward-looking information. The economic impact of COVID-19 on financial assets has resulted in increased judgement in the following: - The identification of significant increase in credit risk, which now includes COVID-19 related qualitative factors. - The incorporation of forward-looking information, reflecting a range of possible future economic conditions which are highly uncertain.	Our audit procedures in response to this matter, included: • Obtaining an understanding of the model used by management for the calculation of expected credit losses on financial assets. • Testing the completeness and accuracy of the data used in the models to the underlying accounting records. • Assess the appropriateness of the group's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, *Financial Instruments*. • Involving our financial risk management specialists, to review the ECL model.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1 *Measurement of Expected Credit Losses (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
The combination of estimates and judgements increases the risk that management's estimate could be materially misstated. *See notes 11 and 29(a) of the consolidated financial statements.*	Our audit procedures in response to this matter, included (continued): • Involving our financial risk management specialists to evaluate the appropriateness of economic parameters including the use of forward looking information. • Testing the accuracy of the ECL calculation. • Testing the group's recording and ageing of accounts receivable. • Assessing whether disclosures in the financial statements are adequate in respect of the group's exposure to credit risk and measurement of allowances for ECL.

2 *Valuation of investments*

Key Audit Matter	*How the matter was addressed in our audit*
A subsidiary holds significant investments in equity securities listed on multiple stock exchanges. The subsidiary uses quoted mid or closing prices to value these investments.	Our audit procedures in response to this matter, included: • Assessing and testing the design and implementation of the subsidiary's control over the determination and computation of fair values.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2 *Valuation of investments (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
The valuation of these investments although based on observable market prices, suffers from increased volatility as a result of the spread of COVID-19. The pandemic has also resulted in a decline in trading activities for a number of listed shares. As a result, judgement may be required to determine whether the quoted prices used by management represents prices from an active market. See note 8 and note 29 (e) of the consolidated financial statements.	Our audit procedures in response to this matter, included (continued): • Challenging the reasonableness of prices used by the subsidiary by comparing to independent third-party information, including assessing whether prices used falls within the bid ask spread as required by IFRS 13 *Fair Value Measurement*. • Reperforming fair value calculations and assessing whether fair value was appropriately determined by considering the provisions of IFRS 13 *Fair Value Measurement* and reviewing the volume of trade for the securities held by the subsidiary at year end. • Assessing the adequacy of the disclosure, including the degree of estimation involved in determining fair values.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 45 to 46, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

KPMG

Chartered Accountants
Kingston, Jamaica

December 29, 2020

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Appendix to the Independent Auditors' Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Appendix to the Independent Auditors' Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Consolidated Statement of Financial Position

September 30, 2020

	Notes	2020 $'000	2019 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	330,750	307,395
Investment properties	5	282,071	287,465
Intangible assets	6	1,560	239
Investment in associate	7	-	80,969
Investments	8	1,599,124	1,363,148
Deferred tax asset	9	103,424	-
		2,316,929	2,039,216
CURRENT ASSETS			
Inventories	10	474,356	344,026
Trade and other receivables	11	405,383	1,463,428
Taxation recoverable		340	1,160
Cash and cash equivalents	12	321,701	146,317
		1,201,780	1,954,931
TOTAL ASSETS		3,518,709	3,994,147
EQUITY			
Share capital	13	190,749	185,149
Treasury shares	13	(37,962)	-
Capital reserves	14	152,836	174,892
Retained earnings		1,416,446	1,194,051
		1,722,069	1,554,092
NON-CONTROLLING INTERESTS	15	1,092,083	1,421,035
		2,814,152	2,975,127
NON-CURRENT LIABILITIES			
Long-term loans	16	123,334	143,333
Deferred tax liability	9	-	65,393
		123,334	208,726
CURRENT LIABILITIES			
Current portion of long-term loans	16	20,071	27,872
Trade and other payables	17	219,401	437,959
Short-term borrowings	18	86,579	83,577
Bank overdraft	19	1,735	53,470
Margin loan payable	20	195,377	184,275
Taxation payable		58,060	23,141
		581,223	810,294
TOTAL EQUITY AND LIABILITIES		3,518,709	3,994,147

The financial statements on pages 47 to 103 were approved for issue by the Board of Directors on December 29, 2020 and signed on its behalf by:

John Mahfood- Director

John Jackson - Director

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended September 30, 2020

	Notes	2020 $'000	2019 $'000
Gross operating revenue	21	2,195,006	1,291,192
Cost of operating revenue	22(a)	(1,610,119)	(958,088)
Gross profit		584,887	333,104
Fair value (losses)/gains from revaluation of investments at FVTPL	3(h)	(482,220)	376,244
Other income	23	78,542	174,704
		181,209	884,052
Administrative, selling and distribution expenses:			
Administrative expenses	22(b)	(228,157)	(214,496)
Selling and distribution	22(c)	(51,729)	(50,973)
		(279,886)	(265,469)
Impairment losses on trade receivables	11	(5,012)	(1,928)
Operating (loss)/profit		(103,689)	616,655
Finance costs – Interest on loans		(31,746)	(28,182)
Share of results of associated company	7	-	1,255
(Loss)/profit before taxation		(135,435)	589,728
Taxation	25	65,715	(106,611)
(Loss)/profit for the year, being total comprehensive (loss)/income for the year		(69,720)	483,117
Total comprehensive income/(loss) attributable to:			
Owners of the company		222,395	395,758
Non-controlling interests	15	(292,115)	87,359
		(69,720)	483,117
Earnings per share:			
Earnings per ordinary stock unit	26(a)	0.32	0.57
Diluted earnings per ordinary stock unit	26(b)	0.30	0.54

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

Year ended September 30, 2020

	Attributable to stockholders of the company					
	Share capital (note 13) $'000	Capital reserves (note 14) $'000	Retained earnings $'000	Treasury shares [note 13(a)] $'000	Non-controlling interests (note 15) $'000	Total $'000
Balance as at October 1, 2018	161,161	216,179	850,258	-	126,097	1,353,695
Profit for the year, being total comprehensive income for the year	-	-	395,758	-	87,359	483,117
Transaction with owners:						
Non-controlling interest [note 3(a)]	-	-	(51,965)	-	-	(51,965)
Capital distribution (note 27)	-	(41,287)	-	-	-	(41,287)
Issue of shares (note 13)	15,000	-	-	-	-	15,000
Share option exercised (note 13)	8,988	-	-	-	-	8,988
	23,988	(41,287)	(51,965)	-	-	(69,264)
Change in ownership interest:						
Increase in non-controlling interest [note 3(a)]	-	-	-	-	1,207,579	1,207,579
	23,988	(41,287)	343,793	-	1,294,938	1,621,432
Balance at September 30, 2019	185,149	174,892	1,194,051	-	1,421,035	2,975,127
Profit/(loss) for the year, being total comprehensive income/(loss) for the year	-	-	222,395	-	(292,115)	(69,720)
Transaction with owners:						
Treasury shares acquired, at cost	-	-	-	(37,962)	-	(37,962)
Buy back of shares [note 3(a)]	-	(957)	-	-	-	(957)
Capital distribution (note 27)	-	(21,099)	-	-	-	(21,099)
Share option exercised (note 13)	5,600	-	-	-	-	5,600
	5,600	(22,056)	222,395	(37,962)	(292,115)	(124,138)
Change in ownership interest:						
Reduction in non-controlling interest	-	-	-	-	(36,837)	(36,837)
Balances at September 30, 2020	190,749	152,836	1,416,446	(37,962)	1,092,083	2,814,152

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

Year ended September 30, 2020

	Notes	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss)/profit for the year		(69,720)	483,117
Adjustments for:			
Increase in fair value of investment properties	5,23	(8,453)	(72,037)
Gain on disposal of property, plant and equipment	23	(1,093)	(55)
Unrealised loss on investments		360,032	-
Share of profit from associate	7	-	(1,255)
Realised losses on sale of investments		122,188	-
Depreciation	4	30,321	32,770
Amortisation	6	735	423
Interest expense		31,746	29,638
Interest income	23	(5,409)	(14,019)
Dividend income	23	(22,901)	(9,342)
Taxation	25	(65,715)	106,611
		371,731	555,851
Changes in operating assets and liabilities:			
Inventories		(55,330)	(58,529)
Trade and other receivables		1,058,045	(1,186,824)
Trade and other payables		(234,942)	335,022
		1,139,504	(367,700)
Tax paid		(67,363)	(27,688)
Net cash provided/(used) by operating activities		1,072,141	(395,388)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments purchased, net		(718,196)	(953,376)
Proceeds from disposal of intangible assets		-	877
Proceeds from disposal of property, plant and equipment		2,592	18,644
Addition of investment properties	5	(61,153)	(31,932)
Additions of property, plant and equipment	4	(55,175)	(30,320)
Addition of intangible assets	6	(2,056)	(43)
Interest received		5,409	14,019
Dividend received		22,901	9,342
Investment in associate, net	7(a)	80,969	(53,168)
Net cash used by investing activities		(724,709)	(1,039,976)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from share issue, net	13	5,600	23,988
Buy back of shares		(957)	-
Treasury shares	13	(37,962)	-
Loan, net		(24,798)	31,726
Acquisition of non-controlling interest		(36,837)	1,207,579
Margin loan payable		11,102	184,275
Bank overdraft		(51,735)	39,831
Capital distribution paid	27	(21,099)	(41,287)
Interest paid		(15,362)	(27,239)
Net cash (used)/provided by financing activities		(172,048)	1,446,112
INCREASE IN CASH AND CASH EQUIVALENTS		175,384	10,748
Cash and cash equivalents at beginning of year		146,317	135,569
Cash and cash equivalents at end of year		321,701	146,317

The accompanying notes form an integral part of the financial statements.

