JAMAICAN TEAS LTD.

# ANNUAL 2021 REPORT

Jamaican Teas LTD.

## 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



# Letter to Shareholders
## Annual General Meeting

15 April 2022

**Dear Shareholders,**

Our AGM is scheduled for 12:00 noon on 19 July 2022 at the Jamaica Pegasus, 81 Knutsford Boulevard, Kingston 5, to consider items on the agenda.

Kindly pay attention to the following:

- Your Annual Report for the Year ended 30 September 2021 will only be available via the website links: www.jamaicanteas.com and www.jamstockex.com
- Going forward, the Company will no longer automatically mail out Annual Reports. These will only be available electronically. Printed reports for 2021 will be available on request made no later than 19 July 2022.

**PROXY FORMS**

Your Proxy Forms must be downloaded from **www.jamaicanteas.com**

**NOTICE TO ALL MEMBERS**

The following shall apply to the AGM:

(1) Quorum And Attendance

(a) The Chairman of the Company, the Company Secretary, and any Director(s) of the Company, being physically present at the AGM, shall constitute and be above the minimum quorum; or in the absence of any such person(s), any other staff member of the Company being shareholder(s) and physically present at the AGM may take the place of such person(s) and shall constitute the quorum.

**(b) All shareholders who attend the meetings will be required to wear properly fitted masks and comply with all other COVID-19 precautions and protocols, including layout, seating and sanitizing.**

(2) Electronic Access

The AGM will be live streamed at **www.jamaicanteas.com/agm**

**IMPORTANT NOTE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND:**

1. A member entitled to attend and vote at the Adjourned EGM/AGM and EGM/AGM 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. The person so authorized as proxy shall be entitled to exercise the same powers as the member whom he/she represents.
3. Proxy Forms must be lodged at Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston, at least forty-eight (48) hours before the time appointed for holding the AGM.
4. The Proxy Form shall bear the stamp duty of One Hundred Jamaican Dollars (J$100.00) before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.
5. The Proxy Forms must be downloaded from **www.jamaicanteas.com**

We thank you for your understanding, as we continue to navigate these times together to protect against COVID-19 and we encourage you to keep well.

We look forward to your participation.

Yours Sincerely

JAMAICAN TEAS LIMITED

**John Jackson**
Chairman

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of the Company will be held on the **19th day of July 2022 at 12.00 noon** 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 2021 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 dividend of one cent ($0.01) per share paid on 28 June 2021, as a final distribution out of the sums standing to the credit of the Company's Retained Earnings for the year ending 30 September 2021.

   b) Be it resolved:

   "That the dividend of one cent ($0.01) paid out of Retained Earnings for said period, be and is hereby approved."

3. a) To elect Directors:

   i. Marcos Dabdoub retires by rotation as a Director in accordance with Article 118 of the Company's Articles of Association and being eligible, he offers himself for re-election.

   ii. John Mahfood retires by rotation as a Director in accordance with Article 118 of the Company's Articles of Association and being eligible, he offers himself for re-election.

   iii. John Jackson retires by rotation as a Director in accordance with Article 118 of the Company's Articles of Association and being eligible, he offers himself for re-election.

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

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

   ii. "That John Mahfood, who is retiring by rotation in accordance with a) ii above, be and is hereby re-elected a Director of the Company."

   iii. "That John Jackson, who is retiring by rotation in accordance with a) iii above, be and is hereby re-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 2021 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

Dated the 25th day of April 2022

**Cameron Burnet**
Company Secretary

*Please see proxy and notes thereto

# Corporate Data

## BANKERS:

**Bank of Nova Scotia Ja. Ltd.**
Scotiabank Centre
Cnr. Duke & Port Royal Streets
P. O.  Box 709, Kingston

**National Commercial Bank Ja. Ltd.**
The Atrium
32 Trafalgar Road
Kingston 10

**Sagicor Bank Ja. Ltd.**
Head Office
17 Dominica Drive
Kingston 5

## 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

# JTL Clipboard

Jamaican Teas LTD.

**REVENUE**
JS2.3B

**INVESTMENTS**
J$2.1B

**GROWTH**

| Export Sales | Local Sales |
|---|---|
| 17% | 10% |

**CERTIFICATION**
- SQF Certified
- KOSHER Certified
- HACCP Certified
- FDA Approved

**NEW CEO MANUFACTURING DIVISION**
Steering the course for Caribbean Dreams Limited - the manufacturing subsidiary of the Jamaican Teas Group

**MANUFACTURING & FOOD TRADE**
New Products
- Caribbean Dreams Sardines
- Caribbean Dreams Quick Oats

**REAL ESTATE**
Belvedere Residential Development
- 18 One-Bedroom Apartments - 653 sq ft
- 7 Studio Apartments - 454 sq ft

**JMEA AWARDS**
- President's Award for Champion Medium Exporter in Manufacturing 2020
- Governor General's Award for Exporter of the Year 2020

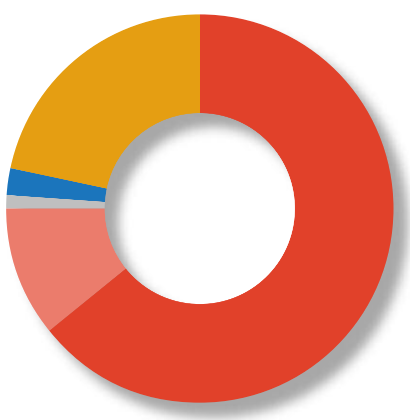
**COVID-19 RESPONSE**
- 75% of Staff fully vaccinated
- Factory and Corporate Office fully compliant with health protocols

# Shareholdings of Note
## as at 30 September 2021

### 10 Largest Primary Account Holders

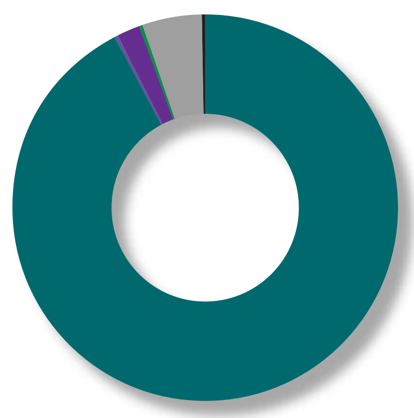
| | |
|---|---|
| Violet Helen Mahfood | 602,378,520 |
| John Mahfood | 535,498,839 |
| Jennifer Ann Mahfood | 59,025,000 |
| Combined Holdings | 594,523,839 |
| Nancy D. Milne | 117,750,000 |
| Mayberry Jamaican Equities | 70,334,316 |
| JCSD Trustee Services Ltd. A/C 76579-02 | 45,160,422 |
| JCSD Trustee Services Limited A/c - Barita Unit Trust Capital Growth Fund | 42,474,589 |
| SJLIC for Scotiabridge Retirement Scheme | 31,527,960 |
| Marcos Dabdoub | 31,400,000 |
| GraceKennedy Pension Fund Custodian Ltd. for GraceKennedy Pension Scheme | 30,396,064 |
| QWI Investments Limited | 29,939,102 |
| **Total Percentage of Shareholdings** | **74.36%** |

### Senior Managers and Connected Parties Shareholdings



| | | |
|---|---|---|
| **Cameron Burnet** | Senior Manager | 9,000,000 |
| | Connected Party Holdings | 1,517,537 |
| | Combined Holdings | 10,517,537 |
| **Jonathan Mahfood** | Senior Manager | 180,000 |
| **Charles Barrett** | Senior Manager | 302,550 |
| **Norman Russell** | Senior Manager | 3,000,000 |

### Directors and Connected Parties Shareholdings



| | | |
|---|---|---|
| **John Mahfood** | Chief Executive Officer | 594,523,839 |
| **John Jackson** | Director | 538,692 |
| | Connected Party Holdings | 12,877,095 |
| | Combined Holdings | 13,415,787 |
| **Duncan Davidson** | Director | 2,500,000 |
| **Marcos Dabdoub** | Director | 31,400,000 |
| **Suzette Smellie-Tomlinson** | Director | 1,554,258 |
| **Damien King** | Director | NIL |

# Corporate Governance

**As the largest producer of teas in the Caribbean and exporters of more than half of its products to Caribbean markets, the USA and the United Kingdom, Corporate Governance is integral to the growth and sustained development of Jamaican Teas.**

Corporate Governance oversight is also extended to the subsidiaries of the Group, which includes the real estate and property companies:

- **H. Mahfood and Sons Limited**
- **H. Mahfood and Sons 2020 Limited**
- **Bay City Foods Limited**, operators of supermarket in Kingston
- **QWI Investments Limited**
- **KIW International Limited,** an investment holding company with 17 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 fulfillment 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 analysis of Quarterly Reports on the Jamaica Stock Exchange (JSE) website, the Company's corporate website, as well as paid advertising in the 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. Additionally, the Company is compliant with international regulators in keeping with its US FDA approved status for exports and SQF 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 six members, namely: John Jackson, Chairman, John Mahfood, Marcos Dabdoub, Duncan Davidson, Suzette Smellie-Tomlinson and Damien King. Of the six members, there are five 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 in an employment relationship with the Company or its subsidiaries.

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

The Company's Directors were selected by virtue of their expertise in particular areas required by the Company. The criteria were as follows:

All of the Company's Directors attended the 2020 Annual General Meeting (AGM) held in October 2021.

## BOARD MEMBERS' TERMS OF OFFICE

Jamaican Teas Limited's Articles of Incorporation provide that one third of the 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 to review the budget and quarterly reports, and whenever else necessary.

## 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

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

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, the Chairman of the Company, 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; having gained such skills, knowledge and expertise through professional qualifications, work for companies that are 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 three (3) established committees, namely:

- Compensation
- Marketing
- Audit & Finance

### Role of the Compensation Committee (CC)

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

The main responsibilities of the CC are to:

- Review and approve the compensation paid by the member companies and to all employees and their Directors.

During the year, the CC reviewed two employee profit-sharing distributions, and the Directors' fees payable for the financial year. The Committee also reviewed and recommended remuneration and terms of employment for new management staff, as well as participating in Executive interviews.

### Role of the Marketing Committee (MC)

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

The main responsibilities of the MC are to:

- Review and evaluate the effectiveness of the sales and marketing practices and policies of Jamaican Teas Limited (JTL).

The Committee also:

- Assessed the performance of the 2020-2021 annual marketing plan and expenditure.
- Reviewed and provided feedback on different activities in progress from the Knowledge Management Framework Plan.
- Reviewed the 2021-2022 Sales Budget to provide insight and approve draft for submission to the Board.
- Reviewed the 2021-2022 Strategic Marketing Plan to provide insight and approve same and the marketing budget. The plan sets out the strategic direction for the next two years with the focus on increasing sales volume and the number of channel partners, market intelligence, market development, product development and market penetration strategies and attendant programmes.
- Assessed potential operational and sales bottle-necks, and provided feedback.
- Reviewed marketing and sales metrics.
- Reviewed market research strategies for instruments to be designed to conduct field research on top of consumers' perceptions and feedback on various products.
- Held separate discussions outside of the Committee meetings to review documents, and also individual feedback or approval on digital marketing opportunities, specific strategic marketing content and collateral, as well as the launch of several new products.

| Directors/Members | Board Meetings | Audit & Finance Committee | Compensation Committee | Marketing Committee |
|---|---|---|---|---|
| John Jackson | 11 | 5 | • | • |
| Suzette Smellie-Tomlinson | 11 | 4 | 10 | 4 |
| John Mahfood | 11 | 1 | • | • |
| Duncan Davidson | • | • | 10 | 4 |
| Damien King - *appointed Jan 2021* | 6 | • | • | • |
| Marcos Dabdoub | 11 | • | 10 | 4 |
| Joan Brown | • | 4 | • | • |

## 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 governance codes, in the preparation of the quarterly and annual financial statements. In addition, 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 approximately eighteen (18) Compensation Committee meetings, four (4) Marketing Committee meetings, five (5) Audit & Finance meetings and eleven (11) Board meetings. Attendance at these Board and Committee meetings are shown above:

## Regulatory Responsibilities

During the last 12 months, 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 of the Company's unaudited Quarterly Reports and its Audited Financial Statements were filed within the periods required by the listing rules of the Jamaica Stock Exchange (JSE) and with the Financial Services Commission, EXCEPT for the 2021 Audited Financial Statements for which a 30-day filing extension was granted by the JSE.

In January 2022, KPMG, Independent Auditors of the Company, issued an unqualified audit opinion on the Company's 2021 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 2021, the total fees paid by the Company to its Directors totalled $6,950,000 (2020 - $4,200,000). These fees included fees for Duncan Davidson who retired from the Board in October 2021, as well as for Dr. Damien King who was appointed to the Board in January 2021. The fees are subject to the approval of the shareholders of the Company at the Annual General Meeting (AGM), and the fees proposed for 2022 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 13 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

The Company, at its 2011 AGM, approved a stock option plan for its employees, which is described in Note 13 of the Company's Annual Financial Statements. During 2021, 5,000,000 shares were issued to staff pursuant to this scheme, resulting in the allotment of $15,000,000 in shares.

## 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 and plan to engage external consultants to establish such procedures, and to perform an external evaluation of the Board's performance.

In 2021, 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

The Directors of Bay City Foods Limited are John Mahfood, Charles Barrett and Jonathan Mahfood, none of whom are considered to be independent, as all three are full time employees of Jamaican Teas Limited. The Directors do not consider it necessary to have committees, as the company's requirements are carried out by the JTL Board. All three Directors serve without remuneration from that company.

The Directors of H. Mahfood and Sons Limited are John Mahfood, John Jackson, Duncan Davidson and Cameron Burnet.

The Directors of H. Mahfood and Sons 2020 Limited are John Mahfood, John Jackson and Cameron Burnet.