Company Statement of Financial Position

September 30, 2020

	Notes	2020 $'000	2019 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	255,886	260,981
Investment properties	5	60,000	55,000
Intangible assets	6	189	239
Investment in subsidiaries	3(a)(i)	318,548	295,775
Investment in associate	7	-	48,718
Due from subsidiaries	28(a)	482,190	498,206
Deferred tax asset	9	-	2,360
		1,116,813	1,161,279
CURRENT ASSETS			
Inventories	10	260,751	197,983
Trade and other receivables	11	360,460	266,245
Cash and cash equivalents	12	305,770	145,499
		926,981	609,727
TOTAL ASSETS		2,043,794	1,771,006
EQUITY			
Share capital	13	190,749	185,149
Capital reserves	14	49,322	70,421
Retained earnings		1,383,397	1,125,399
		1,623,468	1,380,969
NON-CURRENT LIABILITIES			
Long-term loans	16	123,334	143,333
Deferred taxation	9	3,467	-
		126,801	143,333
CURRENT LIABILITIES			
Current portion of long-term loan	16	20,071	27,872
Trade and other payables	17	131,998	111,642
Short-term borrowings	18	86,063	83,577
Bank overdraft	19	-	2,886
Taxation payable		55,393	20,727
		293,525	246,704
TOTAL EQUITY AND LIABILITIES		2,043,794	1,771,006

The financial statements on pages 47 to 103, were approved for issue by the Board of Directors on December 29, 2020 and signed on its behalf by:

John Mahfood - Director

John Jackson - Director

The accompanying notes form an integral part of the financial statements.

Company Statement of Profit or Loss and Other Comprehensive Income

Year ended September 30, 2020

	Notes	2020 $'000	2019 $'000
Gross operating revenue	21	1,406,092	1,087,212
Cost of operating revenue	22(a)	(933,713)	(768,079)
Gross profit		472,379	319,133
Other income	23	66,203	55,772
		538,582	374,905
Administrative, selling and distribution expenses:			
Administrative expenses	22(b)	(162,497)	(140,275)
Selling and distribution expenses	22(c)	(47,707)	(50,973)
		(210,204)	(191,248)
Impairment losses on trade receivables	11	(5,012)	(1,928)
Operating profit		323,366	181,729
Finance costs – Interest on loans		(12,114)	(16,937)
Profit before taxation		311,252	164,792
Taxation	25	(53,254)	(22,585)
Profit for the year, being total comprehensive income		257,998	142,207

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

Year ended September 30, 2020

	Share capital (note 13) $'000	Capital reserves (note 14) $'000	Retained earnings $'000	Total $'000
Balance as at October 1, 2018	161,161	111,708	983,192	1,256,061
Profit for the year, being total comprehensive income for the year	-	-	142,207	142,207
Transaction with owners:				
Capital distribution (note 27)	-	(41,287)	-	(41,287)
Issue of shares (note 13)	15,000	-	-	15,000
Share option exercised (note 13)	8,988	-	-	8,988
	23,988	(41,287)	-	(17,299)
Balance at September 30, 2019	185,149	70,421	1,125,399	1,380,969
Profit for the year, being total comprehensive income for the year	-		257,998	257,998
Transaction with owners:				
Capital distribution (note 27)	-	(21,099)	-	(21,099)
Share option exercised (note 13)	5,600	-	-	5,600
Balances at September 30, 2020	190,749	49,322	1,383,397	1,623,468

The accompanying notes form an integral part of the financial statements.

Company Statement of Cash Flows

Year ended September 30, 2020

	Notes	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		257,998	142,207
Adjustments for:			
Gain on disposal of property, plant and equipment	23	(1,093)	(55)
Increase in fair value of investment properties	23	(5,000)	(5,000)
Depreciation	4	22,437	29,723
Amortisation	6	102	307
Interest expense		12,114	16,937
Interest income	23	(18,088)	(14,019)
Dividend income	23	-	(1,474)
Taxation	25	53,254	22,585
Operating profit before change in working capital		321,724	191,211
Changes in operating assets and liabilities:			
Inventories		(62,768)	(13,963)
Trade and other receivables		(94,215)	4,929
Related companies		17,196	(158,459)
Trade and other payables		20,356	51,563
Interest received		16,908	2,909
Interest paid		(12,114)	(16,937)
Cash generated from operations		207,087	61,253
Tax paid		(12,761)	(22,992)
Net cash provided by operations		194,326	38,261
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in associate, net		48,718	(9,773)
Proceeds from disposal of property, plant and equipment		2,592	1,757
Additions of property, plant and equipment	4	(18,841)	(29,367)
Investment in subsidiary companies, net		(22,773)	590
Acquisition of subsidiary		-	(220,000)
Dividend received		-	1,474
Investments sold/(purchased), net		-	227,575
Purchase of intangible assets	6	(52)	-
Net cash provided/(used) by investing activities		9,644	(27,744)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue. net	13	5,600	23,988
Loans, net		(25,314)	31,726
Bank overdraft		(2,886)	(10,429)
Capital distribution	27	(21,099)	(41,287)
Net cash (used)/provided by financing activities		(43,699)	3,998
Net increase in cash in cash and cash equivalents		160,271	14,515
Cash and cash equivalents at the beginning of the year		145,499	130,984
Cash and cash equivalents at end of year		305,770	145,499

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

Year ended September 30, 2020

1. Identification

Jamaican Teas Limited ("the company") is incorporated and domiciled in Jamaica, with registered office located at 2 Bell Road, Kingston 11, Jamaica. The company has been listed on the Junior Market of the Jamaica Stock Exchange (JSE) since July 3, 2010. These financial statements comprise the company and its subsidiaries and associate, collectively referred to as "the group" [also see note 3(a)(i)].

The principal activities of the group are the manufacture and distribution of various tea and other consumer products to the local and export markets. The group also engages in real estate and investment activities.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board, and comply with the provisions of the Jamaican Companies Act ("The Act").

New and amended standards that came into effect during the current financial year:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The group has assessed them and has adopted those which are relevant to the financial statements. The major standard that came into effect was determined to be IFRS 16 *Leases*.

The group adopted IFRS 16 *Leases* from October 1, 2019, this eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The group is required to bring all major leases on-balance sheet, recognising new assets and liabilities.

The on-balance sheet liability attracts interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. A number of practical expedients exist when applying the IFRS 16 to leases previously classified as operating lease under IAS 17. In particular, the group can avoid:

– recognising right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

– recognising right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment); and

– including initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

Notes to the Financial Statements

Year ended September 30, 2020

2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards that came into effect during the current financial year (continued):

The adoption of IFRS 16 *Leases* and other amendments and improvements during the year did not result in any changes to the amounts recognised, presented, and disclosed in the financial statements.

New and amended standards and interpretations not yet effective:

At the date of approval of the financial statements, there were certain new and amended standards and interpretations to existing standards, which were in issue, but were not yet effective and had not been early adopted by the group. Those which management considered may be relevant to the group are as follows:

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

  "*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*."

  The group is assessing the impact that this new amendment will have on its 2021 financial statements.

- Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

  The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

  – New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;

  – A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.

  – A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

  The group is assessing the impact that this new amendments will have on its 2021 financial statements.

Notes to the Financial Statements

Year ended September 30, 2020

2. Statement of compliance and basis of preparation (continued)

(b) Basis of preparation and functional currency:

The financial statements are prepared on the historical cost basis, except for quoted investments and investment properties, which are measured at fair value.

The financial statements are presented in Jamaica dollars, which is the functional currency of the group, rounded to the nearest thousand, unless otherwise indicated.

(c) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expense for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Judgements:

For the purpose of these financial statements, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS. The key relevant judgements are as follows:

Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual cash flows from a financial asset are solely payments of principal and interest (SPPI) on the principal amount requires management to make certain judgements on its business operations.

Impairment of financial assets:

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

Determination of control in equity investees:

Determining whether the group has de facto control or significant influence over certain investee's relevant activities involves significant judgement whether or not the company hold majority shares in the investee. Basis of consolidation is further detailed in note 3(a).

Notes to the Financial Statements

Year ended September 30, 2020

2. Statement of compliance and basis of preparation (continued)

(c) Use of estimates and judgements (continued):

(ii) Key assumptions concerning the future and other sources of estimation uncertainty:

Allowance for impairment losses on financial assets:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3(i) which also set out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(iii) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iv) Fair value of investment properties:

Investment properties are carried in the statement of financial position at market value. It is the group's policy to use independent qualified property appraisers to value its investment properties, generally using the open market value. This approach takes into consideration various assumptions and factors, including the level of current and future occupancy, the rate of annual rent increases, the rate of inflation of direct expenses, the appropriate discount rate, and the current condition of the properties together with an estimate of future maintenance and capital expenditures. Reference is also made to recent comparable sales. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies

(a) Basis of consolidation:

(i) A "subsidiary" is an enterprise controlled by the company. The group controls an entity when it is exposed to, or has rights, to the variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the date control commences until the date control ceases.

The balance in the consolidated financial statements include the financial statements of the company and its subsidiaries together with its associate:

	Principal activity	Percentage ownership by the group 2020	2019
Subsidiaries:			
LTJ Fund Managers Limited (Formally JRG Shoppers Delite Enterprise Limited)**	Registrar and Management services	100	100
H Mahfood & Sons Limited	Real Estate	100	100
KIW International Limited ***	Holding Company	49.89	45.43
QWI Investment Limited*	Investments	26.29	24.34
Bay City Food Limited**	Retail Distribution	100	-
H Mahfood & Sons 2020 Limited ****	Real Estate	100	-
Associate:			
Bay City Foods Limited**	Retail Distribution	-	50

* QWI Investments Limited issued 66% of its ordinary shares to the public on September 9, 2019 in an initial public offering and was listed on the Jamaica Stock Exchange on September 30, 2019. QWI Investments Limited's remaining shares are held by Jamaican Teas Limited and KIW International Limited

During the year Jamaican Teas Limited purchased additional shares in the subsidiary and increased its shareholding from 220 million shares in the prior year to 236.7 million shares as at September 30, 2020.

** On December 18, 2018, JRG Shoppers Delite Enterprise Limited and Bay City Foods Limited entered into an agreement whereby Bay City Foods Limited purchase the assets and undertaking comprising JRG's Shoppers Delite Supermarket business. This purchase took effect on February 1, 2019 and was accounted for as purchase of assets.

On September 16, 2019, JRG Shoppers Delite Enterprise Limited changed its name to LTJ Fund Managers Limited. Consequently, its principal activity was changed from the business of retail distribution of groceries, meat kinds, household products and other consumables to the provision of registrar and management services to certain related parties.

On October 1, 2019, the company acquired the remaining 50% ownership of Bay City Foods Limited, making the entity, previously accounted for as an associate, a wholly owned subsidiary.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) (Continued)

*** The increase in KIW International Limited percentage ownership was as a result of the subsidiary buying back 74,576 of its owns shares and Jamaican Teas Limited increasing its shareholding by 614,933 shares.

**** On February 3, 2020 H Mahfood & Sons 2020 Limited was incorporated and brought into the group as a wholly owned subsidiary of Jamaican Teas Limited. The principal activities of the subsidiary are the rental of its commercial property and the development of real estate for resale.

The subsidiaries are incorporated in Jamaica.

(ii) Loss of control

On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising on the loss of control is recognised in profit or loss. If the group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interests, even if doing so, causes the non-controlling interest to have a deficit balance.

(iv) Transactions eliminated on consolidation

Balances and transactions between companies within the group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions between the group and its subsidiaries and associate are eliminated to the extent of the group's interest in the subsidiary or associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(v) Associate

The group's interest in equity-accounted investees comprise interest in associate.

An associate is an entity in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of the entity.

Interest in associate is accounted for using the equity method. It is initially recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profits or losses of the associate, until the date on which significant influence or joint control ceases.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(v) Associate (continued)

When the group's share of losses exceeds its interest in an associate, the group's carrying amount is reduced to Nil and recognition of further losses is discontinued, except to the extent that the group has incurred legal or constructive obligations, or made payments on behalf of an associate. If the associate subsequently reports profits, the group resumes recognising its share of those profits only after its share of profits equals the share of accumulated losses not recognised.

(b) 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 assesses its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the group has four (4) operating segments; manufacturing, retailing, real estate and investments.

(c) Property, plant and equipment:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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 in the part will flow to the group and its cost can be reliably measured.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

With the exception of freehold land and work-in-progress, on which no depreciation is provided, property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of such assets, at the following annual rates:

Plant and equipment	10%
Furniture and fixtures	10%
Motor vehicles	20%
Computer	20%
Building	2½%
Leasehold improvements - shorter of lease and useful lives	

The depreciation methods, useful lives and residual values are reassessed annually at each reporting date and adjusted if appropriate.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(d) Investment properties:

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value is determined annually by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(e) Intangible assets:

Computer software:

Acquired computer software licenses are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of five (5) years for software on a straight line basis.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred.

(f) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity", in this case, "the group").

(a) A person or a close member of that person's family is related to the group if that person:

(i) has control or joint control over the group;

(ii) has significant influence over the group; or

(iii) is a member of the key management personnel of the group or of a parent of the group.

(b) An entity is related to the group if any of the following conditions applies:

(i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(f) Related parties (continued):

(b) An entity is related to the group if any of the following conditions applies (continued):

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the parent of the group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The group has related party relationship with directors, subsidiaries and associates and with its executive officers and those of its subsidiaries.

(g) Investment in subsidiary companies:

Investments in subsidiary companies are measured at cost.

(h) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investment securities, trade and other receivables, cash and cash equivalents and due from subsidiaries. Financial liabilities comprise long-term loans, margin loan payable, trade and other payables, due to subsidiary, short-term borrowings and bank overdraft.

(i) Recognition and initial measurement

The group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. Financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the group measures a financial asset or financial liability at its fair value, *plus or minus*; in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(i) Recognition and initial measurement (continued)

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

The financial assets that meet both of the conditions in a) and b) below, and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as "held to collect" and measured at amortised cost.

Amortised cost represents the net present value ("NPV") of the consideration receivable or payable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Investments
- Trade and other receivables
- Due from subsidiaries

The group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The realised gains from financial instruments at fair value through profit or loss ("FVTPL") represents the difference between the carrying amount of the financial instrument at the beginning of the reporting period, or the transactions price if it was purchased in the current reporting period, and its settlement price.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current period, and its carrying amount at the end of the reporting period.

Fair value gains and losses from revaluation of equity securities at FVTPL are presented separately in the statement of profit or loss.

Business model assessment

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities that are funding these assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, the information about sales activity is not considered in isolation, but as part of an overall assessment of how the group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Assessment whether contractual cash flows are solely payments of principal and interest (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The group's financial liabilities, which includes long-term loans, trade and other payable, margin loan payable, due to subsidiary, short-term borrowings and bank overdraft are recognised initially at fair value.

Financial assets and liabilities – Subsequent measurement and gains and losses: Policy applicable from October 1, 2018

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. Amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial liabilities (continued)

Financial assets and liabilities – Subsequent measurement and gains and losses:

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

(iii) Derecognition

Financial asset and liabilities

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognised in the consolidated statement of comprehensive income.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from company of similar transactions such as in the group's trading activity.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(i) Impairment:

Financial assets

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and at fair value through other comprehensive income (OCI).

The group measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward looking information.

The group assumes that the credit risk on financial assets has increased significantly if it is more than 180 days past due.

The group recognises loss allowances for ECLs and considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to action such as realising security if any is held; or
- the financial asset is more than 180 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(i) Impairment (continued):

Financial assets (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in ‘impairment losses on financial instruments’ in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the group’s procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(j) Inventories:

Inventories are measured at the lower of cost, determined principally on a first-in-first-out or weighted average cost, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Housing development under construction, included in inventory, includes the cost of land, construction materials, labour, borrowing cost and an appropriate proportion of overhead costs.

(k) Trade and other receivables:

Trade and other receivables are measured at amortised cost, less impairment losses (see note 3(i).

(l) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and short-term deposits with maturity of three months or less from the date of placement and are measured at amortised cost.

(m) Share capital and share-based payment arrangement:

(i) Share capital:

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds of the share issue to the extent that their costs are directly attributable to the issue of the shares.

(ii) Share-based payment arrangement:

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense or asset, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense or asset is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Dividends and capital distributions:

Dividends on ordinary shares and capital distributions are recognised in equity in the period in which they are approved.

Interim dividends payable to shareholders are approved by the directors while final dividends have to be approved by the equity shareholders at the Annual General Meeting. Dividends and capital distributions for the year that are declared after the reporting date are dealt with in the subsequent events note.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(o) Trade and other payables:

Trade and other payables are measured at amortised cost.

(p) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as property, plant and equipment.

Debt issuance costs represent financing and certain related fees associated with securing long-term borrowings. Amortisation is charged to profit or loss on the effective interest basis over the life of the related borrowings.

(q) Revenue:

Performance obligations and revenue recognition policies:

Revenue is measured at the fair value of the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of product or services	*Nature and timing of satisfaction of performance obligations, including significant payment terms*	*Revenue recognition under IFRS 15*
Packaged teas for export and domestic sales and retail products	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated at that point in time. Invoices are usually payable within 30 days	Revenue is recognised at the point in time when the goods are delivered and have been accepted by customers. For the sale of retail products, the group allocate a portion of the consideration received to loyalty points which are then given to customers as rebates on future purchases. The amount allocated to the loyalty points is deferred and is recognised as revenue when the loyalty points are redeemed or the likelihood of the customers redeeming the loyalty point is remote.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(q) Revenue (continued):

Type of product or services	*Nature and timing of satisfaction of performance obligations, including significant payment terms*	*Revenue recognition under IFRS 15*
	Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. The company gives rebates to select customers based on the volume of purchase made. Rebates are included in other payables and payments are made to the customers.	Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.
Sale of real estate	The customer obtains control of housing units when the units have been delivered.	Revenue is recognised at the point in time when the housing units are delivered and accepted by the customers.
Rental income	Invoices are issued according to contract terms and are payable within 30 days.	Revenue is recognised over time as the customer benefits from occupying the property.