Messrs Jackson and Davidson are considered to be independent. The Directors do not consider it necessary to have committees, as the company's requirements are carried out by the JTL Board. The Directors of both companies serve without remuneration.

The Directors of KIW International Limited are John Mahfood, John Jackson, (Chairman), 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. The total fees paid to KIW Directors in 2021 was $1.1 million (2020-$850,000). These fees are subject to the approval of the shareholders of the company at the Annual General Meeting (AGM), and the fees proposed for 2022 will be put to the shareholders for approval at the company's next AGM.

The Directors of QWI Investments Limited (QWI) are John Jackson (Chairman), John Mahfood, Cameron Burnet, David Stephens, Carl Carby, Richard Evan David Thwaites and Malcolm McDonald. Mr. Thwaites joined the Board in January 2021. Messrs Thwaites, Carby, McDonald and Stephens are considered to be independent Directors of this company.

QWI has an Audit Committee chaired by Carl Carby. The other members are 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 2021 was $7,760,000 (2020-$6,240,000). These fees are subject to the approval of the shareholders of QWI at the Annual General Meeting and the fees proposed for 2022 will be put forward for approval at the company's next AGM.

# Directors' Report

**DIRECTORS** (l to r): **John Mahfood** - Group Chief Executive, **Marcos Dabdoub**, **Dr. Damien King**, **John Jackson** and **Suzette Smellie-Tomlinson**

**The Directors present their report on the 2021 financial year and the strong gains on our stock price reflecting improved results over 2020.**

The Group's performance was facilitated by the upturn in the Jamaican economy, which helped to maintain sales and in turn, strong gains in QWI Investments Limited. Additionally, our export sales market did very well. While the exchange rate fluctuated over the year, overall, economic conditions were relatively favourable for your Group.

## 2021 OPERATING RESULTS

Jamaican Teas completed a very successful year to September 2021 in which Total Comprehensive Income moved from a loss of $69 million a year ago to $586 million, the highest in the Company's history. Total income attributable to the owners of the Company increased from $222 million to $393 million - again the best result in the Company's history.

## CORPORATE DEVELOPMENTS

During the year, the Group increased its shareholding in QWI Investments from approximately 26 percent to 32 percent for an investment well below the Net Asset Value of QWI's shares.

## DISTRIBUTIONS

In November 2020, the Company paid out $41,897,000 as capital distribution and in June 2021, a dividend of one cent per share, which amounted to $21,463,000. Capital distributions totalling $21,099,000 were paid in the prior year.

## ANNUAL GENERAL MEETING

In October 2021, we conducted our first Annual General Meeting (AGM) in an all virtual format and we were pleased with the results. We acknowledge the level of shareholder attendance and those who participated in our question and answer session.

We look forward to our members joining our next AGM on 19 July 2022.

## OUR GRATITUDE

We extend our thanks to all our customers and distributors who bring our products to the shops and supermarkets that sell them to households across the region.

We welcome new shareholders to the growing register of the Group, which stood at 3,419 at the end of December 2021.

We also would like to make special mention of two individuals who have contributed greatly to the success of the Group over many years:

Oliver Goldsmith, our Chief Accountant for over 20 years, who passed away in August 2021; and Duncan Davidson, a Director of the Company from we listed our shares on the Jamaica Stock Exchange, who retired from our Board in October 2021.

We miss them both and express our condolences to the family of Oliver Goldsmith, and our wishes for a well-earned retirement to Duncan Davidson.

Finally, our thanks go to our employees whose service and dedication to the Group's member companies under-pinned the successful operations we enjoyed in 2021.

# Board of Directors

## 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 B.Sc. in Economics and Management.

## Marcos Dabdoub
### Non Executive Director

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

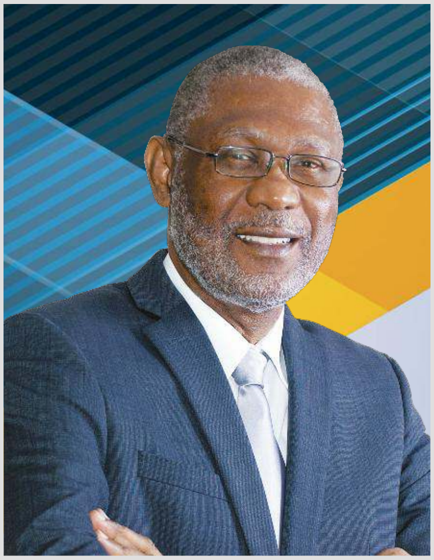
His 45 years of experience in the distributive trade positioned him as the exclusive Jamaican distributor of the Jamaican Teas' Tetley and Caribbean Dreams brands, which generate approximately 50 percent of the Company's overall sales. In 1963, he was a salesman at J & J Dabdoub Limited, and in 1967,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



## 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
### Group Chief Executive

John's responsibilities are now focussed on strategically managing and planning the growth of the Group's subsidiary companies, with the recent appointment of Dianna Blake-Bennett as Chief Executive of the Manufacturing Division.

He is experienced in local and international retail and trading, as well as mergers, expansions and turnarounds, having served in those capacities in several corporate entities.

John was appointed President of the Jamaica Manufacturers and Exporters Association in 2021.

He is a Certified Public Accountant, fellow of the Institute of Chartered Accountants of Jamaica and a registered Investment Advisor licensed by the Financial Services Commission (FSC).

## 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 formerly, 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 at 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 from 2019 to present, and has authored and contributed to various publications.

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

# CARIBBEAN DREAMS LIMITED
# CEO's VISION

**Dianna Blake-Bennett**

**Chief Executive Officer**
**Manufacturing Division**

**For any CEO, leading a new organization or company provides an opportunity to chart a new course and direction, no different from a painter with a new piece of canvas to which his/her imaginings shape the final piece.**

I am honoured and appreciative to be selected by John Mahfood and the Board of Directors to shape this new course for the manufacturing subsidiary of the Jamaican Teas Group – Caribbean Dreams Limited.

In three years, Caribbean Dreams Limited will hit revenue of $5 billion, and with adroit management of expenses we will strive to consistently deliver, at minimum, 30 percent of revenue to the bottom line. With our determination to enter new markets and to deliver a slew of new products to the export markets we serve, we anticipate that exports will represent above 60 percent of revenue. Our intention is to also expand our domestic footprint by pinpointing the food service and hotel industries.

We will capitalize on our manufacturing know-how of teas, which is intrinsic to our DNA, to manufacture other products within the hot beverage segment of the market and dominate this category as a regional manufacturer and exporter. Our inherent manufacturing capability will also be used to aid diversification into other areas such as spices, with a focus on niche areas of this market segment.

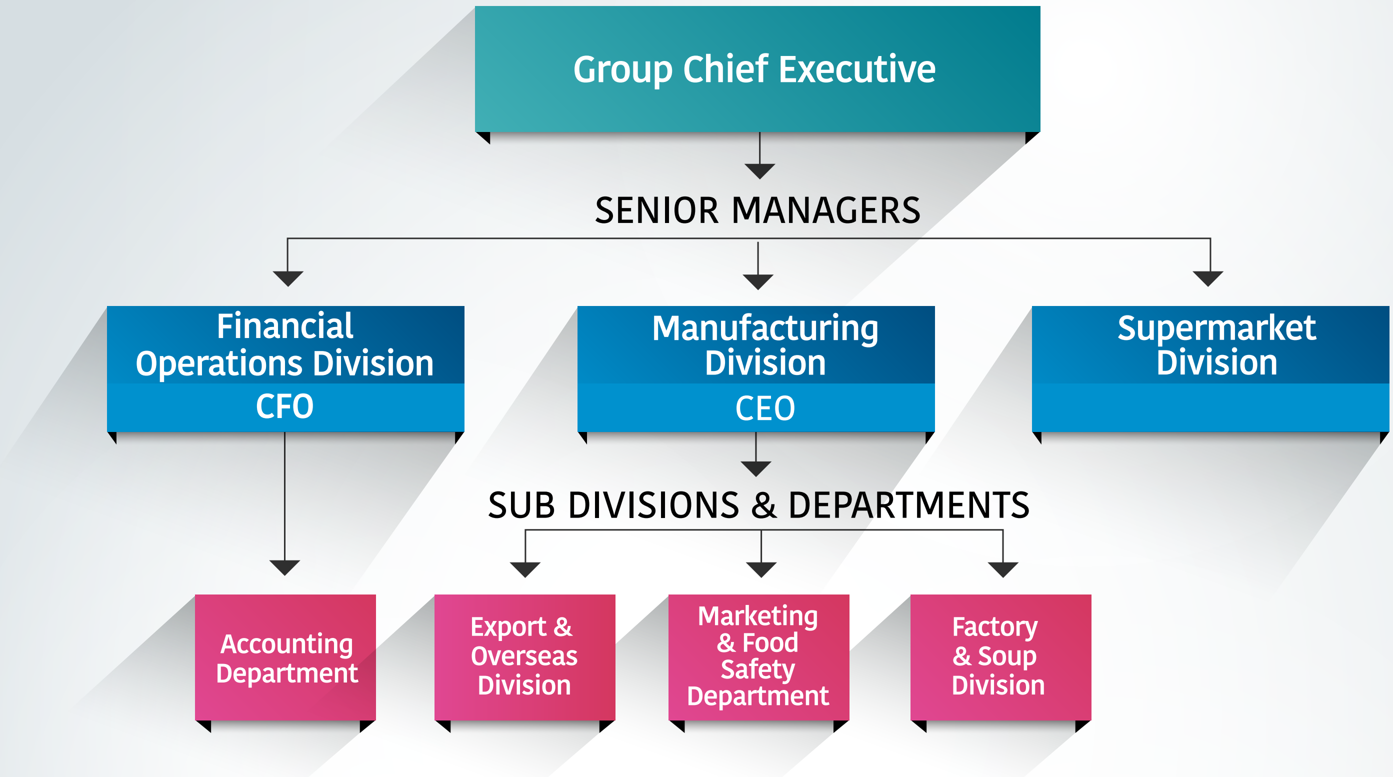
Partnerships with local manufacturing companies, farmers, government, regional and extra regional companies provide us with an important platform to leverage scale and efficiencies for improvements in competitiveness.

Caribbean Dreams, the brand by which our products are known, already offers to this Company easy brand recognition and is in itself a competitive advantage regionally and within our diaspora markets. In addition to the legacy of performance attributed to Jamaican Teas Limited, our predecessor, and the appetite of the equity market, we will successfully list on the Main Market of the Jamaican Stock Exchange later this year.

I am privileged to lead a team of bright, young, and creative Jamaicans who understand and promise to continuously deliver shareholder value.

I believe Caribbean Dreams Limited will be a beacon of excellence for the Jamaican manufacturing industry.

# Operations Management Team




# Senior Managers

## Dianna Blake-Bennett

### Chief Executive, Manufacturing Division

On 15 November 2021, John Mahfood, Chief Executive of the Jamaican Teas Group of Companies handed the baton of Chief Executive for the Manufacturing Division to Dianna Blake-Bennett.

Dianna, who assumes full responsibility for the manufacturing arm of the Group, is a seasoned professional in the food manufacturing industry with management, product development, branding and marketing experience in the local and overseas markets. She is goal oriented and strategic in building initiatives to enhance staff development and empowerment, which in turn drives production.

Her 20-year experience in the local Fast-Moving Consumer Goods (FMCG) market has enabled her to build a track record of achievements that have yielded notable results and successes for the companies, which she has previously served, the most recent being Salada Foods Jamaica Limited.

Dianna holds an EMBA from Mona School of Business, Certificate in Corporate Governance from the Jamaica Stock Exchange, Certificate in Sales & Marketing – University of New Orleans, Diploma in Business Administration and Certificate in Project Management from Mona School of Business.

## Cameron Burnet

### Chief Financial Officer

Cameron Burnet joined the Group in July 2017. He oversees the accounting and financial operations of the Group and its member companies, and also serves in the role of Company Secretary.

He is a Chartered Accountant with over 30 years' experience with other food processing and hotel groups in Jamaica and overseas, and with two well-known public accounting firms. Cameron is also versed in the areas of auditing, business development and investment management.

He is an Associate of the Institute of Chartered Accountants of England and Wales, an Affiliate of the Institute of Chartered Accountants of Jamaica and a registered Investment Advisor licensed by the Financial Services Commission (FSC). He attained a 1st class Honours B.Sc. Geography from the University of Newcastle upon Tyne, England.

## Export and Overseas Division

### 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 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.

# Marketing & Food Safety Department


## 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 B.Sc. in Botany and Zoology from the University of the West Indies and an 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 Preventive Controls Qualified Individual (PCQI) certification.

## Kimone Meikle

### Marketing Officer

Kimone joined the Company in 2020 and works with the Marketing and Food Safety Manager to develop, analyse and monitor the performance of JTL's marketing strategies, and 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 B.Sc. in Management Studies and an MBA, both from U.W.I., Mona.

## Stephanie Johnson

### Quality Assurance Officer

In January 2019, Stephanie joined the Company 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 the maintenance of the Company's Food Safety and Quality Systems.

Stephanie is a certified Preventive Controls Qualified Individual (PCQI) and holds certificates in the implementation of food safety management systems, including Hazard Analysis Critical Control Points (HACCP) and Safe Quality Food (SQF).

# Accounting Department

## Robert Bignall

### Financial Controller (Acting)

Robert joined the Company in 2013 as an Accountant. Presently, he is acting in the capacity of financial controller with direct responsibility for Jamaican Teas Limited, Bay City Foods and QWI's financials. He has over 10 years' experience in accounting and is currently pursuing the ACCA qualification.

## Tamarley Walters Grey

### Accountant

In May 2020, Tamarley was appointed to the department having gained more than 5 years' experience in the preparation of varied financial and accounting reports.

Tamarley has a B.Sc. in Business Administration (Accounting).