(r) Taxation:

Income tax on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in 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 income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting 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.

A deferred tax liability is recognised for all taxable temporary differences except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(r) Taxation (continued):

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Foreign currencies:

Foreign currency balances at the reporting date are translated at the exchange rates ruling at that date. Transactions in foreign currencies are converted at the exchange rates ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movement in the relevant balances.

(t) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss using the effective interest method.

(u) Determination of fair value:

Fair value is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the group has access at the date.

The group measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions from the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The group measures instruments quoted in an active market at the mid and closing price, because these prices provides a reasonable approximation of the exit price.

(v) Employee benefits:

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, annual vacation leave and non-monetary benefits such as post-employment benefits related to pension.

Notes to the Financial Statements

Year ended September 30, 2020

3. Significant accounting policies (continued)

(v) Employee benefits (continued):

Employee benefits that are earned as a result of past or current service are recognised in the following manner:

(i) Short-term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans:

Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(w) Expenses:

Expenses are recognised in profit or loss on the accrual basis.

4. Property, plant and equipment

	The Group					
	Land and buildings $'000	Plant, equipment, furniture, fixtures and computers $'000	Motor vehicles $'000	Leasehold improvement $'000	Work-in-progress $'000	Total $'000
Cost:						
September 30, 2018	250,434	148,189	27,560	14,616	-	440,799
Additions	3,868	18,900	7,552	-	-	30,320
Disposals	-	(23,455)	(1,990)	(12,552)	-	(37,997)
September 30, 2019	254,302	143,634	33,122	2,064	-	433,122
Additions	-	38,363	-	8,440	8,372	55,175
Disposals	-	-	(5,671)	-	-	(5,671)
September 30, 2020	254,302	181,997	27,451	10,504	8,372	482,626
Depreciation:						
September 30, 2018	22,709	69,000	10,790	9,866	-	112,365
Charge for the year	5,562	20,109	6,214	885	-	32,770
Eliminated on disposal	-	(9,783)	(938)	(8,687)	-	(19,408)
September 30, 2019	28,271	79,326	16,066	2,064	-	125,727
Charge for the year	5,607	15,880	6,441	2,393	-	30,321
Eliminated on disposal	-	-	(4,172)	-	-	(4,172)
September 30, 2020	33,878	95,206	18,335	4,457	-	151,876
Net book value:						
September 30, 2020	220,424	86,791	9,116	6,047	8,372	330,750
September 30, 2019	226,031	64,308	17,056	-	-	307,395

Notes to the Financial Statements

Year ended September 30, 2020

4. Property, plant and equipment (continued)

	The Company					
	Land and buildings $'000	Plant, equipment, furniture, fixtures and computers $'000	Motor vehicles $'000	Leasehold improvement $'000	Work-in-progress $'000	Total $'000
Cost:						
September 30, 2018	194,260	126,815	27,560	2,064	-	350,699
Additions	3,868	17,947	7,552	-	-	29,367
Disposal	-	(2,000)	(1,990)	-	-	(3,990)
At September 30, 2019	198,128	142,762	33,122	2,064	-	376,076
Additions	-	15,325	-	-	3,516	18,841
Disposal	-	-	(5,671)	-	-	(5,671)
At September 30, 2020	198,128	158,087	27,451	2,064	3,516	389,246
Depreciation:						
September 30, 2018	15,757	59,049	10,790	2,064	-	87,660
Charge for the year	4,158	19,351	6,214	-	-	29,723
Eliminated on disposal	-	(1,350)	(938)	-	-	(2,288)
September 30, 2019	19,915	77,050	16,066	2,064	-	115,095
Charge for the year	4,203	11,793	6,441	-	-	22,437
Eliminated on disposal	-	-	(4,172)	-	-	(4,172)
September 30, 2020	24,118	88,843	18,335	2,064	-	133,360
Net book value:						
September 30, 2020	174,010	69,244	9,116	-	3,516	255,886
September 30, 2019	178,213	65,712	17,056	-	-	260,981

Land and buildings include land at a cost of $43,000,000 (2019: $43,000,000) for the group and $30,000,000 (2019: $30,000,000) for the company.

The company's Bell Road property with net book value of $174,010,000 (2019: $178,213,000) is held as collateral against a loan from the Bank of Nova Scotia Jamaica Limited (note 16).

5. Investment properties

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at October 1	287,465	183,496	55,000	50,000
Additions	61,153	31,932	-	-
Transferred to inventories	(75,000)	-	-	-
Change in fair value (note 23)	8,453	72,037	5,000	5,000
Balance at September 30	282,071	287,465	60,000	55,000

Investment properties comprise commercial properties and land held for capital appreciation. Investment properties are valued annually by an independent professional valuer.

Notes to the Financial Statements

Year ended September 30, 2020

5. Investment properties (continued)

Investment properties were valued in September 2020 by K.B. Real Estate Company Limited.

Certain of the group's investment properties are held as collateral against a loan from the Bank of Nova Scotia Jamaica Limited [note 16(i)].

The rental income earned on the commercial properties during the year amounted to $8,766,000 (2019: $3,512,000) for the group and $2,676,500 (2019: $3,090,000) for the company. The related expenses totalled $81,158 (2019: $968,000) for the group and $81,158 (2019: $107,000) for the company.

Changes in fair values are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised.

The fair value measurement for investment properties of $282,071,000 (2019: $287,465,000) for the group and $60,000,000 (2019: $55,000,000) for the company have been categorised as Level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market based approach: The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution. The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. However as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.	• Details of the sales of comparable properties • Conditions influencing the sale of the comparable properties. • Comparability adjustment.	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/(lower). • Comparability adjustment were higher/(lower).

Notes to the Financial Statements

Year ended September 30, 2020

6. Intangible assets

	Computer software licences	
	The Group	The Company
	$'000	$'000
At cost:		
September 30, 2018	5,353	1,772
Additions	43	-
Disposals	(3,624)	-
September 30, 2019	1,772	1,772
Additions	2,056	52
September 30, 2020	3,828	1,824
Amortisation:		
September 30, 2018	3,857	1,226
Charge for the year	423	307
Eliminated on disposal	(2,747)	-
September 30, 2019	1,533	1,533
Charge for the year	735	102
September 30, 2020	2,268	1,635
Carrying value:		
September 30, 2020	1,560	189
September 30, 2019	239	239

7. Investment in associate and acquisition of subsidiary

(a) Investment in associate:

In the prior year the group held a 50% interest in the retail distribution company, Bay City Foods Limited (BCFL). During the year the group acquired the remaining 50% ownership of the company making it a wholly owned subsidiary of the group. The investment in associate was derecognised and investment in subsidiary recognised.

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Investment at beginning of year	80,969	26,546	48,718	27,835
Acquisition as a subsidiary [note 7(b)]	(80,969)	-	(48,718)	-
Addition	-	53,168	-	20,883
Group's share of net results	-	1,255	-	-
Investment at end of year	-	80,969	-	48,718

Notes to the Financial Statements

Year ended September 30, 2020

7. Investment in associate and acquisition of subsidiary (continued)

(a) Investment in associate (continued):

The assets, liabilities, revenue and net profit of the associate in the prior year was as follows:

	The Group 2019
Percentage ownership interest	50%
	$'000
Total assets	115,934
Total liabilities	(278,066)
Net liabilities (100%)	(162,132)
Group's share of net liabilities (50%)	(81,066)
Group's share associate's liabilities	162,035
Carrying amount of interest in associate	80,969
Gross operating revenue	359,171
Net profit (100%)	2,510
Net profit – Group's share (50%)	1,255

(b) Acquisition of subsidiary:

With effect from October 1, 2019, the group acquired control of Bay City Foods Limited (BCFL), formerly a 50% associate of the group [note 3(a) and note 7(a)]. As of this date, the company is a wholly owned subsidiary of the group.

Since acquisition BCFL contributed revenue of $534 million and profit after tax of $23 million net of group eliminations.

The following summaries the fair value of the identifiable assets and liabilities recognised by the group on October 1, 2019.

	Bay City Food Limited Fair value $'000
Net identifiable assets:	
Intangible assets (software)	1,921
Property, plant and equipment	29,359
Deferred tax assets	48,122
Inventory	27,711
Accounts receivable	3,275
Cash	4,598
Other assets	948
Long term loans, net	(59,629)
Other liabilities	(30,680)
Net liabilities acquired	25,625
Total consideration on acquisition	4,597
	21,028

Notes to the Financial Statements

Year ended September 30, 2020

7. Investment in associate and acquisition of subsidiary (continued)

(b) Acquisition of subsidiary (continued):

Satisfied by the following:	
Cash consideration	(1)
Cash acquired	4,598
Net cash inflow arising on acquisition in the year	4,597

8. Investments

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Investment securities at FVTPL				
– Trinidad and Tobago quoted equities	19,174	-	-	-
– United States quoted equities	398,271	-	-	-
– Jamaican quoted equities	1,181,679	1,363,148	-	-
	1,599,124	1,363,148	-	-

Certain of the quoted equities are held as collateral for a bank overdraft facility and margin loan payable (notes 19 and 20).

9. Deferred taxation

Deferred tax (asset)/liability is attributable to the following:

	The Group						
	2018	Recognised in profit or loss [note 25(a)]	Recognised in equity	2019	Recognised in profit or loss [note 25(a)]	Recognised on acquisition of subsidiary [note 7(b)]	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other receivables	-	364	(2,707)	(2,343)	3,361	-	1,018
Investments	-	94,060	-	94,060	(92,024)	-	2,036
Property, plant and equipment	8,457	3,676	-	12,133	390	(895)	11,628
Investment properties	-	-	-	-	465		465
Trade and other payables	(364)	(599)	-	(963)	3,071	(3,170)	(1,062)
Tax losses	(20,354)	(17,140)	-	(37,494)	(35,958)	(44,057)	(117,509)
	(12,261)	80,361	(2,707)	65,393	(120,695)	(48,122)	(103,424)

Notes to the Financial Statements

Year ended September 30, 2020

9. Deferred taxation (continued)

Deferred tax (asset)/liability is attributable to the following (continued):

	The Company					
	2018	Recognised in profit or loss [note 25(a)]	Recognised in equity	2019	Recognised in profit or loss [note 25(a)]	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other receivables	-	-	(2,707)	(2,707)	3,221	514
Trade and other payable	(364)	-	-	(364)	510	146
Property, plant and equipment	711	-	-	711	2,096	2,807
	347	-	(2,707)	(2,360)	5,827	3,467

10. Inventories

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Manufacturing:				
Finished goods	62,581	66,301	62,581	66,301
Raw materials	198,170	131,682	198,170	131,682
	260,751	197,983	260,751	197,983
Retail	26,420	-	-	-
Development:				
Housing under construction	91,285	146,043	-	-
Completed houses	95,900	-	-	-
	474,356	344,026	260,751	197,983

Inventory write-offs recognised in profit or loss is $9,952,231 (2019: $9,925,000) for the group and $9,952,231(2019: $9,925,000) for the company.

11. Trade and other receivables

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade receivables (a)	368,291	233,481	330,073	232,228
Other receivables	25,102	20,220	20,913	20,095
	393,393	253,701	350,986	252,323
Less: Impairment losses	(30,358)	(25,346)	(30,358)	(25,346)
	363,035	228,355	320,628	226,977
Due from brokers (b)	-	1,195,252	-	-
Prepayments	42,348	39,821	39,832	39,268
	405,383	1,463,428	360,460	266,245

Notes to the Financial Statements

Year ended September 30, 2020

11. Trade and other receivables (continued)

(a) Included in trade receivables for the group and company is $70,275,000 (2019: $52,186,000) due from a related party, Amalgamated Distributors Limited in the ordinary course of business [see note 29(a)].

(b) In the prior year, amount due from broker included $1,192,000,000 which represented proceeds from initial public offer of the company's subsidiary, QWI Investments Limited's ordinary shares due from a brokerage firm, NCB Capital Markets Limited.

Impairment allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are recognised over their term.

Under this ECL model, the group uses its trade receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analyses of future delinquency, that is applied to the balance of the trade receivable. The weighted average ECL rates used as at the reporting date to apply against the trade receivable balance are detailed at note 29(a).

Changes in impairment losses:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade receivables:				
Balance as at October 1	15,709	1,755	15,709	1,755
Transitional adjustment	-	12,026	-	12,026
Impairment loss recognised [note 22(c)]	5,012	1,928	5,012	1,928
Balance as at September 30	20,721	15,709	20,721	15,709
Other receivables:				
Balance as at October 1 and September 30	9,637	9,637	9,637	9,637
Total impairment losses	30,358	25,346	30,358	25,346

12. Cash and cash equivalents

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash in hand	329	100	100	100
Cash at bank	95,187	57,418	92,170	56,600
	95,516	57,518	92,270	56,700
Short-term deposits and resale agreements	226,185	88,799	213,500	88,799
	321,701	146,317	305,770	145,499

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Year ended September 30, 2020

13. Share capital and share purchase plan

	The Company			
	2020		2019	
	$'000	Number of shares	$'000	Number of shares
(a) Share capital:				
Authorised ordinary shares of no par value		1,000,000,000		1,000,000,000
Stated capital:				
In issue at October 1	185,149	695,083,459	161,161	686,033,460
Issue for cash*		-	15,000	3,749,999
Exercise of share options [13(b)]	5,600	3,200,000	8,988	5,300,000
In issue at September 30 – fully paid ordinary shares of no par value	190,749	698,283,459	185,149	695,083,459

* In the prior year, 3,750,000 shares were issued to related party, Amalgamated Distributors Limited at a price of $4.00 per share.

(b) Share purchase plan (equity-settled):

At the Annual General Meeting held on March 2, 2011, the stockholders passed a resolution for 16,000,000 of the authorised but unissued shares of the company to set aside as part of a stock option plan for directors and a stock purchase plan for employees, to be issued in two tranches of 8,000,000 shares to be issued between June 2011 and June 2021. The shares allocated for the staff are to be priced as a 10% discount to the last stock market selling price on the date the offer is taken up. The staff will be given a specific time in each year in which to take up the offer and they can access an interest free loan for a three year term to acquire the shares.

The exercised price of the directors' shares was originally approved at the AGM in 2011 at $7 each, now $1.75 per share, adjusted for the split. At September 30, 2020, all shares allocated under tranche one of this authorised option were fully issued or were expired.

At the Annual General Meeting held on March 16, 2016, the shareholders approved a resolution for the second tranche of 8,000,000 shares before the stock split (16 million – post split) be issued to the directors at a price of $9 or $4.50 after the effect of the stock split and that the expiry date of tranches 1 and 2 shall be five years from the date each yearly allotment becomes effective. All shares under this option were outstanding at year end.

At the Annual General Meeting (AGM) held on April 12, 2017, the shareholders passed a resolution for the company to sub-divide its share capital into two (2) shares for each existing shares, resulting in the total number of authorised shares being increased to 1,000,000,000 ordinary shares at no par value and the total number of issued shares being increased to 674,833,460 of no par value with effect from April 19, 2017.

In 2017, five directors exercised options to acquire shares in the company pursuant of their share option plans to purchase 7,200,000 shares at an exercise price of $1.75 per share amounting to $12,600,000.

In 2018, four directors exercised their options to acquire shares in the company pursuant to their share option plan to purchase 3,200,000 shares at the exercise price of $1.75 per share amounting $5,600,000. Furthermore, 800,000 shares were issued to employees pursuant to their employee stock purchase plan amounting $1,541,000.

Notes to the Financial Statements

Year ended September 30, 2020

13. Share capital and share purchase plan (continued)

(b) Share purchase plan (equity-settled) (continued):

In 2019, four directors exercised their option to acquire shares in the company pursuant to their share option to purchase 3,200,000 shares at the exercise price of $1.75 per share amounting to $5,600,000. In addition, 2,100,000 shares were issued to staff pursuant to their employee stock purchase plan amounting to $3,388,000.

During the year, four directors exercised their option to acquire shares in the company pursuant to their share option to purchase 3,200,000 shares at the exercise price of $1.75 per share amounting to $5,600,000.

(c) Treasury shares:

Treasury shares for the group comprises the cost of the company's shares held by the group. At September 30, 2020, the group held 6,183,544 of the company shares.

14. Capital reserves

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
(a) Realised surplus:				
Gain on disposal on investment property	90,425	91,382	-	-
Gain on disposal of property, plant and equipment	6,759	6,759	-	-
Waiver of directors' loan	229	229	-	-
Gain on disposal of investments	51,453	72,552	40,809	61,908
Capital distribution received	-	-	4,543	4,543
	148,886	170,922	45,352	66,451
(b) Franked income:				
Dividend income	3,970	3,970	3,970	3,970
	152,836	174,892	49,322	70,421

15. Non-controlling interests

This represents non-controlling interests in the company's subsidiaries as follows:

	% interest	
	2020	2019
QWI Investments Limited ("QWI")*	73.71%	75.66%
KIW International Limited ("KIW")	50.11%	54.57%

The following table summarises the information relating to KIW and QWI that have material non-controlling interests (NCI), before any intra-group eliminations.

	2020			
	KIW	QWI	Intra group eliminations	Total
	$'000	$'000	$'000	$'000
Non-current assets	193,550	1,683,841		
Current assets	16,181	2,136		
Current liabilities	(9,933)	(208,586)		
Net assets	199,798	1,477,391		

Notes to the Financial Statements

Year ended September 30, 2020

15. Non-controlling interests (continued)

	2020			
	KIW $'000	QWI $'000	Intra group eliminations $'000	Total $'000
NCI share of subsidiary net assets	100,119	1,088,952	(96,988)	1,092,083
Revenue	(163,930)	(465,462)		
Total comprehensive loss for the year	(166,858)	(394,324)		
Comprehensive loss allocated to non-controlling interests	(83,613)	(290,647)	82,145	(292,115)
Cash flow from operating activities	16,070	41,521		
Cash flow from investing activities	(12,469)	-		
Cash flow from financing activities	(4,174)	(40,613)		
Net (decrease)/increase in cash and cash equivalents	(573)	908		

	2019			
	KIW $'000	QWI $'000	Intra group eliminations $'000	Total $'000
Non-current assets	375,364	1,363,148		
Current assets	916	1,195,408		
Non-current liabilities	-	(135,777)		
Current liabilities	(8,916)	(551,564)		
Net assets	367,364	1,871,215		
NCI share of subsidiary net assets	200,471	1,415,765	(195,201)	1,421,035
Revenue	151,451	394,496		
Total comprehensive profit or loss for the year/period	139,025	248,601		
Comprehensive profit or loss allocated to non-controlling interests	75,866	188,091	(176,598)	87,359
Cash flow from operating activities	(27,971)	(1,858,447)		
Cash flow from investing activities	27,913	-		
Cash flow from financing activities	-	1,858,604		
Net decrease in cash and cash equivalents	(58)	(157)		

16. Long-term loans

	The Group and the Company	
	2020 $'000	2019 $'000
The Bank of Nova Scotia Jamaica Limited (BNSJ):		
8.25% loan (i)	143,333	163,333
8.00% loan (ii)	72	7,872
	143,405	171,205
Less: current portion	(20,071)	(27,872)
	123,334	143,333

Notes to the Financial Statements

Year ended September 30, 2020

16. Long-term loans (continued)

The Bank of Nova Scotia Loans –

(i) This loan is repayable over five years with 59 equal instalments and one final payment of $101,666,647 at an interest rate of 8.25% per annum.