## Rachelle Bloomfield

### Accounting Clerk

Rachelle is currently pursuing a B.Sc. in Business Administration with a Major in Accounting and Financial Management. She has been with the Company since September 2020.

## Omar Simpson

### Accounting Clerk

Omar's tenure with the Company began in 2016 in the position of production casual staff. He has since attained a B.Sc. Honours in Economics, Banking and Finance and has been a member of the accounting department from February 2020.

# Factory


## Norman Russell

### Factory Manager

Norman's tenure with the Company began in 1995, prior to which he served as a Factory Supervisor in a major manufacturing company. He is responsible for all aspects of the Company's factory and ware-house 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 20 years' retail management experience with specialized training in warehousing and inventory management.


## Cebert Givans

### Line Leader

## Conrad Bryan

### Chief Technician

## Soup Division

### John Foreman

**Soup Division Manager**

John joined the Company in 2021, and reports directly to the Chief Executive of the Manufacturing Division. He comes to the Company with 20 years' experience in supply chain management, procurement, logistics, transportation and finance with a number of well-known local companies.

He holds an MBA from Florida International University (FIU), U.S.A., and a Bachelor of Engineering (Mechanical) from Lakehead University, Ontario, Canada. John is a licensed Professional Engineer and member of the Ontario Society of Professional Engineers (OPSE). He is currently pursuing an Executive MBA at the Chapman School of Business at FIU.

## Supermarket Division - JRG Shoppers Delite

### Althea Morgan

**Manager**

Althea began her career with the Company in 2005, before she was transferred to JRG Shoppers Delite. Prior to this appointment, she held the position of Chief Cashier in the Administrative Office and was later 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 Management Discussion and Analysis (MD&A) is presented to assist shareholders and the public in evaluating the operational results of the Group for the financial year to 30 September 2021. The MD&A also serves to clarify some of the information reported in our Financial Statements, and to share the Group's prospects and plans, and should be read in conjunction with the Historical Financial Data set out in this Annual Report.**

## THE GROUP

### The Group comprises:

**MANUFACTURING I** Jamaican Teas Limited, (JTL), manufacturers of Tetley and Caribbean Dreams teas and groceries, including packing and processing teas for other companies under third party brand names locally and overseas, as well as purchasing grocery products manufactured by third party manufacturers for sale to our customers.

**INVESTMENTS I** QWI Investments Limited (QWI), a 31.6 percent owned subsidiary company, managed and controlled by JTL and KIW International Limited (KIW), owners of an investment portfolio of companies listed on the Jamaica Stock Exchange (JSE) and other overseas stock exchanges.

**KIW,** formerly owners of an investment portfolio of companies listed on the JSE, is an intermediate holding company for some of the Group's shares in QWI Investments Limited. KIW has no other operations at present.

**SUPERMARKET I** Bay City Foods Limited (BCF), operators of the Shoppers Delite supermarket in Kingston since February 2019.

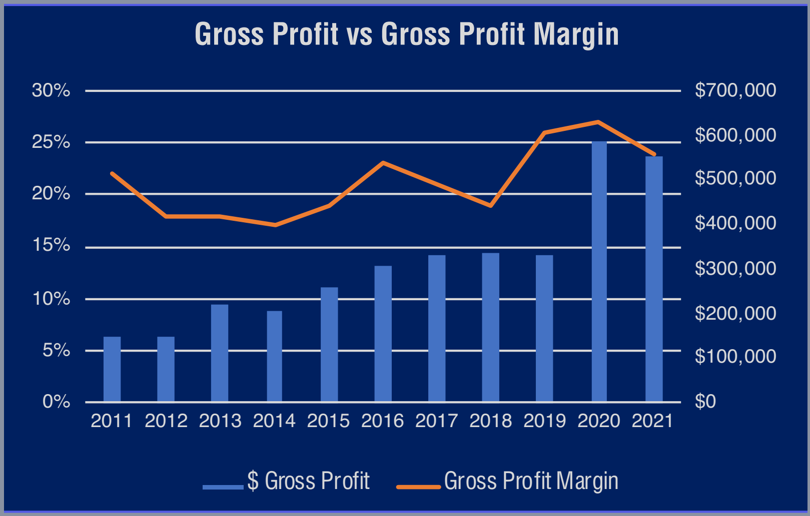
**LTJ Managers Limited** (LTJ) formerly JRG Shoppers Delite Enterprise Limited (JRG). LTJ purchased a parcel of land in St. Andrew in September 2021 on which it intends to develop homes for resale.

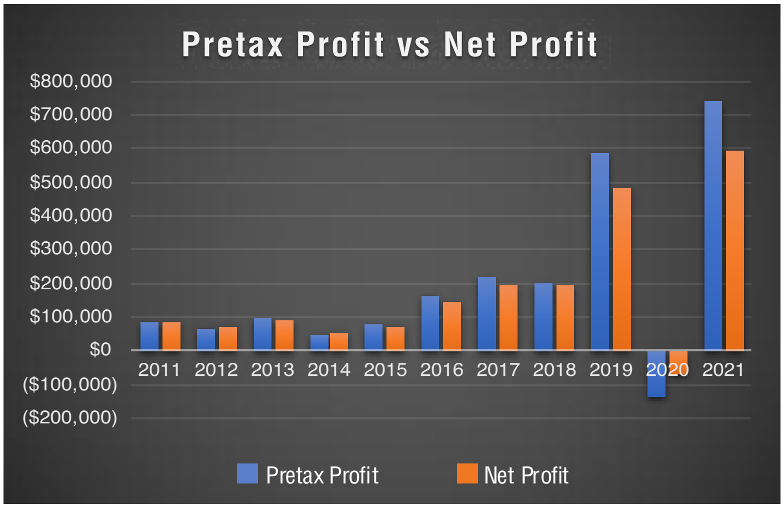
**REAL ESTATE I** H. Mahfood and Sons Limited (HMS) and H. Mahfood and Sons 2020 Limited (HMS 2020) own and develop real estate investment properties.

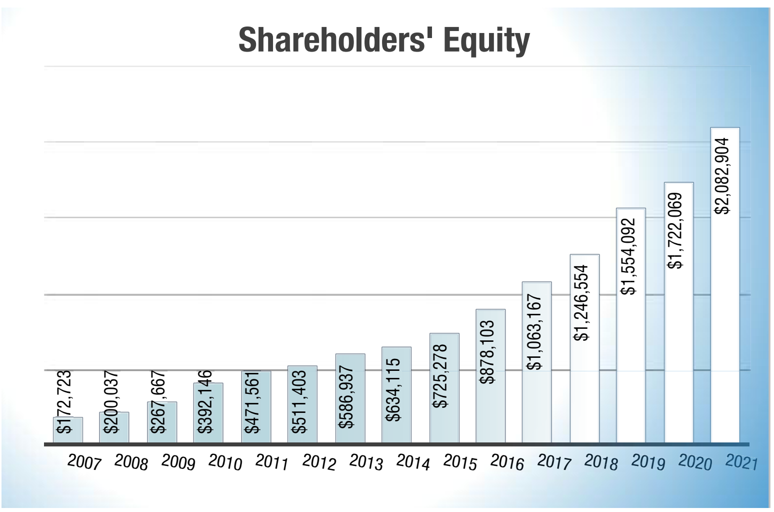
## GROUP REVENUES AND PROFIT

Group Operating Revenues increased from almost \$2.19 billion in 2019/20 to \$2.27 billion this year. This resulted primarily from growth of 17 percent in export manufacturing sales; a 10 percent increase in domestic manufacturing; 2 percent decline in supermarket sales and the sale of the last six Manor Park units compared to twelve last year.

The change in Cost of Sales largely matched the changes in revenues, but there was a significant deterioration in the gross profit margins of the Manufacturing Division during the fourth quarter, due to substantially higher sea freight and raw material costs.






We expect to begin recouping some of these costs during the first half of the 2021/22 financial year.

Growth in Other Income was largely due to higher realized investment gains at QWI. The reversal from Fair Value Losses on Investments of $482 million to Gains of $338 million arose from the significant recovery QWI experienced in its shareholdings during the year, as the effects of COVID-19 on many business operations began to wane. The turnaround for many businesses is still ongoing, particularly in Jamaica, where economic recovery is yet to fully rebound.

Administration costs increased by $17 million or 7 percent in the period while selling and distribution costs declined 29 percent to $36 million, due to the ongoing COVID pandemic and the curtailment of our overseas visits and sales programmes with our North American and Caribbean distributors. Finance costs grew by $6 million mainly due to increased borrowings by QWI.

As a result of the increased fair value and revaluation gains, profits before tax and net profit moved from losses in 2019/20 to their highest level in the Group's history. Our 2021 profit after tax is now more than six times higher than the income we reported 10 years ago in our first full year as a listed company on the Junior Market.

## MANUFACTURING AND FOOD TRADING

In 2020/21, Jamaican Teas' export sales climbed 17 percent when compared with 2019/20, while local sales grew 10 percent.

The Group has now received planning approval for a major expansion of the factory to meet and prepare for continued growth. Construction is expected to commence in 2022.

In the new financial year, the Manufacturing Division will relocate its soup and spice operations from Bell Road to a new location in the Richmond Park area of Kingston. The relocation is particularly important for the Group as it will facilitate expanded production of spices, provide space for a planned entry into the production of packaged cereals and other instant beverages.

In November 2021, Dianna Blake-Bennett joined the Company and assumed full responsibility for the Group's manufacturing operations in the capacity of Chief Executive for the Manufacturing Division. Expectations are that this strategic change, with Dianna at the helm, augurs well for the growth of this division.

In December 2021, Jamaican Teas received the following awards from the Jamaica Manufacturers and Exporters Association:

- Governor General's Award for Exporter of the Year 2020
- President's Award for Champion Medium Exporter in Manufacturing 2020


## REAL ESTATE

The Group's rental properties and land holdings in Kingston were revalued during the year, resulting in some minor write downs of one of our rental properties as reflected in the Profit & Loss Statement.

Sale of our last six super studios at Violet's View, Manor Park was completed in 2021.

**Belvedere** | Sales have already commenced at our current project centrally located in Belvedere, Red Hills, which comprises 18 one bedroom units with 650 sq. ft. of living space and 12 studio units at 600 sq. ft. Amenities include:

- Custom Kitchen Cabinetry
- Standing Seam Roofing
- Solid Surface Counter Tops
- Glazed and Meshed Windows
- Stand-by Generator
- Swimming Pool
- 24-Hour Security
- Landscaped
- Common Helpers' Changing Room
- Ceramic Tiles
- Full Walling
- Indoor Laundry
- Water Tank
- Recreational Area
- Ample Parking
- Guard House
- Paved Road
- Gated Community

With the sale of the units in the 2021/22 financial year, the Group's operating revenues will be higher than the prior year.

## INVESTMENTS

In 2020/21, QWI Investments total investment portfolio increased by $650 million. Of this amount, over $500 million resulted from realized and unrealized gains in the portfolio while $142 million represented purchases less sales of securities in the period. All of the net securities' purchases were financed with margin loans from the company's stockbrokers.

Despite the 24 percent increase in QWI's net assets per share in 2020/2021, the price of QWI's shares on the stock market during the financial year opened and closed unchanged at 79 cents per share. Against this background, Jamaican Teas took the opportunity to buy 72 million shares in QWI on the open market at prices below 85 cents per share and an additional 45 million shares in December 2021 for less than 90 cents per share. Consequently, Jamaican Teas effectively increased its shareholders' interest in the Group's assets at well below their actual value, which will raise the value of Jamaican Teas' shares over time.

## STATEMENT OF FINANCIAL CONDITION

In 2021, the Group invested in a number of improvements in its investment property portfolio. These improvements, all at premises in Kingston, included:


- the expansion of first floor space at the Chancery Street supermarket premises
- re-roofing of a section of the 132 Harbour Street property to create additional covered space
- construction of a perimeter wall and renovations at the Sunrise Crescent rental apartment complex

The increase in the Group's portfolio of listed investments arose mainly from market appreciation and, to a lesser extent, the purchase of new investments at QWI.

Higher inventories during the year primarily reflect the additions relating to H. Mahfood's Belvedere real estate project and raw material purchases by the manufacturing company.

Current liabilities declined, due in the main to the refinancing of short-term margin loans at QWI with longer term margin loans at another financial institution.

Consolidated shareholders' equity attributable to the members of Jamaican Teas grew from $1.7 billion to almost $2.1 billion, excluding non-controlling interest. This growth arose primarily from the record level of profitability enjoyed by the Group in 2021.

The share price of Jamaican Teas was $1.55, split adjusted at 28 September 2020 and $4.06 as at 30 September 2021, a price appreciation of more than 100 percent in 12 months.

## OUTLOOK

The Jamaican economy is heavily dependent on tourism for foreign exchange and employment, which impacts the wider economy with its linkages to locally produced goods and services. The steady increases in stopover arrivals and reopening of cruise shipping routes to Jamaica over the last few months, therefore, bodes well for the economy in 2022.

Preliminary results for the first quarter of 2021/22 show that local manufacturing revenues increased almost 20 percent over 2020/21 while exports were essentially flat. Although high sea freight costs have continued to affect the business, an even more adverse development has been the non-availability of container space to Jamaica, which has limited the supply of raw materials. This has impacted our sales operations, resulting in insufficient finished inventory for sale to customers even though orders are strong.

The rate of sales growth at the supermarket in the December quarter was just 2 percent. This has been a resultant effect from the continued closure of schools and some businesses including high inflation in food prices, which has caused customers to reduce the quantity of food items they purchase.

In addition to these mixed developments is the possibility of further hikes in local interest rates which, if continued, may dampen the ongoing recovery of the local stock market and limit the possibilities for further portfolio growth at QWI.

We 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.