It is secured by 1st legal mortgage over property located at 2 Bell Road, Kingston 11; along with an unlimited guarantee provided by related companies and demand debenture supported by:

- 1st legal mortgage to be stamped collateral to debenture for $45,000,000 over commercial property located at 29 Birdsucker Lane, Barbican, St. Andrew (note 5).
- 3rd legal mortgage to be stamped collateral to debenture for $45,000,000 over commercial property located at 2 Bell Road, Kingston Industrial Estate, St. Andrew (note 5).

(ii) During the prior year, an additional $10,000,000 was drawn down from BNSJ at a rate of 8% per annum. It is secured by the same property as indicated in (i) above.

17. Trade and other payables

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade payables	114,826	80,384	81,070	75,806
Due to brokers*	3,412	267,014	2,792	-
Other payables	101,163	90,561	48,136	35,836
	219,401	437,959	131,998	111,642

*Due to brokers represents investments purchase transactions through a brokerage firm awaiting settlement.

18. Short-term borrowings

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Demand loans (i)	71,351	78,765	71,351	78,765
Other loans (ii)	15,228	4,812	14,712	4,812
	86,579	83,577	86,063	83,577

(i) These loans are due to related parties at an interest rate of 4% to 6% per annum. These loans are not secured and have no fixed repayment terms and are payable on demand [note 28(c) and (d)].

Notes to the Financial Statements

Year ended September 30, 2020

18. Short-term borrowings (continued)

(ii) Other loans include mainly credit card balances which are unsecured and have no fixed repayment terms. Interest is charged at the rates of 10% and 39.75%. Interest is charged on outstanding balances not paid by the due date. The group normally repay amounts owing on or before the due date.

19. Bank overdraft

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Bank of Nova Scotia Jamaica Limited	1,735	53,470	-	2,886

These overdraft facilities bear interest of 13.25% and 8% per annum and are secured by the same security as outlined at note 16(i) and certain quoted investments held by the group (note 8).

As at 30 September 2020, the group's assets were charged in the sum of $118,007,982 in favour of Bank of Nova Scotia Jamaica Limited. The assets charged, comprised listed shares owned by a subsidiary and were pledged to secure an overdraft facility of $50,000,000 at an interest rate of 8.5% per annum for that subsidiary. The subsidiary had no outstanding overdraft as at September 30, 2020.

20. Margin loan payable

Margin loan payable represents short-term debt facilities provided by Mayberry Investments Limited and Aegis Capital Corp to a subsidiary of the company to acquire securities held on its own account. The facilities bears interest at 9% and 6.31%, respectively and is collaterised by the securities held with a brokerage firm (note 8).

21. Gross operating revenue

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Export sales – manufacturing	859,585	577,938	859,584	577,938
Domestic sales – manufacturing	546,507	509,274	546,508	509,274
Retail sales	534,474	173,443	-	-
Sale and rental of properties	254,440	30,537	-	-
	2,195,006	1,291,192	1,406,092	1,087,212

Notes to the Financial Statements

Year ended September 30, 2020

22. Nature of expenses

Profit before taxation is stated after charging:

(a) Cost of operating revenue:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cost of inventories recognised as expense	1,448,097	838,324	814,128	661,720
Depreciation	15,056	17,030	7,070	15,388
Amortisation	633	116	-	-
Repairs and maintenance	19,239	20,715	17,213	20,211
Staff costs (note 24)	88,299	57,737	66,833	50,669
Utilities	11,587	6,640	5,014	4,243
Other costs of operating revenue	27,208	17,526	23,455	15,848
	1,610,119	958,088	933,713	768,079

(b) Administration expenses:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Audit fees	13,025	9,541	9,202	5,415
Repairs and maintenance	9,151	10,137	9,070	10,137
Depreciation	15,265	15,740	15,367	14,335
Amortisation	102	307	102	307
Directors' emoluments:				
- Fees	11,640	6,249	4,200	3,500
- Management remuneration	16,340	18,946	16,340	12,246
Investment committee fees	-	36,118	-	-
Rental and security	9,839	1,632	4,069	4,155
Legal and professional fees	19,704	13,126	8,576	7,081
Utilities	6,638	3,906	4,864	3,435
Staff costs (note 24)	66,850	55,915	57,918	53,013
Insurance	13,833	7,245	9,088	6,170
Local and overseas travel	2,581	3,812	2,581	3,401
Other administration expense	43,189	31,822	21,120	17,080
	228,157	214,496	162,497	140,275

(c) Selling and distribution expenses:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Advertising and promotions	51,729	50,973	47,707	50,973
Total administrative, selling and distribution expenses	279,886	265,469	210,204	191,248
Impairment loss recognised on trade Receivables (note 11)	5,012	1,928	5,012	1,928

Notes to the Financial Statements

Year ended September 30, 2020

23. Other income

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest income	5,409	14,019	18,088	14,019
Rental income	2,677	3,512	2,677	3,090
Dividend income	22,901	9,342	-	1,474
Gain on sale of property, plant and equipment	1,093	55	1,093	55
Realised gain on sale of investments	-	67,292	-	18,259
Gain on acquisition of subsidiary	21,028	-	-	-
Increase in fair value of investment properties (note 5)	8,453	72,037	5,000	5,000
Net foreign exchange gain	13,115	1,001	13,115	980
Miscellaneous income	3,866	7,446	26,230	12,895
	78,542	174,704	66,203	55,772

24. Staff costs

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Salaries and wages	129,330	93,714	99,490	84,477
Pension	2,254	1,828	2,254	1,683
Other employee benefits	23,565	18,110	23,007	17,522
	155,149	113,652	124,751	103,682

Included in profit or loss as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Direct manufacturing labour [note 22(a)]	88,299	57,737	66,833	50,669
Administration [note 22(b)]	66,850	55,915	57,918	53,013
	155,149	113,652	124,751	103,682

25. Taxation

(a) Income tax is computed at 25% of the profit for the year, as adjusted for taxation purposes, and is made up as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current tax expense:				
Current tax expense - current year	88,928	48,835	78,153	45,170
Urban renewal tax relief	(3,222)	-	-	-
Remission of income tax @ 50% up to June 2020	(30,726)	(22,585)	(30,726)	(22,585)
	54,980	26,250	47,427	22,585
Deferred tax expense:				
Originating and reversal of temporary differences (note 9)	(120,695)	80,361	5,827	-
	(65,715)	106,611	53,254	22,585

Notes to the Financial Statements

Year ended September 30, 2020

25. Taxation (continued)

(b) Reconciliation of expected tax expense and actual tax expense:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
(Loss)/profit before taxation	(135,435)	589,728	311,252	164,792
Computed "expected" tax expense @ 25%	(33,858)	147,432	77,813	41,198
Difference between profits for financial statements and tax reporting purposes on:				
Disallowed expenses and capital adjustments, net	2,091	(18,236)	6,167	3,972
Adjustment for effect of urban renewal tax relief [note 25(e)]	(3,222)	-	-	-
Adjustment for effect of tax remission [note 25(d)]	(30,726)	(22,585)	(30,726)	(22,585)
Actual tax charge	(65,715)	106,611	53,254	22,585

(c) As at September 30, 2020, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits for the group was $275,727,000 (2019: $63,811,000) and for the company $Nil (2019: $Nil). As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits.

(d) Remission of income tax:

By notice dated August 13, 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMJSE) if certain conditions were achieved after the date of initial admission.

Effective July 3, 2010, the company's shares were listed on the JMJSE. Consequently, the company is entitled to a remission of income taxes for ten years in the proportion set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5: (July 1, 2010 – June 30, 2015) – 100%
Years 6 to 10: (July 1, 2015 – June 30, 2020) – 50%.

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

(e) By notice dated April 30, 2019, the Minister of Finance and the Public Service issued a gazette to a subsidiary within the group, designating it as an Approved Developer as cited by the Urban Renewal Act. The order is effective from 2019 to 2029. With this gazette, the subsidiary receives tax relief under the Urban Renewal (Tax Relief) Act for all developments undertaken on the designated property.

Notes to the Financial Statements

Year ended September 30, 2020

26. Earnings per ordinary stock unit

(a) Basic earnings per ordinary stock unit

Basic earnings per share are calculated by dividing the net profit attributable to members by the number of stock units in issue during the year.