# Growing Business Through Exports


## Introducing Our Regional Export Partners

From the very beginning when the father and son team of Adeeb and John Mahfood acquired what was then Tetley Tea Company Jamaica Limited, the goal of becoming a net export company was firmly established, and strategies and resources were aligned with that specific goal in mind.

The Caribbean has always been and continues to be a major part of the strategy. Guyana was our first export market and our partnership now spans over twenty (20) years. Today, the Caribbean accounts for more than 25 percent of our revenues and the successes we have had are due in no small part to the strategic and enduring partnerships developed over the years.

The Caribbean as a region may be small in size, however, we recognized very early on that the natural synergies, shared history and culture were pivotal elements to be leveraged in our thrust for export success within the region. Additionally, many of the countries within the Caribbean have much higher per capita income than Jamaica and provided an opportunity for Jamaican exporters and products.

Our success in exporting and achieving our goal of becoming a net export company could not have been realized without the support and dedication of our valued Caribbean partners.

Last year, we launched our annual feature on our regional export partners with a spotlight on Value4U Inc. in Guyana and Kelvin Ghany Enterprises Limited in Trinidad and Tobago. We now introduce Massy Distribution (Barbados) Ltd. and Massy Stores (SLU) Ltd., which operates in St. Lucia.

## Massy Distribution (Barbados) Ltd.

Massy Distribution (Barbados) Ltd. (MDBL) is the largest distributor of consumer goods in Barbados. With over 40 years of experience within the distribution industry,

Massy St. Lucia carries a selection of Caribbean Dreams Teas and Tetley Teas.

Massy Distribution (Barbados) Ltd. is a subsidiary of the Massy Group's Integrated Retail Portfolio.

The partnership between Jamaican Teas Ltd. (JTL) and MDBL spans 20 years. JTL's Tetley and Caribbean Dreams brands have been integral to the growth of the company. The Caribbean Dreams brand of instant ginger tea is the flagship brand within its portfolio in the Barbados market. MDBL currently distributes close to 95 percent of the Caribbean Dreams and Tetley product lines in the local market.

Caribbean Dreams Instant Ginger Tea is the flagship brand in the portfolio of Massy Distribution (Barbados)

Massy Distribution (Barbados) Ltd. views the partnership with Jamaican Teas as an enduring one and will continue to expand its product offerings to the local consumers to increase the revenues of the companies.

## Massy Stores St. Lucia

Massy Stores (SLU) Ltd. is the largest supermarket chain in St. Lucia, operating 14 locations across the country, inclusive of 12 Supermarkets, 1 Gourmet Store and 1 Club Store format - Massy Stores Mega.

Massy Stores St. Lucia has enjoyed a supplier relationship with Jamaica Teas Ltd. (JTL), for the past 20 years and currently lists a selection of Tetley Teas and Caribbean Dreams Herbal Teas, which continue to deliver exemplary results.

Well positioned as offering quality products at an affordable price point with unique Caribbean flavours, JTL has consistently grown its sales through this partnership by combining a strategy of product availability, competitive pricing strategies, promotions, sampling, line extensions and strategic product placement within the tea category.

In addition to the direct supplier relationship with Massy Stores, JTL continues to expand in the St. Lucia market with the creation of new distribution channels.

# Corporate Social Responsibility

Infant Students at Whitfield All Age


## JTL Cares

As we continue to adjust to the new normal and the complexities and challenges brought on by the Covid-19 pandemic, we are also fully cognizant that life has become much harder for many Jamaicans, particularly the most vulnerable. We were intentional in ensuring that we continued to support the projects in which we had invested, despite not being able to undertake any large scale projects.

## Education & Community Engagement

During the year, we continued to provide financial support to the Whitfield All Age School in South West St. Andrew in order to improve the physical infrastructure, the learning environment and to help the families of the students.

The infant department has now grown to 79 students, thereby increasing the total school population to 185 from about 80 before the department was instituted. Face to face teaching resumed in November 2021 and students and teachers are happy to be back in the classroom.

But unfortunately, our students have been set back badly, due to the lack of face to face teaching for more than a year and now, there is a significant learning deficit. The teachers, however, are doing their best to help the students to remedy the loss. We expect to have two new computer rooms up and running soon, which will be a big boost to the school and the community.


Charles Barrett, Marketing & Food Safety Manager (right) and Kimone Meikle, Marketing Officer (left) present Executive Director, Jumoke Patrick, Jamaica Network of Seropositives with some of the Company's products.

## Covid-19 Response Initiatives

We took every opportunity to provide financial and nutritional assistance to our staff, community members, and the most vulnerable, which included procuring food items in addition to our own products and donated these to:

- 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 worked closely with the Jamaica Network of Seropositives to procure food and personal care products that were distributed to over 300 families.

Although there is still a lot of work to be done, we are committed to finding sustainable solutions to the challenges our country and people face in the areas of Crime and Violence, Health Promotion and Protection, Education and Training, and Social and Economic Justice. We will only be satisfied when every single Jamaican is engaged, and meaningful social and economic programmes are implemented to facilitate each Jamaican's God-given potential.

## Climate Resilience Assessment Framework

Jamaican Teas Limited participated in the process of developing a Climate Resilience Assessment Framework for Jamaican SMEs, which is aimed at enhancing climate related risk management, climate responsibility and financial good governance. The process was led by the Ministry of Housing, Urban Renewal, Environment and Climate Change (MHURECC) through their Climate Change Division.

As part of the technical advisory group, we made submissions that reflected the reality of Jamaican businesses and ensured that the framework was practical and useful for SMEs.

Our involvement supports our Company policy objectives aimed at combatting climate change and also forms part of our commitment to the environment.

# Historical Financial Data

| BALANCE SHEET<br>Shares Issued -'000<br>$'000 | 2021<br>2,146,450 | 2020<br>2,094,850 | 2019<br>2,085,249 | 2018<br>2,058,099 | 2017<br>2,046,099 | 2016<br>2,024,500 | 2015<br>2,024,500 | 2014<br>2,024,500 | 2013<br>2,024,500 | 2012<br>2,024,500 |
|---|---|---|---|---|---|---|---|---|---|---|
| Shareholders' equity | 2,076,904 | 1,722,069 | 1,554,092 | 1,246,554 | 1,063,167 | 878,103 | 725,278 | 634,115 | 586,937 | 511,403 |
| Long Term Liabilities | 482,577 | 123,334 | 208,726 | 163,333 | 0 | 188,257 | 292,504 | 200,179 | 11,283 | 35,677 |
| Fixed Assets | 371,938 | 330,750 | 307,395 | 328,434 | 305,237 | 291,234 | 287,251 | 274,269 | 124,109 | 125,701 |
| Current Assets | 1,248,796 | 1,201,780 | 1,954,931 | 722,655 | 848,087 | 683,523 | 698,786 | 554,344 | 594,334 | 298,146 |
| Current Liabilities | 308,541 | 581,223 | 810,294 | 200,641 | 378,117 | 174,265 | 176,390 | 203,856 | 306,450 | 120,544 |
| Inventories | 666,030 | 474,356 | 344,026 | 285,497 | 391,552 | 446,014 | 389,280 | 288,906 | 176,696 | 131,352 |
| Receivables | 393,981 | 405,383 | 1,463,428 | 298,268 | 383,313 | 182,946 | 277,927 | 219,644 | 279,491 | 100,343 |
| Cash & Equivalent | 188,505 | 321,701 | 146,317 | 135,569 | 73,222 | 31,320 | 22,900 | 14,657 | 93,643 | 1,217 |
| Investments | 2,138,662 | 1,599,124 | 1,363,148 | 461,737 | 227,357 | 157,789 | 117,571 | 101,523 | 150,654 | 185,165 |
| **PROFIT & LOSS** | | | | | | | | | | |
| Total Revenue | 2,270,189 | 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 |
| Yearly Change | 3.43% | 70.00% | -26.92% | 13.72% | 15.27% | -1.24% | 16.89% | -5.79% | 46.22% | 26.03% |
| Gross Profit | 553,299 | 584,887 | 333,104 | 337,611 | 330,158 | 306,145 | 259,129 | 204,146 | 220,849 | 150,014 |
| Yearly Change | -5.40% | 75.59% | -1.33% | 2.26% | 7.84% | 18.14% | 26.93% | -7.56% | 47.22% | 2.00% |
| Pretax Profit | 741,045 | -135,435 | 589,728 | 202,849 | 219,160 | 165,275 | 78,381 | 51,369 | 99,208 | 66,897 |
| Yearly Change | 647.16% | -122.97% | 190.72% | -7.44% | 32.60% | 110.86% | 52.58% | -48.22% | 48.30% | -21.77% |
| Aftertax Profit | 586,184 | -69,720 | 483,117 | 193,259 | 196,128 | 146,509 | 72,201 | 51,609 | 93,256 | 74,749 |
| Yearly Change | 940.77% | -114.43% | 149.98% | -1.46% | 33.87% | 102.92% | 39.90% | -44.66% | 24.76% | -9.10% |
| **IMPORTANT RATIOS** | | | | | | | | | | |
| Equity to Debt ratio | 0.23 | 0.07 | 0.13 | 0.13 | 0.00 | 0.21 | 0.40 | 0.32 | 0.02 | 0.07 |
| Current Assets ratio | 4.05 | 2.07 | 2.41 | 3.60 | 2.24 | 3.92 | 3.96 | 2.72 | 1.94 | 2.47 |
| Return on equity-% | 30.86 | -4.26 | 34.50 | 16.73 | 20.21 | 18.28 | 10.62 | 8.45 | 16.98 | 15.21 |
| Revenues to Inventories | 3.41 | 4.63 | 3.75 | 6.19 | 3.97 | 3.02 | 3.51 | 4.04 | 7.01 | 6.45 |
| Revenues to Receivables | 5.76 | 5.41 | 0.88 | 5.92 | 4.05 | 7.37 | 4.91 | 5.32 | 4.43 | 8.45 |
| Gross Profit Margin | 24% | 27% | 26% | 19% | 21% | 23% | 19% | 17% | 18% | 18% |
| Return on Assets | 20% | -3% | 19% | 12% | 14% | 12% | 6% | 5% | 10% | 11% |
| Price Book Ratio | 4.20 | 1.88 | 2.75 | 2.67 | 2.49 | 1.50 | 0.72 | 0.88 | 1.15 | 1.29 |
| Price Sales Ratio | 3.84 | 1.48 | 3.31 | 1.88 | 1.70 | 0.98 | 0.38 | 0.48 | 0.54 | 0.78 |
| Cash/Invest Per Share | 1.08 | 0.92 | 0.72 | 0.29 | 0.15 | 0.09 | 0.07 | 0.06 | 0.12 | 0.09 |
| Net Asset Per Share | 0.97 | 0.82 | 0.75 | 0.61 | 0.52 | 0.43 | 0.36 | 0.31 | 0.29 | 0.25 |
| Earnings Per Share ($) | 0.19 | 0.11 | 0.18 | 0.10 | 0.10 | 0.07 | 0.04 | 0.03 | 0.05 | 0.04 |
| Closing Stock Price ($) | 4.06 | 1.55 | 2.05 | 1.62 | 1.29 | 0.65 | 0.26 | 0.28 | 0.33 | 0.33 |
| P.E .Ratio | 21.37 | 14.50 | 11.39 | 16.72 | 13.38 | 9.07 | 7.21 | 10.65 | 7.27 | 8.86 |

Note: The Company split the number of shares into 5 units for each one previously held in 2009, by 2 in March 2016; by 2 in April 2017 and by 3 in November 2020. Accordingly, the number of shares in the prior years, the earnings per share and the stock prices have been adjusted to reflect these changes.

# Audited Financial Statements

KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

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 43 to 96, which comprise the group's and the company's statements of financial position as at September 30, 2021, the group's and the 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, 2021, and of the group's and the 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.

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*

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
The group recognises 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.
The combination of estimates and judgements increases the risk that management's estimate could be materially misstated
See notes 11 and 29(a).
</td><td>
Our audit procedures in response to this matter, included:
<ul>
<li>Obtaining an understanding of the model used by management for the calculation of expected credit losses on financial assets.</li>
<li>Testing the completeness and accuracy of the data used in the models to the underlying accounting records.</li>
<li>Assessing the appropriateness of the group's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, Financial Instruments.</li>
<li>Involving our financial risk management specialists, to review the ECL model.</li>
<li>Involving our financial risk management specialists to evaluate the appropriateness of economic parameters including the use of forward-looking information.</li>
</ul>
</td></tr>
</table>

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* |
|---|---|
| | Our audit procedures in response to this matter, included (continued):<br>• Testing the accuracy of the ECL calculation.<br>• Testing the group's recording and ageing of accounts receivable.<br>• 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.<br><br>The valuation of these investments although based on observable market prices continues to suffer 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. | Our audit procedures in response to this matter included:<br>• 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* |
|---|---|
| This reduction in trading has also resulted in some listed shares having a wider gap between the bid and ask prices which may indicate that the shares are not actively trading.<br><br>As a result, judgement may be required to determine whether the quoted prices used by management represent prices from an active market and where mid prices are used, determine whether there is a wide gap between the bid and ask prices and thus does not provide a reasonable indication of fair value.<br><br>*See notes 8 and note 29(e).* | Our audit procedures in response to this matter, included (continued):<br><br>• Challenging the reasonableness of prices used by the subsidiary by comparing to independent third-party information, including assessing whether prices used fall within the bid-ask spread as required by IFRS 13 *Fair Value Measurement*.<br><br>• 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.<br><br>• 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.

KPMG

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 41 to 42, 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

January 28, 2022

KPMG

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, 2021

| | Notes | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 371,938 | 330,750 |
| Investment properties | 5 | 318,001 | 282,071 |
| Intangible assets | 6 | 2,189 | 1,560 |
| Investments | 8 | 2,138,662 | 1,599,124 |
| Deferred tax asset | 9 | 2,113 | 103,424 |
| | | 2,832,903 | 2,316,929 |
| CURRENT ASSETS | | | |
| Inventories | 10 | 666,030 | 474,356 |
| Trade and other receivables | 11 | 393,981 | 405,383 |
| Taxation recoverable | | 280 | 340 |
| Cash and cash equivalents | 12 | 188,505 | 321,701 |
| | | 1,248,796 | 1,201,780 |
| TOTAL ASSETS | | 4,081,699 | 3,518,709 |
| EQUITY | | | |
| Share capital | 13 | 241,344 | 190,749 |
| Treasury shares | 13 | ( 63,297) | ( 37,962) |
| Capital reserves | 14 | 110,939 | 152,836 |
| Retained earnings | | 1,787,918 | 1,416,446 |
| | | 2,076,904 | 1,722,069 |
| NON-CONTROLLING INTERESTS | 15 | 1,213,677 | 1,092,083 |
| | | 3,290,581 | 2,814,152 |
| NON-CURRENT LIABILITIES | | | |
| Long-term loans | 16 | 141,132 | 123,334 |
| Margin loan payable | 20 | 341,445 | - |
| | | 482,577 | 123,334 |
| CURRENT LIABILITIES | | | |
| Current portion of long-term loans | 16 | 23,706 | 20,071 |
| Trade and other payables | 17 | 184,685 | 219,401 |
| Short-term borrowings | 18 | 68,446 | 86,579 |
| Bank overdraft | 19 | 226 | 1,735 |
| Margin loan payable | 20 | - | 195,377 |
| Taxation payable | | 31,478 | 58,060 |
| | | 308,541 | 581,223 |
| TOTAL EQUITY AND LIABILITIES | | 4,081,699 | 3,518,709 |

The financial statements on pages 43 to 96 were approved for issue by the Board of Directors on January 28, 2022 and signed on its behalf by:

John Jackson, Director

John Mahfood, 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, 2021

| | Notes | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Gross operating revenue | 21 | 2,270,189 | 2,195,006 |
| Cost of operating revenue | 22(a) | (1,716,890) | (1,610,119) |
| Gross profit | | 553,299 | 584,887 |
| Fair value gains/(losses) from revaluation of investments at FVTPL | 3(h) | 338,484 | ( 482,220) |
| Other income | 23 | 163,475 | 78,542 |
| | | 1,055,258 | 181,209 |
| Administrative, selling and distribution expenses: | | | |
| Administrative expenses | 22(b) | ( 245,410) | ( 228,157) |
| Selling and distribution | 22(c) | ( 36,823) | ( 51,729) |
| | | ( 282,233) | ( 279,886) |
| Impairment gains/(losses) on trade receivables | 22(c) | 5,728 | ( 5,012) |
| Operating profit/(loss) | | 778,753 | ( 103,689) |
| Finance costs – Interest on loans | | ( 37,708) | ( 31,746) |
| Profit/(loss) before taxation | | 741,045 | ( 135,435) |
| Taxation | 25 | ( 154,861) | 65,715 |
| Profit/(loss) for the year, being total comprehensive income/(loss) for the year | | 586,184 | ( 69,720) |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the company | | 392,935 | 222,395 |
| Non-controlling interests | 15 | 193,249 | ( 292,115) |
| | | 586,184 | ( 69,720) |
| Earnings per share: | | | |
| Earnings per ordinary stock unit | 26(a) | 0.19 | 0.11 |
| Diluted earnings per ordinary stock unit | 26(b) | 0.17 | 0.10 |

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

# Consolidated Statement of Changes in Equity

## Year ended September 30, 2021

| | Attributable to stockholders of the company | | | | | |
|---|---|---|---|---|---|---|
| | Share capital (note 13) $'000 | Capital reserves (note 14) $'000 | Retained earnings $'000 | Treasury shares [note 13(c)] $'000 | Non-controlling interests (note 15) $'000 | Total $'000 |
| Balance as 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) |
| Balance as at September 30, 2020 | 190,749 | 152,836 | 1,416,446 | (37,962) | 1,092,083 | 2,814,152 |
| Profit/(loss) for the year, being total comprehensive income/(loss) for the year | - | - | 392,935 | - | 193,249 | 586,184 |
| Transaction with owners: | | | | | | |
| Treasury shares acquired, at cost | - | - | - | (25,335) | - | ( 25,335) |
| Capital distribution (note 27) | - | ( 41,897) | - | - | - | ( 41,897) |
| Dividend paid (note 27) | - | - | ( 21,463) | - | - | ( 21,463) |
| Share option exercised (note 13) | 50,595 | - | - | - | - | 50,595 |
| | 50,595 | ( 41,897) | ( 21,463) | (25,335) | - | ( 38,100) |
| Change in ownership interest: | | | | | | |
| Reduction in non-controlling interest | - | - | - | - | ( 71,655) | ( 71,655) |
| Balances as at September 30, 2021 | 241,344 | 110,939 | 1,787,918 | (63,297) | 1,213,677 | 3,290,581 |

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

# Consolidated Statement of Cash Flows

## Year ended September 30, 2021

| | Notes | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Profit/(loss) for the year | | 586,184 | ( 69,720) |
| Adjustments for: | | | |
| Decrease/(increase) in fair value of investment properties | 5,23 | 4,357 | ( 8,453) |
| Gain on disposal of property, plant and equipment | 23 | ( 3,473) | ( 1,093) |
| Unrealised (gain)/loss on investments | | (338,484) | 482,220 |
| (Decrease)/increase in allowance for doubtful debts | 11 | ( 5,728) | 5,012 |
| Realised (gains)/losses on sale of investments | | ( 96,259) | 122,188 |
| Depreciation | 4 | 31,109 | 30,321 |
| Amortisation | 6 | 640 | 735 |
| Interest expense | | 37,708 | 31,746 |
| Interest income | 23 | ( 4,882) | ( 5,409) |
| Dividend income | 23 | ( 35,150) | ( 22,901) |
| Taxation | 25 | 154,861 | ( 65,715) |
| | | 330,883 | 498,931 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | (191,674) | ( 55,330) |
| Trade and other receivables | | 17,130 | 1,053,033 |
| Trade and other payables | | ( 34,986) | ( 234,942) |
| | | 121,353 | 1,261,692 |
| Tax paid | | ( 80,072) | ( 67,363) |
| Net cash provided by operating activities | | 41,281 | 1,194,329 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investments purchased, net | | (104,795) | ( 840,384) |
| Proceeds from disposal of property, plant and equipment | | 4,260 | 2,592 |
| Addition of investment properties | 5 | ( 40,287) | ( 61,153) |
| Additions of property, plant and equipment | 4 | ( 73,084) | ( 55,175) |
| Addition of intangible assets | 6 | ( 1,269) | ( 2,056) |
| Interest received | | 4,882 | 5,409 |
| Dividend received | | 35,150 | 22,901 |
| Investment in associate, net | 7(a) | - | 80,969 |
| Net cash used by investing activities | | (175,143) | ( 846,897) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from share issue, net | 13 | 50,595 | 5,600 |
| Buy back of shares | | - | ( 957) |
| Treasury shares | 13 | ( 25,335) | ( 37,962) |
| Loans and short-term borrowings, net | | 3,300 | ( 24,798) |
| Acquisition of non-controlling interest | | ( 71,655) | ( 36,837) |
| Margin loan payable | | 146,068 | 11,102 |
| Bank overdraft | | ( 1,509) | ( 51,735) |
| Capital distribution paid | 27 | ( 41,897) | ( 21,099) |
| Dividend paid | 27 | ( 21,463) | - |
| Interest paid | | ( 37,438) | ( 15,362) |
| Net cash provided/(used) by financing activities | | 666 | ( 172,048) |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (133,196) | 175,384 |
| Cash and cash equivalents at beginning of year | | 321,701 | 146,317 |
| Cash and cash equivalents at end of year | | 188,505 | 321,701 |

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

# Company Statement of Financial Position

## Year ended September 30, 2021

| | Notes | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 286,572 | 255,886 |
| Investment properties | 5 | 65,000 | 60,000 |
| Intangible assets | 6 | 1,006 | 189 |
| Investment in subsidiaries | 3(a)(i) | 374,083 | 318,548 |
| Due from subsidiaries | 28(a) | 696,229 | 482,190 |
| | | 1,422,890 | 1,116,813 |
| CURRENT ASSETS | | | |
| Inventories | 10 | 337,657 | 260,751 |
| Trade and other receivables | 11 | 337,744 | 360,460 |
| Cash and cash equivalents | 12 | 166,780 | 305,770 |
| | | 842,181 | 926,981 |
| TOTAL ASSETS | | 2,265,071 | 2,043,794 |
| EQUITY | | | |
| Share capital | 13 | 241,344 | 190,749 |
| Capital reserves | 14 | 7,425 | 49,322 |
| Retained earnings | | 1,619,189 | 1,383,397 |
| | | 1,867,958 | 1,623,468 |
| NON-CURRENT LIABILITIES | | | |
| Long-term loans | 16 | 141,132 | 123,334 |
| Deferred taxation | 9 | 12,112 | 3,467 |
| | | 153,244 | 126,801 |
| CURRENT LIABILITIES | | | |
| Current portion of long-term loan | 16 | 23,706 | 20,071 |
| Trade and other payables | 17 | 122,221 | 131,998 |
| Short-term borrowings | 18 | 67,889 | 86,063 |
| Due to subsidiaries | 28(b) | 4,778 | - |
| Taxation payable | | 25,275 | 55,393 |
| | | 243,869 | 293,525 |
| TOTAL EQUITY AND LIABILITIES | | 2,265,071 | 2,043,794 |

The financial statements on pages 43 to 96, were approved for issue by the Board of Directors on January 28, 2022 and signed on its behalf by:

________________ Director
John Jackson

________________ Director
John Mahfood

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, 2021

| | Notes | 2021 $'000 | 2020 $'000 |
|---|---|---|---|
| Gross operating revenue | 21 | 1,610,363 | 1,406,092 |
| Cost of operating revenue | 22(a) | (1,150,794) | ( 933,713) |
| Gross profit | | 459,569 | 472,379 |
| Other income | 23 | 58,157 | 66,203 |
| | | 517,726 | 538,582 |
| Administrative, selling and distribution expenses: | | | |
| Administrative expenses | 22(b) | ( 169,941) | ( 162,497) |
| Selling and distribution expenses | 22(c) | ( 34,078) | ( 47,707) |
| | | ( 204,019) | ( 210,204) |
| Impairment gains/(losses) on trade receivables | 22(c) | 5,728 | ( 5,012) |
| Operating profit | | 319,435 | 323,366 |
| Finance costs – Interest on loans | | ( 10,956) | ( 12,114) |
| Profit before taxation | | 308,479 | 311,252 |
| Taxation | 25 | ( 51,224) | ( 53,254) |
| Profit for the year, being total comprehensive income | | 257,255 | 257,998 |

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

# Company Statement in Changes in Equity

## Year ended September 30, 2021

| | Share capital (note 13) $'000 | Capital reserves (note 14) $'000 | Retained earnings $'000 | Total $'000 |
|---|---|---|---|---|
| Balance as 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 |
| | 5,600 | (21,099) | - | 15,499 |
| Balance as at September 30, 2020 | 190,749 | 49,322 | 1,383,397 | 1,623,468 |
| Profit for the year, being total comprehensive income for the year | - | - | 257,255 | 257,255 |
| Transaction with owners: | | | | |
| Capital distribution (note 27) | - | (41,897) | - | ( 41,897) |
| Share option exercised (note 13) | 50,595 | - | - | 50,595 |
| Dividend payment (note 27) | - | - | ( 21,463) | ( 21,463) |
| | 50,595 | (41,897) | ( 21,463) | ( 12,765) |
| Balances as at September 30, 2021 | 241,344 | 7,425 | 1,619,189 | 1,867,958 |

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

# Company Statement of Cash Flows

## Year ended September 30, 2021

| | Notes | 2021<br>$'000 | 2020<br>$'000 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the year | | 257,255 | 257,998 |
| Adjustments for: | | | |
| Gain on disposal of property, plant and equipment | 23 | ( 3,473) | ( 1,093) |
| Increase in fair value of investment properties | 5,23 | ( 5,000) | ( 5,000) |
| (Decrease)/increase in provision for impairment | 11 | ( 5,728) | 5,012 |
| Depreciation | 4 | 23,466 | 22,437 |
| Amortisation | 6 | 152 | 102 |
| Interest expense | | 10,956 | 12,114 |
| Interest income | 23 | ( 7,983) | ( 18,088) |
| Taxation | 25 | 51,224 | 53,254 |
| Operating profit before change in working capital | | 320,869 | 326,736 |
| Changes in operating assets and liabilities: | | | |
| Inventories | | ( 76,906) | ( 62,768) |
| Trade and other receivables | | 28,444 | ( 99,227) |
| Subsidiaries | | (204,743) | 17,196 |
| Trade and other payables | | ( 9,777) | 20,356 |
| Interest paid | | ( 10,956) | ( 12,114) |
| Cash generated from operations | | 46,931 | 190,179 |
| Tax paid | | ( 72,697) | ( 12,761) |
| Net cash (used)/provided by operations | | ( 25,766) | 177,418 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment in associate, net | | - | 48,718 |
| Proceeds from disposal of property, plant and equipment | | 4,260 | 2,592 |
| Additions of property, plant and equipment | 4 | ( 54,939) | ( 18,841) |
| Additions of intangible assets | 6 | ( 969) | ( 52) |
| Investment in subsidiary companies, net | | ( 55,535) | ( 22,773) |
| Interest received | | 3,465 | 16,908 |
| Net cash (used)/provided by investing activities | | (103,718) | 26,552 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from share issue, net | 13 | 50,595 | 5,600 |
| Loans, net | | 3,259 | ( 25,314) |
| Bank overdraft | | - | ( 2,886) |
| Dividend paid | 27 | ( 21,463) | - |
| Capital distribution | 27 | ( 41,897) | ( 21,099) |
| Net cash used by financing activities | | ( 9,506) | ( 43,699) |
| Net (decrease)/increase in cash in cash and cash equivalents | | (138,990) | 160,271 |
| Cash and cash equivalents at the beginning of the year | | 305,770 | 145,499 |
| Cash and cash equivalents at end of year | | 166,780 | 305,770 |

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

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 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 teas 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. Management has assessed them and has adopted those which are relevant to the financial statements, 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*."