	2020	2019
Net profit attributable to shareholders ($'000)	222,395	395,758
Weighted average number of stock units in issue	695,916,792	689,155,127
Basic earnings per stock unit ($)	0.32	0.57

(b) Diluted earnings per ordinary stock unit

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by a weighted number of ordinary stock units outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2020	2019
Net profit attributable to shareholders ($'000)	222,395	395,758
Weighted average number of stock units in issue	730,816,792	733,255,126
Diluted earnings per stock unit ($)	0.30	0.54

27. Transactions with owners

	The Group and Company	
	2020	2019
	$'000	$'000
Capital distribution:		
Capital reserve	21,099	41,287

On August 11, 2020, the Board of Directors of the company approved, by way of resolution, capital distribution of $21,099,000.

On November 16, 2018 and May 29, 2019, the Board of Directors of the company approved, by way of resolution, capital distribution of $20,588,000 and 20,699,000, respectively.

Notes to the Financial Statements

Year ended September 30, 2020

28. Related party balances and transactions

	The Group 2020 $'000	The Group 2019 $'000	The Company 2020 $'000	The Company 2019 $'000
Balances:				
(a) Due from subsidiaries:				
H Mahfood & Sons Limited	-	-	378,859	438,216
LTJ Fund Managers Limited	-	-	20,129	19,568
KIW International Limited	-	-	3,263	1,825
QWI Investments Limited	-	-	2,907	38,597
Bay City Foods Limited	-	-	30,311	-
H. Mahfood & Sons 2020 Limited	-	-	46,721	-
	-	-	482,190	498,206
(b) Amalgamated Distributors Limited (ADL) [common director]*	70,275	52,186	70,275	52,186
(c) Due to director**	47,842	44,832	47,842	44,832
(d) Short-term borrowings due from a director and close family members**	23,470	78,765	23,470	78,765
(e) Directors' emoluments:				
Fees	11,640	6,249	4,200	3,500
Management remuneration	16,340	18,946	16,340	12,246
(f) Transactions with related parties and subsidiaries				
Sale of goods - ADL	452,689	421,165	452,698	421,165
Management fees - Subsidiaries	-	-	23,666	8,813
Advertising and publishing - ADL	-	9,608	-	9,608
Investment Committee fee	-	36,118	-	-

* Included in trade and other receivables [see note 11(a)].
* Included in short term borrowings [see note 18(i)].

Balances due from/to related parties are interest free, unsecured and repayable on demand.

29. Financial risk management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk, which include interest rate risk and currency risk. This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Notes to the Financial Statements

Year ended September 30, 2020

29. Financial risk management (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. Management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally on trade and other receivables, due from related parties, cash and cash equivalents and short-term investments. There is a significant concentration of credit risk with Amalgamated Distributors Limited [see note 28(b)] and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Due from related parties

All related party transactions are preauthorized and approved by management during the budgeting process and subsequently in the normal course of business.

Cash and cash equivalents

The risk is managed in line with the Group's policy. Excess funds are invested for short periods of time, depending on the Group's cash flow requirement. These surplus funds are placed with approved financial institutions with no concentration of the funds being at any specific counterparty and thereby mitigating potential financial losses.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The group does not require collateral in respect of trade and other receivables.

Trade receivables mainly consist of balances due from retail distributors within and outside Jamaica. The group considers that it has concentration of credit risk with one (2019: one) customer. As at September 30, 2020, amounts receivable from the customer aggregated $70,275,000 (2019: $52,186,000). This represents 19% and 21% (2019: 22%), respectively of the trade receivables of the group and the company.

Expected credit loss assessment

The group allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and the available press information about its customers) and applying experienced credit judgement.

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Year ended September 30, 2020

29. Financial risk management (continued)

(a) Credit risk (continued):

Expected credit loss assessment (continued)

The group uses a provision matrix to measure ECLs on trade and other receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade and other receivables and is adjusted for forward-looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off, current conditions and the economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECL for trade and other receivables as at the reporting date (see also note 11).

	Group			
	2020			
	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Current (not past due)	0.72%	300,497	1,781	No
31-60 days past due	1.52%	26,023	374	No
61-90 days past due	3.12%	19,548	610	No
91-120 days past due	4.45%	9,141	407	No
120 -150 days past due	6.00%	10,995	660	No
150 -180 days past due	10.62%	742	79	No
More than 180 days past due	100.00%	26,447	26,447	Yes
		393,393	30,358	

	Company			
	2020			
	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Current (not past due)	0.72%	258,090	1,781	No
31-60 days past due	1.52%	26,023	374	No
61-90 days past due	3.12%	19,548	610	No
91-120 days past due	4.45%	9,141	407	No
120 -150 days past due	6.00%	10,995	660	No
150 -180 days past due	10.62%	742	79	No
More than 180 days past due	100.00%	26,447	26,447	Yes
		350,986	30,358	

Notes to the Financial Statements

Year ended September 30, 2020

29. Financial risk management (continued)

(a) Credit risk (continued):

Expected credit loss assessment (continued)

	Group 2019			
	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Current (not past due)	0.01	169,758	643	No
31-60 days past due	0.87	30,245	262	No
61-90 days past due	1.91	11,717	225	No
91-120 days past due	2.80	9,150	256	No
120 -150 days past due	3.93	5,009	197	No
150 -180 days past due	7.41	4,384	325	No
More than 180 days past due	100.00	23,438	23,438	Yes
		253,701	25,346	

	Company 2019			
	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Current (not past due)	0.01	168,380	643	No
31-60 days past due	0.87	30,245	262	No
61-90 days past due	1.91	11,717	225	No
91-120 days past due	2.80	9,150	256	No
120 -150 days past due	3.93	5,009	197	No
150 -180 days past due	7.41	4,384	325	No
More than 180 days past due	100.00	23,438	23,438	Yes
		252,323	25,346	

(b) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid resources to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value.

The following are the contractual maturities of financial liabilities measured at amortised cost. The tables show the undiscounted cash flows of non-derivative financial liabilities, including interest payments, based on the earliest date on which the group can be required to pay.

Notes to the Financial Statements

Year ended September 30, 2020

29. Financial risk management (continued)

(b) Liquidity risk (continued):

	The Group			
	2020			
	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	2 to 5 years $'000
Long-term loans	143,405	185,866	38,955	146,911
Trade and other payables	219,401	219,401	219,401	-
Margin loan payable	195,377	195,377	195,377	-
Short-term borrowings	86,579	90,042	90,042	-
Bank overdraft	1,735	1,735	1,735	-
	646,497	692,421	545,510	146,911

	2019			
	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	2 to 5 years $'000
Long-term loans	171,205	226,421	40,628	185,793
Trade and other payables	437,959	437,959	437,959	-
Margin loan payable	184,275	184,275	184,275	-
Short-term borrowings	83,577	86,920	86,920	-
Bank overdraft	53,470	53,470	53,470	-
	930,486	989,045	803,252	185,793

	The Company			
	2020			
	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	2 to 5 years $'000
Long-term loans	143,405	185,866	38,955	146,911
Trade and other payables	131,998	131,998	131,998	-
Short-term borrowings	86,063	89,506	89,506	-
	361,466	407,370	260,459	146,911

	The Company			
	2019			
	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	2 to 5 years $'000
Long-term loans	171,205	226,421	40,628	185,793
Trade and other payables	111,642	111,642	111,642	-
Short-term borrowings	83,577	86,920	86,920	-
Bank overdraft	2,886	2,886	2,886	-
	369,310	427,869	242,076	185,793

There was no change to the group's exposure to liquidity risk during the year, or the manner in which it measures and manages the risk.

Notes to the Financial Statements

Year ended September 30, 2020

29. Financial risk management (continued)

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk.

(i) Currency risk:

Currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group is exposed to currency risk on transactions that are denominated in a currency other than its functional currency. The main currency giving rise to this risk is the United States dollar (US$).

The group ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in US$ as a hedge against adverse fluctuations in exchange rates.

Exposure to currency risk:

The group's exposure to foreign currency risk at the reporting date was as follows:

	2020									
	The Group and the Company									
	J$	US$	J$	GBP	J$	CAN	J$	TT	J$	EURO
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:										
Trade receivables	238,551	1,691	-	-	1,889	18	-	-	-	-
Cash and cash equivalents	28,810	204	1,287	7	1,396	13	26,924	1,288	3,212	20
Investments	398,270	2,824	-	-	-	-	19,174	918	-	-
Total financial assets	665,631	4,719	1,287	7	3,285	31	46,098	2,206	3,212	20
Financial liabilities:										
Trade payables	(43,038)	(303)	(1,851)	(10)	(7,249)	(67)	-	-	-	-
Total financial liabilities	(43,038)	(303)	(1,851)	(10)	(7,249)	(67)	-	-	-	-
Exposure	622,593	4,416	(564)	(3)	(3,964)	(36)	46,098	2,206	3,212	20

	2019							
	The Group and the Company							
	J$	US$	J$	GBP	J$	CAN	J$	TT
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:								
Trade receivables	155,580	1,163	-	-	1,484	15	-	-
Cash and cash equivalents	40,847	305	376	2	176	2	13,140	675
Total financial assets	196,427	1,468	376	2	1,660	17	13,140	675
Financial liabilities:								
Trade payables	(36,756)	(272)	-	-	(10,049)	(98)	-	-
Total financial liabilities	(36,756)	(272)	-	-	(10,049)	(98)	-	-
Exposure	159,671	1,196	376	2	(8,389)	(81)	13,140	675

Notes to the Financial Statements

Year ended September 30, 2020

29. Financial risk management (continued)

(c) Market risk (continued):

(i) Currency risk (continued):

Exposure to currency risk (continued):

Exchange rates as at the reporting date were; US$1: J$141.0386 (2019: US$1: J$134.4584); GBP 1: J$185.4582 (2019: GBP 1: J$163.8386); CAN 1: J$106.0215 (2019: 1 CAN: J$101.9431); TT 1: J$20.8956 (2019: TT1: J$19.4656); Euro 1: J$160.8253 (2019: GBP1: J$149.4190).