- 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.

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

(a) Statement of compliance (continued):

**New and amended standards and interpretations not yet effective:**

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. Management has assessed these with respect to the group's operations and has determined that the following are relevant:

- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The Group does not expect the amendment to have a significant impact on its financial statements.

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 holds majority shares in the investee. Basis of consolidation is further detailed in note 3(a).

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 sets 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.

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 balances in the consolidated financial statements include the financial statements of the company and its subsidiaries:

| | Principal activity | Percentage ownership by the group | |
|---|---|---|---|
| | | 2021 | 2020 |
| Subsidiaries: | | | |
| LTJ Managers Limited (Formerly LTJ Fund Managers Limited)** | Registrar and Management services | 100 | 100 |
| H. Mahfood & Sons Limited | Real Estate | 100 | 100 |
| KIW International Limited***** | Holding Company | 49.89 | 49.89 |
| QWI Investments Limited* | Investments | 31.61 | 26.29 |
| Bay City Foods Limited*** | Retail Distribution | 100 | 100 |
| H. Mahfood & Sons 2020 Limited **** | Real Estate | 100 | 100 |
| Caribbean Dreams Foods Limited (incorporated August 18, 2021) | Not commenced operations | 100 | - |

* 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 236,661,533 shares in the prior year to 309,264,832 shares as at September 30, 2021.

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

On July 17, 2020, LTJ Fund Managers Limited changed its name to LTJ Managers Limited but maintained its main activities as mentioned above.

*** 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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) (Continued)

**** 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.

***** In 2020, KIW International Limited bought back 74,576 of its owns shares and Jamaican Teas Limited increased its shareholding by 614,933 shares.

(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 together with a proportionate share of profits and losses from that date. 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.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(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 within the group are eliminated to the extent of the group's interest in the subsidiary. 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 comprised interest in associate up to September 30, 2019 [see note 7].

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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(v) Associate (continued)

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.

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% |
| Buildings | 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.

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 capitalised 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).

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 relationships with the company's and subsidiaries' directors, and with its executive officers.

(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.

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.

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.

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*

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.

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 (continued):*

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 activities.

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.

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.

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 arrangements:

(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 arrangements:

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 distributions:

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

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 period, and disclosed.

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* |
|---|---|---|
| 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.<br><br>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.<br><br>For the sale of retail products, the group allocated 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. |

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* |
|---|---|---|
| | Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.<br><br>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.

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 vehi cles $'000 | Leasehold improvement $'000 | Work-in-progress $'000 | Total $'000 |
| Cost: | | | | | | |
| 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 |
| Additions | 2,718 | 25,612 | 21,036 | - | 23,718 | 73,084 |
| Disposals | - | - | (11,897) | - | - | ( 11,897) |
| September 30, 2021 | 257,020 | 207,609 | 36,590 | 10,504 | 32,090 | 543,813 |
| Depreciation: | | | | | | |
| 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 |
| Charge for the year | 5,663 | 15,461 | 6,598 | 3,387 | - | 31,109 |
| Eliminated on disposal | - | - | (11,110) | - | - | ( 11,110) |
| September 30, 2021 | 39,541 | 110,667 | 13,823 | 7,844 | - | 171,875 |
| Net book value: | | | | | | |
| September 30, 2021 | 217,479 | 96,942 | 22,767 | 2,660 | 32,090 | 371,938 |
| September 30, 2020 | 220,424 | 86,791 | 9,116 | 6,047 | 8,372 | 330,750 |

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, 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 |
| Additions | 2,718 | 24,799 | 21,036 | - | 6,386 | 54,939 |
| Disposal | - | - | (11,897) | - | - | ( 11,897) |
| At September 30, 2021 | 200,846 | 182,886 | 36,590 | 2,064 | 9,902 | 432,288 |
| Depreciation: | | | | | | |
| 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 |
| Charge for the year | 4,260 | 12,608 | 6,598 | - | - | 23,466 |
| Eliminated on disposal | - | - | (11,110) | - | - | ( 11,110) |
| September 30, 2021 | 28,378 | 101,451 | 13,823 | 2,064 | - | 145,716 |
| Net book value: | | | | | | |
| September 30, 2021 | 172,468 | 81,435 | 22,767 | - | 9,902 | 286,572 |
| September 30, 2020 | 174,010 | 69,244 | 9,116 | - | 3,516 | 255,886 |

Land and buildings include land at a cost of $43,000,000 (2020: $43,000,000) for the group and $30,000,000 (2020: $30,000,000) for the company.

The company's Bell Road property with net book value of $172,377,000 (2020: $174,010,000) is held as collateral against a loan from the Bank of Nova Scotia Jamaica Limited (note 16).

5. Investment properties

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Balance at October 1 | 282,071 | 287,465 | 60,000 | 55,000 |
| Additions | 40,287 | 61,153 | - | - |
| Transferred to inventories | - | ( 75,000) | - | - |
| Change in fair value, net (note 23) | ( 4,357) | 8,453 | 5,000 | 5,000 |
| Balance at September 30 | 318,001 | 282,071 | 65,000 | 60,000 |

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

5. Investment properties (continued)

Investment properties were valued in September 2021 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 $11,326,000 (2020: $8,766,000) for the group and $2,335,000 (2020: $2,677,000) for the company. The related expenses totalled $3,900,000 (2020: $81,000) for the group and $87,000 (2020: $81,000) 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 $318,001,000 (2020: $282,071,000) for the group and $65,000,000 (2020: $60,000,000) for the company have been categorised as Level 3 in the fair value hierarchy. The following table shows the valuation techniques 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.<br><br>The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past.<br><br>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<br><br>• Conditions influencing the sale of the comparable properties.<br><br>• Comparability adjustment. | The estimated fair value would increase/(decrease) if:<br><br>• Sale value of comparable properties were higher/(lower).<br><br>• Comparability adjustment were higher/(lower). |

6. Intangible assets

| | Computer software licences | |
|---|---|---|
| | The Group | The Company |
| | $'000 | $'000 |
| At cost: | | |
| September 30, 2019 | 1,772 | 1,772 |
| Additions | 2,056 | 52 |
| September 30, 2020 | 3,828 | 1,824 |
| Additions | 1,269 | 969 |
| September 30, 2021 | 5,097 | 2,793 |
| Amortisation: | | |
| September 30, 2019 | 1,533 | 1,533 |
| Charge for the year | 735 | 102 |
| September 30, 2020 | 2,268 | 1,635 |
| Charge for the year | 640 | 152 |
| September 30, 2021 | 2,908 | 1,787 |
| Carrying value: | | |
| September 30, 2021 | 2,189 | 1,006 |
| September 30, 2020 | 1,560 | 189 |

7. Investment in associate and acquisition of subsidiary

(a) Investment in associate:

In 2019, the group held a 50% interest in the retail distribution company, Bay City Foods Limited (BCFL). In 2020, the group acquired the remaining 50% ownership of BCFL making it a wholly owned subsidiary of the group, effective October 1, 2019. The investment in associate was derecognised and investment in subsidiary recognised.

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Investment at beginning of year | - | 80,969 | - | 48,718 |
| Acquisition as a subsidiary [note 7(b)] | - | (80,969) | - | (48,718) |
| Investment at end of year | - | - | - | - |

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

(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 7(a)]. As of this date, the company is a wholly owned subsidiary of the group.

In the year of acquisition, BCFL contributed revenue of $534 million and profit after tax of $23 million net of group eliminations.

The following summarises 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 assets acquired | 25,625 |
| Total consideration on acquisition | 4,597 |
| | 21,028 |
| 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 | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Investment securities at FVTPL | | | | |
| – Trinidad and Tobago quoted equities | 62,844 | 19,174 | - | - |
| – United States quoted equities | 508,561 | 398,271 | - | - |
| – Jamaican quoted equities | 1,567,257 | 1,181,679 | - | - |
| | 2,138,662 | 1,599,124 | - | - |

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

Included in Jamaican quoted equities are United States dollar stocks worth US$153,000 (2020: US$157,000)

9. Deferred taxation

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

| | The Group | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | Recognised in profit or loss [note 25(a)] | Recognised on acquisition of subsidiary [note 7(b)] | 2020 | Recognised in profit or loss [note 25(a)] | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Trade and other receivables | ( 2,343) | 3,361 | - | 1,018 | 4,219 | 5,237 |
| Investments | 94,060 | ( 92,024) | - | 2,036 | 90,366 | 92,402 |
| Property, plant and equipment | 12,133 | 390 | ( 895) | 11,628 | 81 | 11,709 |
| Investment properties | - | 465 | - | 465 | ( 17) | 448 |
| Trade and other payables | ( 963) | 3,071 | ( 3,170) | ( 1,062) | 125 | ( 937) |
| Tax losses | ( 37,494) | ( 35,958) | (44,057) | (117,509) | 6,537 | (110,972) |
| | 65,393 | (120,695) | (48,122) | (103,424) | 101,311 | ( 2,113) |

| | The Company | | | | |
|---|---|---|---|---|---|
| | 2019 | Recognised in profit or loss [note 25(a)] | 2020 | Recognised in profit or loss [note 25(a)] | 2021 |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| Trade and other receivables | (2,707) | 3,221 | 514 | 4,219 | 4,733 |
| Trade and other payables | ( 364) | 510 | 146 | ( 411) | ( 265) |
| Property, plant and equipment | 711 | 2,096 | 2,807 | 4,837 | 7,644 |
| | (2,360) | 5,827 | 3,467 | 8,645 | 12,112 |

10. Inventories

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Manufacturing: | | | | |
| Finished goods | 87,848 | 62,581 | 87,848 | 62,581 |
| Raw materials | 249,809 | 198,170 | 249,809 | 198,170 |
| | 337,657 | 260,751 | 337,657 | 260,751 |
| Retail | 28,206 | 26,420 | - | - |
| Development: | | | | |
| Housing under construction | 300,167 | 91,285 | - | - |
| Completed houses | - | 95,900 | - | - |
| | 666,030 | 474,356 | 337,657 | 260,751 |

Inventory write-offs recognised in profit or loss is $7,143,000 (2020: $9,952,000) for the group and $7,143,000 (2020: $9,952,000) for the company [see note 22(a)].

## 11. Trade and other receivables

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade receivables (a) | 302,280 | 368,291 | 299,110 | 330,073 |
| Other receivables | 32,317 | 25,102 | 16,583 | 20,913 |
| | 334,597 | 393,393 | 315,693 | 350,986 |
| Less: Impairment losses | ( 24,630) | ( 30,358) | ( 24,630) | ( 30,358) |
| | 309,967 | 363,035 | 291,063 | 320,628 |
| Due from brokers (b) | 23,664 | - | - | - |
| Prepayments | 60,350 | 42,348 | 46,681 | 39,832 |
| | 393,981 | 405,383 | 337,744 | 360,460 |

(a) Included in trade receivables for the group and company is $69,743,000 (2020: $70,275,000) due from a related party, Amalgamated Distributors Limited in the ordinary course of business [see note 29(a)].

(b) Amount due from broker represents QWI Investments Limited's lodgements to brokerage firms to facilitate investment purchases.

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 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade receivables: | | | | |
| Balance as at October 1 | 20,721 | 15,709 | 20,721 | 15,709 |
| Impairment (gain)/loss recognised [note 22(c)] | ( 1,921) | 5,012 | ( 1,921) | 5,012 |
| Balance as at September 30 | 18,800 | 20,721 | 18,800 | 20,721 |
| Other receivables: | | | | |
| Balance as at October 1 | 9,637 | 9,637 | 9,637 | 9,637 |
| Decrease in provision [note 22(c)] | ( 3,807) | - | ( 3,807) | - |
| Balance as at September 30 | 5,830 | 9,637 | 5,830 | 9,637 |
| Total impairment losses | 24,630 | 30,358 | 24,630 | 30,358 |

12. Cash and cash equivalents

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Cash in hand | 329 | 329 | 100 | 100 |
| Cash at bank | 86,236 | 95,187 | 77,441 | 92,170 |
| | 86,565 | 95,516 | 77,541 | 92,270 |
| Short-term deposits and resale agreements | 101,940 | 226,185 | 89,239 | 213,500 |
| | 188,505 | 321,701 | 166,780 | 305,770 |

13. Share capital and share purchase plan

| | The Company | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | $'000 | Number of shares | $'000 | Number of shares |
| (a) Share capital: | | | | |
| Authorised ordinary shares of no par value | | Unlimited | | 1,000,000,000 |
| Stated capital: | | | | |
| In issue at October 1 | 190,749 | 698,283,459 | 185,149 | 695,083,459 |
| Stock split adjustment | - | 1,396,566,918 | - | - |
| Exercise of share options [13(b)] | 50,595 | 51,300,000 | 5,600 | 3,200,000 |
| In issue at September 30 – fully paid ordinary shares of no par value | 241,344 | 2,146,150,377 | 190,749 | 698,283,459 |

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

At the Annual General Meeting (AGM) held on March 2, 2011, the stockholders passed a resolution for 16,000,000 of the authorised but unissued shares of the company to be 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 2-for-1 splits that happened between 2011 and 2016. As 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.

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.

13. Share capital and share purchase plan (continued)

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

In 2017, five directors exercised options to acquire shares in the company pursuant to 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. Also, 800,000 shares were issued to employees pursuant to their employee stock purchase plan amounting $1,541,000.