Sensitivity analysis:

A 6% (2019: 6%) weakening of the above currencies against the J$ would increase profit for the year by $40,043,000 (2019: $9,888,000).

A 2% (2019: 4%) strengthening of the above currencies against the J$ would decrease profit for the year by $13,348,000 (2019: $6,592,000).

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2019.

(ii) Interest rate risk:

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rate.

The group minimises interest rate risk by investing mainly in fixed rate instruments and contracting liabilities at fixed rates, where possible. The group's interest rate risk arises mainly from bank loans.

At the reporting date, the interest profile of the group's interest-bearing financial instruments was:

	Carrying amount	
	2020	2019
	$'000	$'000
Fixed rate:		
Financial assets	241,784	104,399
Financial liabilities	(427,096)	(492,527)
	(185,312)	(388,128)

Fair value sensitivity analysis for financial instruments:

The group does not account for any interest bearing financial instrument at fair value, therefore a change in interest rates at the reporting date would not affect the carrying value of the group's financial instruments.

(iii) Equity price risk:

Equity price risk arises from equity securities held by the group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the group's investment strategy is to maximise investment returns.

Notes to the Financial Statements

Year ended September 30, 2020

29. Financial risk management (continued)

(c) Market risk (continued):

(iii) Equity price risk (continued):

A 7% (2019: 10%) increase in the market price at the reporting date would cause an increase in the group's profit or loss and other comprehensive income of $111,939,000 (2019: $136,315,000) A 12.5% (2019: 10%) decrease would cause an increase/decrease in the group's losses/profits of $199,891,000 (2019: $136,315,000).

(d) Capital management:

The policy of the group's Board of Directors is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business and ensure it continues as a going concern.

The group considers its capital to be its total equity inclusive of unappropriated profits and capital reserves. The group's financial objective is to generate a targeted operating surplus, in order to strengthen and provide for the future continuity of the group as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Directors regularly review the financial position of the group at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is the total of long-term loans, short-term borrowings, margin loan payable, and bank overdraft less related party loans, if any. Total capital is calculated as equity as shown in the company's statement of financial position plus debt.

The gearing ratios at the year-end based on these calculations were as follows:

	The Group	
	2020	2019
	$'000	$'000
Debt	427,096	492,527
Equity	1,722,069	1,554,092
Total capital	2,149,165	2,046,619
Gearing ratio	20.0%	24.0%

There were no significant changes in the group's approach to capital management during the year and the group is not subject to externally imposed capital requirements.

29. Financial risk management (continued)

(e) Fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The group's equities are the only financial instrument that is carried at fair value. Where fair value of financial instruments approximates carrying value, no fair value computation is done and disclosed.

The carrying values reflected in the financial statements for cash and cash equivalent, trade and other receivables, and trade and other payables are assumed to approximate fair value due to their relatively short-term nature.

The fair value of long-term loans is assumed to approximate carrying value as the loans bear interest at market rates and all other conditions are at market terms.

Quoted equities fair values are based on the mid and closing prices published by the respective Stock Exchanges.

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The group considers relevant and observable market prices in its valuations where possible.

Equity investments are classified as Level 1.

Notes to the Financial Statements

Year ended September 30, 2020

30. Segment reporting

	2020				
	Manufacturing $'000	Retailing $'000	Real estate $'000	Investments $'000	Total $'000
Gross revenue	1,406,092	534,474	259,240	-	2,199,806
Inter- segment revenue	-	-	(4,800)	-	(4,800)
Revenue from external customers	1,406,092	534,474	254,440	-	2,195,006
Fair value gains from revaluation of investments at FVTPL	-	-	-	(482,220)	(482,220)
Other income	66,203	1,370	3,454	24,823	95,850
Inter-segment other income	(17,308)	-	-	-	(17,308)
	48,895	1,370	3,454	24,823	78,542
Segment profit/(loss)	296,367	29,749	55,425	(493,295)	(111,754)
Finance (cost)/income	(12,114)	(17,736)	208	(2,104)	(31,746)
Loss before taxation					(135,435)
Taxation charge					65,715
Non-controlling interest					292,115
Profit attributable to equity holders of the parent					222,395
Segment assets	1,243,056	108,725	494,556	1,702,269	3,548,606
Segment liabilities	(420,326)	(38,577)	(33,321)	(212,333)	(704,557)
Capital expenditure	18,893	38,338	61,153	-	118,384
Depreciation and amortisation	(22,539)	(8,517)	-	-	(31,056)

	2019				
	Manufacturing $'000	Retailing $'000	Real estate $'000	Investments $'000	Total $'000
Gross revenue	1,087,212	173,443	34,737	-	1,295,392
Inter- segment revenue	-	-	(4,200)	-	(4,200)
Revenue from external customers	1,087,212	173,443	30,537	-	1,291,192
Fair value gains from revaluation of investments at FVTPL	-	-	-	376,244	376,244
Other income	55,772	1,708	82,154	169,700	309,334
Inter-segment other income	(8,813)	-	(15,117)	(110,700)	(134,630)
	46,959	1,708	67,037	59,000	174,704
Segment profit	172,916	12,979	53,430	377,330	616,655
Finance (cost)/income	(16,937)	1,451	(143)	(12,533)	(28,182)
Profit before taxation					589,728
Taxation charge					(106,611)
Non-controlling interest					(87,359)
Profit attributable to equity holders of the parent					395,758

Notes to the Financial Statements

Year ended September 30, 2020

30. Segment reporting (continued)

	2019				
	Manufacturing $'000	Retailing $'000	Real estate $'000	Investments $'000	Total $'000
Segment assets	977,025	32,066	443,171	2,541,885	3,994,147
Segment liabilities	(390,037)	(3,334)	(1,811)	(623,838)	(1,019,020)
Capital expenditure	29,367	996	31,932	-	62,295
Depreciation and amortisation	(30,030)	(3,163)	-	-	(33,193)

31. Contingencies and commitments

(a) At September 30, 2020, a subsidiary has capital commitments amounting to approximately Nil (2019: $71 million) in relation to work in progress inventory for proposed apartment complex at Manor Park, St Andrew. No provision has been made in these financial statements for the unexpended capital commitments as at reporting date although appropriate funding has been approved.

(b) The company has given an undertaking to support the operations of certain loss-making subsidiaries for the foreseeable future.

32. Impact of COVID-19

The World Health Organization in March 2020 declared the novel coronavirus, COVID-19, as a global pandemic. As a first step the group established measures at our properties to safeguard and protect our stakeholders by not only providing information to our employees, business partners and customers but equipping all personnel with supplies to prevent contagion and establishing protocols to access our premises.

The industry within which the major business segments operate has been designated by the Government of Jamaica (GOJ) as an essential industry with operations being exempted from the curfews and other Emergency Management Act restrictions imposed since March 2020. As a result, the group has not faced interruptions to its operations as a result of GOJ Restrictions and all employees have been able to commute as required.

The manufacturing segment of the group saw improved performance as a result of the pandemic as it strategised and capitalised on demand that existed in the export market. The retail and real estate business segment saw minimal impact; however, its investment business segment were significantly impacted as asset prices across the world responded to the economic disruption.

In response to the decline in market performance, management has adopted several measures specifically around financial risk management. Some of these measures include; reorganised the investment portfolio to reduce investment in industries assessed as being volatile to the pandemic and diversifying the segment's investment portfolio to invest in listed equities outside of Jamaica, across thriving industries.

Notes to the Financial Statements

Year ended September 30, 2020

32. Impact of COVID-19 (continued)

At the reporting date, we continue to monitor the performance of each of our business segments.

33. Subsequent event

At the Extraordinary General Meeting held on November 17, 2020, the shareholders of the company approved a resolution, setting November 30, 2020, as the new record date for the company's proposed 3 for 1 stock split. The ex-stock split date is November 27, 2020.

Form of Proxy

Place $100.00 stamp here

I/We………………………………………………………………………………………………………

……

of……

being a member/members of Jamaican Teas Limited hereby appoint ………………………………………

……

of ……

……

or failing him/her…………………………………………………………………………………………

……

of……

as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at The Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, on the 30th day of March, 2021 at 2:00 p.m. and at any adjournment thereof.

Signed this…………………………………………… day of…………………………………..20.........................

………………………………………………………...........Signature

…………………………………………………………...Signature

NOTE: To be valid:

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2) If executed by a corporation, this proxy must be sealed. A corporate shareholder may appoint a representative in accordance with Article 87 of the Company's Articles of Association, instead of appointing a proxy.
3) This Form of Proxy must be received by the Registrar of the Company, 2 Bell Road, Kingston 11, not less than 48 hours before the time of the meeting.
4) This Form of Proxy should bear stamp duty of $100.00. Adhesive stamps are to be cancelled by the person signing the proxy.

Jamaican Teas LTD.

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