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.

In 2020, 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.

On November 17, 2020, by way of resolution, the Board approved a 3-for-1 split for ordinary shares, on record on November 30, 2020. This was approved by shareholders at an extra-ordinary general meeting on November 27, 2020.

During the year, five (5) directors exercised their options, adjusted for splits, to acquire shares in the company pursuant to their share purchase agreement to purchase 40,800,000 shares at the exercise price of $0.75 per share, amounting to $30,600,000, and 1,500,000 shares at the exercise price of $3.33 per share, amounting to $4,995,000. In addition, one staff member was issued 9,000,000 shares at the exercise price of $1.66 per share, amounting to $15,000,000, pursuant to the employee stock purchase plan.

(c) Treasury shares:

Treasury shares for the group comprises the cost of the company's shares held by the group. As at September 30, 2021, the group held 33,888,470 (2020: 6,183,544) of the company's shares.

14. Capital reserves

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| (a) Realised surplus: | | | | |
| Gain on disposal on investment property | 90,425 | 90,425 | - | - |
| Gain on disposal of property, plant and equipment | 6,759 | 6,759 | - | - |
| Waiver of directors' loan | 229 | 229 | - | - |
| Gain on disposal of investments | 9,556 | 51,453 | 3,455 | 40,809 |
| Capital distribution received | - | - | - | 4,543 |
| | 106,969 | 148,866 | 3,455 | 45,352 |
| (b) Franked income: | | | | |
| Dividend income | 3,970 | 3,970 | 3,970 | 3,970 |
| | 110,939 | 152,836 | 7,425 | 49,322 |

15. Non-controlling interests

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

| | % interest 2021 | % interest 2020 |
|---|---|---|
| QWI Investments Limited ("QWI") | 68.39% | 73.71% |
| KIW International Limited ("KIW") | 50.11% | 50.11% |

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

| | 2021 | | | |
|---|---|---|---|---|
| | KIW $'000 | QWI $'000 | Intra group eliminations $'000 | Total $'000 |
| Non-current assets | 193,550 | 2,278,661 | | |
| Current assets | 17,035 | 34,393 | | |
| Non-current liabilities | - | ( 52,884) | | |
| Current liabilities | ( 13,632) | ( 433,013) | | |
| Net assets | 196,953 | 1,827,157 | | |
| NCI share of subsidiary net assets | 98,693 | 1,249,567 | (134,583) | 1,213,677 |
| Revenue | 277 | 545,726 | | |
| Total comprehensive loss for the year | ( 2,845) | 349,766 | | |
| Comprehensive loss allocated to non-controlling interests | ( 1,426) | 239,200 | ( 44,525) | 193,249 |
| Cash flow from operating activities | 914 | ( 215,251) | | |
| Cash flow from investing activities | 260 | - | | |
| Cash flow from financing activities | ( 878) | 221,068 | | |
| Net increase in cash and cash equivalents | 296 | 5,817 | | |

| | 2020 | | | |
|---|---|---|---|---|
| | KIW $'000 | QWI $'000 | Intra group eliminations $'000 | Total $'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 | | |
| 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 | | |

16. Long-term loans

| | The Group and the Company | |
|---|---|---|
| | 2021 | 2020 |
| | $'000 | $'000 |
| The Bank of Nova Scotia Jamaica Limited (BNSJ): | | |
| 8.25% loan (i) | 123,333 | 143,333 |
| 8.00% loan (ii) | 27,755 | 72 |
| 7.00% loan (iii) | 13,750 | - |
| | 164,838 | 143,405 |
| Less: current portion | ( 23,706) | ( 20,071) |
| | 141,132 | 123,334 |

The Bank of Nova Scotia Loans –

(i) This loan is repayable over five years with 59 equal monthly instalments commencing December 3, 2017 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 subsidiary companies and a demand debenture supported by:

- 1st legal mortgage stamped in the amount of $45,000,000 over commercial property located at 29 Birdsucker Lane, Barbican, St. Andrew (note 5).
- 3rd legal mortgage stamped in the amount of $45,000,000 over commercial property located at 2 Bell Road, Kingston Industrial Estate, St. Andrew (note 4).

(ii) During the prior year, an additional $29,474,000 was drawn down from BNSJ at a rate of 8% per annum. This loan is repayable over five years in 60 equal monthly instalments of $650,000, commencing May 2, 2021. It is secured by a first legal mortgage over commercial property located at 9 Chancery street, Kingston 10, St. Andrew, registered at volume 11378 Folio 211.

(iii) During the year, a loan of $15,000,000 was drawn from BNSJ at 7% per annum. This loan is repayable over five years in 60 equal monthly instalments of $250,000, commencing April 23, 2021. It is secured by the same property as in (ii) above.

17. Trade and other payables

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade payables* | 97,042 | 114,826 | 66,200 | 81,070 |
| Due to brokers** | 426 | 3,412 | - | 2,792 |
| Other payables | 87,217 | 101,163 | 56,021 | 48,136 |
| | 184,685 | 219,401 | 122,221 | 131,998 |

* Includes $7,600,000 (2020: $144,000) due to a related party, Amalgamated Distributors Limited (ADL) [note 28(c)].

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

18. Short-term borrowings

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Demand loans (i) | 56,646 | 71,351 | 56,646 | 71,351 |
| Other loans (ii) | 11,800 | 15,228 | 11,243 | 14,712 |
| | 68,446 | 86,579 | 67,889 | 86,063 |

(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(d) and (e)].

(ii) Other loans include mainly credit card balances which are unsecured and have no fixed repayment terms. Interest is charged at the rates of 21.95% per annum. Interest is charged on outstanding balances not paid by the due date. The group normally repays amounts owing on or before the due date.

19. Bank overdraft

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| The Bank of Nova Scotia Jamaica Limited | 226 | 1,735 | - | - |

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 September 30, 2021, the group's assets were charged in the sum of $111,063,964 (2020: $118,007,982) in favour of The 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 (2020: Nil) at an interest rate of 8.5% per annum for that subsidiary.

20. Margin loan payable

This represents short-term debt facilities provided by Victoria Mutual Investments Limited and Aegis Capital Corp to a subsidiary to acquire securities held on its own account. The facilities bear interest at 7.5% (2020: 9%) and 6.3% (2020: 6.3%), respectively and is collaterised by the securities held with a brokerage firm. In the prior year, the 9% facility was held with Mayberry Investments Limited, and was terminated in April 2021 (note 8).

21. Gross operating revenue

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Export sales – manufacturing | 1,009,766 | 859,584 | 1,009,766 | 859,584 |
| Domestic sales – manufacturing | 600,597 | 546,508 | 600,597 | 546,508 |
| Retail sales | 517,585 | 534,474 | - | - |
| Sale and rental of properties | 142,241 | 254,440 | - | - |
| | 2,270,189 | 2,195,006 | 1,610,363 | 1,406,092 |

22. Nature of expenses

Profit before taxation is stated after charging:

(a) Cost of operating revenue:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Cost of inventories recognised as expense | 1,516,661 | 1,438,145 | 990,341 | 804,176 |
| Inventory write-offs | 7,143 | 9,952 | 7,143 | 9,952 |
| Depreciation | 14,007 | 15,056 | 7,768 | 7,070 |
| Amortisation | 488 | 633 | - | - |
| Machinery repairs and maintenance | 22,727 | 19,239 | 20,289 | 17,213 |
| Staff costs (note 24) | 108,933 | 88,299 | 86,734 | 66,833 |
| Utilities | 16,725 | 11,587 | 8,568 | 5,014 |
| Other costs of operating revenue | 30,206 | 27,208 | 29,951 | 23,455 |
| | 1,716,890 | 1,610,119 | 1,150,794 | 933,713 |

(b) Administrative expenses:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Audit fees | 13,073 | 13,025 | 6,160 | 9,202 |
| Motor vehicle repairs and maintenance | 9,731 | 9,151 | 9,731 | 9,070 |
| Depreciation | 17,102 | 15,265 | 15,698 | 15,367 |
| Amortisation | 152 | 102 | 152 | 102 |
| Directors' emoluments: | | | | |
| - Fees | 16,260 | 11,640 | 6,950 | 4,200 |
| - Management remuneration | 18,846 | 16,340 | 18,846 | 16,340 |
| Rental and security | 9,632 | 9,839 | 3,887 | 4,069 |
| Legal and professional fees | 17,047 | 19,704 | 9,006 | 8,576 |
| Utilities | 7,406 | 6,638 | 5,966 | 4,864 |
| Staff costs (note 24) | 74,975 | 66,850 | 65,400 | 57,918 |
| Insurance | 17,474 | 13,833 | 11,232 | 9,088 |
| Local and overseas travel | 3,751 | 2,581 | 2,905 | 2,581 |
| Other administration expense | 39,961 | 43,189 | 14,008 | 21,120 |
| | 245,410 | 228,157 | 169,941 | 162,497 |

(c) Selling and distribution expenses:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Advertising and promotions | 36,823 | 51,729 | 34,078 | 47,707 |
| Total administrative, selling and distribution expenses | 282,233 | 279,886 | 204,019 | 210,204 |
| Impairment (gain)/loss recognised on: | | | | |
| Trade receivables (note 11) | ( 1,921) | 5,012 | ( 1,921) | 5,012 |
| Other receivables (note 11) | ( 3,807) | - | ( 3,807) | - |
| | ( 5,728) | 5,012 | ( 5,728) | 5,012 |

23. Other income

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Interest income | 4,882 | 5,409 | 7,983 | 18,088 |
| Rental income | 3,659 | 2,677 | 2,335 | 2,677 |
| Dividend income | 35,150 | 22,901 | - | - |
| Gain on sale of property, plant and equipment | 3,473 | 1,093 | 3,473 | 1,093 |
| Realised gain on sale of investments | 96,259 | - | - | - |
| Gain on acquisition of subsidiary | - | 21,028 | - | - |
| (Decrease)/increase in fair value of investment properties (note 5) | ( 4,357) | 8,453 | 5,000 | 5,000 |
| Net foreign exchange gain | 19,500 | 13,115 | 13,301 | 13,115 |
| Miscellaneous income | 4,909 | 3,866 | 26,065 | 26,230 |
| | 163,475 | 78,542 | 58,157 | 66,203 |

24. Staff costs

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Salaries and wages | 156,027 | 129,330 | 128,869 | 99,490 |
| Pension | 2,605 | 2,254 | 2,605 | 2,254 |
| Other employee benefits | 25,276 | 23,565 | 20,660 | 23,007 |
| | 183,908 | 155,149 | 152,134 | 124,751 |

Included in profit or loss as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Direct manufacturing labour [note 22(a)] | 108,933 | 88,299 | 86,734 | 66,833 |
| Administration [note 22(b)] | 74,975 | 66,850 | 65,400 | 57,918 |
| | 183,908 | 155,149 | 152,134 | 124,751 |

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 | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Current tax expense: | | | | |
| Current tax expense - current year | 64,879 | 88,928 | 51,883 | 78,153 |
| Prior year over provision | ( 9,304) | - | ( 9,304) | - |
| Urban renewal tax relief | ( 2,025) | ( 3,222) | - | - |
| Remission of income tax @ 50% up to June 2020 | - | ( 30,726) | - | (30,726) |
| | 53,550 | 54,980 | 42,579 | 47,427 |
| Deferred tax expense: | | | | |
| Originating and reversal of temporary differences (note 9) | 101,311 | (120,695) | 8,645 | 5,827 |
| | 154,861 | ( 65,715) | 51,224 | 53,254 |

25. Taxation (continued)

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $'000 | $'000 | $'000 | $'000 |
| Profit/(loss) before taxation | 741,045 | (135,435) | 308,479 | 311,252 |
| Computed "expected" tax expense @ 25% | 185,261 | ( 33,858) | 77,120 | 77,813 |
| Difference between profits for financial statements and tax reporting purposes on: | | | | |
| Disallowed expenses and capital adjustments, net | ( 10,398) | 4,954 | ( 8,474) | 9,030 |
| Effect of employment tax credit | ( 17,977) | ( 2,863) | ( 17,422) | ( 2,863) |
| Adjustment for effect of urban renewal tax relief [note 25(e)] | ( 2,025) | ( 3,222) | - | - |
| Adjustment for effect of tax remission [note 25(d)] | - | ( 30,726) | - | ( 30,726) |
| Actual tax charge/(refund) | 154,861 | ( 65,715) | 51,224 | 53,254 |

(c) As at September 30, 2021, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits for the group was $217,697,000 (2020: $275,727,000) and for the company was $Nil (2020: $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 does not have the benefit of the tax remissions, as these have now fully expired.

(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.

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.

| | 2021 | 2020* |
|---|---|---|
| Net profit attributable to shareholders ($'000) | 392,935 | 222,395 |
| Weighted average number of stock units in issue | 2,086,073,445 | 2,087,750,376 |
| Basic earnings per stock unit ($) | 0.19 | 0.11 |

(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.

| | 2021 | 2020* |
|---|---|---|
| Net profit attributable to shareholders ($'000) | 392,935 | 222,395 |
| Weighted average number of stock units in issue | 2,290,073,439 | 2,192,450,376 |
| Diluted earnings per stock unit ($) | 0.17 | 0.10 |

*There was a 3-for-1 share split during the year, which resulted in an increase in the total weighted number of shares, and relevant restatement of the earnings per share and diluted earnings per share, as prescribed by the reporting framework (see note 13).

27. Dividends and Distributions

| | The Group and Company | |
|---|---|---|
| | 2021 | 2020 |
| | $'000 | $'000 |
| Capital distribution: | | |
| Capital reserve | 41,897 | 21,099 |
| Dividend payments: | | |
| Retained earnings | 21,463 | - |

In November 2020, the Board approved by way of resolution, capital distribution of $41,897,000.

On June 17, 2021, the Board approved by way of resolution a dividend payment of $21,463,000.

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

28. Related party balances and transactions

| | The Group 2021 $'000 | The Group 2020 $'000 | The Company 2021 $'000 | The Company 2020 $'000 |
|---|---|---|---|---|
| Balances: | | | | |
| (a) Due from subsidiaries: | | | | |
| H. Mahfood & Sons Limited | - | - | 486,031 | 378,859 |
| LTJ Managers Limited | - | - | - | 20,129 |
| KIW International Limited | - | - | 6,002 | 3,263 |
| QWI Investments Limited | - | - | 80,160 | 2,907 |
| Bay City Foods Limited | - | - | 61,451 | 30,311 |
| H. Mahfood & Sons 2020 Limited | - | - | 62,585 | 46,721 |
| | - | - | 696,299 | 482,190 |
| (b) Due to subsidiaries: | | | | |
| LTJ Managers Limited | - | - | 4,778 | - |
| (c) Amalgamated Distributors Limited (ADL) [common director]: | | | | |
| Due from * | 69,743 | 70,275 | 69,743 | 70,275 |
| Due to*** | (7,600) | (144) | (7,600) | (144) |
| (d) Due to directors** | 18,888 | 47,842 | 18,888 | 47,842 |
| (e) Short-term borrowings due to a director and close family members** | 37,758 | 23,470 | 37,758 | 23,470 |
| (f) Directors' emoluments: | | | | |
| Fees | 16,260 | 11,640 | 6,950 | 4,200 |
| Management remuneration | 18,846 | 16,340 | 18,846 | 16,340 |
| (g) Transactions with related parties and subsidiaries | | | | |
| Sale of goods - ADL | 506,700 | 452,689 | 506,700 | 452,698 |
| Management fees - subsidiaries | - | - | 24,281 | 23,666 |
| Advertising and publishing - ADL | 12,668 | 10,946 | 12,668 | 10,946 |
| QWI loan interest income | - | - | 3,379 | - |

* Included in trade and other receivables [see note 11(a)].
** Included in short term borrowings [see note 18(i)].
*** Included in trade and other payables (see note 17).

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.

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 (2020: one) customer. As at September 30, 2021, amounts receivable from the customer aggregated $69,743,000 (2020: $70,275,000). This represents 18% and 21% (2020: 19% and 21%), 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.

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 | | | |
|---|---|---|---|---|
| | 2021 | | | |
| | Weighted average loss rate % | Gross carrying amount $'000 | Loss allowance $'000 | Credit impaired |
| Current (not past due) | 0.68% | 231,194 | 1,567 | No |
| 31-60 days past due | 1.60% | 41,992 | 672 | No |
| 61-90 days past due | 3.13% | 8,017 | 251 | No |
| 91-120 days past due | 4.61% | 20,348 | 938 | No |
| 120 -150 days past due | 6.06% | 4,569 | 277 | No |
| 150 -180 days past due | 11.92% | 8,574 | 1,022 | No |
| More than 180 days past due | 100.00% | 19,903 | 19,903 | Yes |
| | | 334,597 | 24,630 | |

| | Company | | | |
|---|---|---|---|---|
| | 2021 | | | |
| | Weighted average loss rate % | Gross carrying amount $'000 | Loss allowance $'000 | Credit impaired |
| Current (not past due) | 0.74% | 212,290 | 1,567 | No |
| 31-60 days past due | 1.60% | 41,992 | 672 | No |
| 61-90 days past due | 3.13% | 8,017 | 251 | No |
| 91-120 days past due | 4.61% | 20,348 | 938 | No |
| 120 -150 days past due | 6.06% | 4,569 | 277 | No |
| 150 -180 days past due | 11.92% | 8,574 | 1,022 | No |
| More than 180 days past due | 100.00% | 19,903 | 19,903 | Yes |
| | | 315,693 | 24,630 | |

29. Financial risk management (continued)

(a) Credit risk (continued):

*Expected credit loss assessment (continued)*

| | 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 | |

(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.

29. Financial risk management (continued)

(b) Liquidity risk (continued):

| | The Group 2021 | | | |
|---|---|---|---|---|
| | Carrying amount $'000 | Contractual cash flows $'000 | Less than 1 year $'000 | 2 to 5 years $'000 |
| Long-term loans | 164,838 | 194,737 | 33,672 | 161,065 |
| Trade and other payables | 184,685 | 184,685 | 184,685 | - |
| Margin loan payable | 341,445 | 367,053 | - | 367,053 |
| Short-term borrowings | 68,446 | 71,868 | 71,868 | - |
| Bank overdraft | 226 | 226 | 226 | - |
| | 759,640 | 818,569 | 290,451 | 528,118 |

| | 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 |

| | The Company 2021 | | | |
|---|---|---|---|---|
| | Carrying amount $'000 | Contractual cash flows $'000 | Less than 1 year $'000 | 2 to 5 years $'000 |
| Long-term loans | 164,838 | 194,737 | 33,672 | 161,065 |
| Trade and other payables | 122,221 | 122,221 | 122,221 | - |
| Short-term borrowings | 67,889 | 71,283 | 71,283 | - |
| Due to subsidiaries | 4,778 | 4,778 | 4,778 | - |
| | 359,726 | 393,019 | 231,954 | 161,065 |

| | 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 |

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.

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:

| | 2021 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 210,811 | 1,430 | - | - | 1,822 | 16 | - | - | - | - |
| Cash and cash equivalents | 61,769 | 419 | - | - | 5,808 | 51 | 14,749 | 686 | - | - |
| Investments | 530,859 | 3,601 | - | - | - | - | 63,920 | 2,973 | - | - |
| Total financial assets | 803,439 | 5,450 | - | - | 7,630 | 67 | 78,669 | 3,659 | - | - |
| Financial liabilities: | | | | | | | | | | |
| Trade payables | ( 32,906) | ( 223) | - | - | (13,541) | (114) | - | - | - | - |
| Total financial liabilities | ( 32,906) | ( 223) | - | - | (13,541) | (114) | - | - | - | - |
| Exposure | 770,533 | 5,227 | - | - | ( 5,911) | ( 47) | 78,669 | 3,659 | - | - |

| | 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 |

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$147.56 (2020: 1: J$141.0386); GBP 1:J$201.92 (2020: 1: J$185.4582); CAN 1:118.78 (2020: 1: J$106.0215); Euro 1: J$168.71 (2020: 1: J$160.8253) and TT$1: J$21.5 (2020: 1: J$20.89).

*Sensitivity analysis:*

An 8% (2020: 6%) strengthening of the above currencies against the J$ would increase profit for the year by 67,463,000 (2020: $40,043,000).

A 2% (2020: 2%) weakening of the above currencies against the J$ would decrease profit for the year by 16,866,000 (2020: $13,348,000).

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2020.

(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 | |
|---|---|---|
| | 2021<br>$'000 | 2020<br>$'000 |
| Fixed rate: | | |
| Financial assets | 125,604 | 241,784 |
| Financial liabilities | (574,955) | (427,096) |
| | (449,351) | (185,312) |

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.

29. Financial risk management (continued)

(c) Market risk (continued):

(iii) Equity price risk (continued):

A 5% (2020: 7%) 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 $106,933,000 (2020: $111,939,000). A 5% (2020: 12.5%) decrease would cause an increase/decrease in the group's losses/profits of $106,933,000 (2020: $199,891,000).

(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 | |
|---|---|---|
| | 2021<br>$'000 | 2020<br>$'000 |
| Debt | 574,955 | 427,096 |
| Equity | 2,076,904 | 1,722,069 |
| Total capital | 2,651,859 | 2,149,165 |
| Gearing ratio | 21.7% | 20.0% |

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 instruments that are 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 equivalents, 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.

The fair values of quoted equities are based on the closing bid prices published by the respective Stock Exchanges.

*Determination of fair value and fair value 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 listed 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.

30. Segment reporting

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Manufacturing $'000 | Retailing $'000 | Real estate $'000 | Investments $'000 | Total $'000 |
| Gross revenue | 1,610,363 | 517,585 | 147,041 | - | 2,274,989 |
| Inter-segment revenue | - | - | ( 4,800) | - | ( 4,800) |
| Revenue from external customers | 1,610,363 | 517,585 | 142,241 | - | 2,270,189 |
| Fair value gains from revaluation of investments at FVTPL | - | - | - | 407,765 | 407,765 |
| Other income | 58,157 | 3,162 | 3,454 | 126,726 | 191,499 |
| Inter-segment other income | ( 27,660) | - | - | ( 69,645) | ( 97,305) |
| | 30,497 | 3,162 | 3,454 | 464,846 | 501,959 |
| Segment profit | 318,056 | 21,262 | 20,082 | 419,353 | 778,753 |
| Finance cost | ( 10,956) | ( 421) | - | ( 26,331) | ( 37,708) |
| Profit before taxation | | | | | 741,045 |
| Taxation charge | | | | | ( 154,861) |
| Non-controlling interest | | | | | ( 193,249) |
| Profit attributable to equity holders of the parent | | | | | 392,935 |
| Segment assets | 1,194,759 | 135,399 | 611,195 | 2,140,346 | 4,081,699 |
| Segment liabilities | ( 420,326) | ( 45,080) | ( 5,344) | ( 320,368) | ( 791,118) |
| Capital expenditure | 55,908 | 18,445 | 40,287 | - | 114,640 |
| Depreciation and amortisation | ( 23,618) | ( 8,131) | - | - | ( 31,749) |

| | 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 | ( 485,230) | ( 103,689) |
| 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 |

30. Segment reporting (continued)

| | 2020 | | | | |
|---|---|---|---|---|---|
| | Manufacturing $'000 | Retailing $'000 | Real estate $'000 | Investments $'000 | Total $'000 |
| Segment assets | 1,243,056 | 108,725 | 464,659 | 1,702,269 | 3,518,709 |
| 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) |

31. Contingencies and commitments

(a) As at September 30, 2021, a subsidiary has capital commitments of approximately $28,082,000 (2020: NIL) in relation to work in progress inventory for a proposed apartment complex at Belvedere Road, Kingston and 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

In March 2020, the World Health Organization declared the novel coronavirus, COVID-19, as a global pandemic. As a first step, management established measures at all the group's properties to safeguard and protect its stakeholders by not only providing information to 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 and continues to be designated by the Government of Jamaica (GOJ) as an essential industry with operations being and continues to be exempted from the curfews and other Disaster Risk 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 only impacts that have been noted are supply chain shortages and interruptions affecting the manufacturing segment.

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. The investment business segment, having been significantly impacted as asset prices across the world responded to the economic disruption in 2020, has seen a recovery in 2021, posting profitability in the current year.

In response to the continued uncertainties, management continues to adopt several measures specifically around financial risk management. Some of these measures include reorganising the investment segment to reduce investment in industries assessed as being sensitive to the pandemic and diversifying the investment portfolio to invest in listed equities outside of Jamaica, across thriving industries.

32. Impact of COVID-19 (continued)

At the reporting date, management continues to monitor the performance of each of the group's business segments.

33. Subsequent event

In an extraordinary general meeting held on October 27, 2021, the shareholders gave approval for the company to sell its subsidiary Caribbean Dreams Foods Limited ("Caribbean Dreams Foods), the company's manufacturing business (including all inventories of finished products, raw materials, packaging, and also manufacturing, packaging and other related machinery and equipment), that the company owns and carries at its primary location, under the company's own brand "Caribbean Dreams" and by licence under the brand "Tetley" in consideration of the company being allotted 100% of the issued share capital of Caribbean Dreams Foods as fully paid up shares, and on such terms as may be approved by the board of directors of the company and by Caribbean Dreams Foods. The process of acquiring other relevant and appropriate approvals is still ongoing.

JAMAICAN TEAS LIMITED

# Form of Proxy

**For The Annual General Meeting of Jamaican Teas Limited to be held at 12:00 noon on the 19th day of July 2022**

Place $100.00 stamp here

1. Being member(s) of Jamaican Teas Limited, I/WE:

_______________________________________________

NAME OF SHAREHOLDER(S)

of _______________________________________________

ADDRESS

2. Hereby appoint: _______________________________________________

of _______________________________________________

as my/our proxy, to vote for me/us on my/our behalf at the Annual General Meeting of the said Company to be held on the 19th day of July 2022 and any adjournment thereof, as follows:

*(Shareholders are required to insert "X" in the appropriate column below to show how they wish to vote in relation to each resolution.)*

| RESOLUTIONS | FOR | AGAINST |
|---|---|---|
| **RESOLUTION NO. 1 - 2021 Audited Financial Statements & Reports of the Directors**<br>a) To receive and approve the Audited Financial Statements and the Reports of the Directors for the year ended 30 September 2021 together with the Auditors' Report therein.<br>b) Be it resolved:<br>**THAT** the Audited Financial Statements, the Auditors' Report and the Reports of the Directors for said period, be and is hereby approved. | | |
| **RESOLUTION NO. 2 - Approval of Dividends**<br>a) To declare a dividend of one cent ($0.01) per share paid on 28 June 2021, as a final distribution out of the sums standing to the credit of the Company's Retained Earnings for the year ending 30 September 2021.<br>b) Be it resolved:<br>**THAT** the dividend of one cent ($0.01) paid out of Retained Earnings for said period, be and is hereby approved. | | |
| **RESOLUTION NO. 3**<br>**a) Re-elect Director**<br>i. Marcos Dabdoub retires by rotation as a Director in accordance with Article 118 of the Company's Articles of Association and being eligible, he offers himself for re-election.<br>Be it resolved:<br>**THAT** Marcos Dabdoub, who is retiring by rotation in accordance with a) i. above, be and is hereby re-elected a Director of the Company. | | |

| | | |
|---|---|---|
| ii. John Mahfood retires by rotation as a Director in accordance with Article 118 of the Company's Articles of Association and being eligible, he offers himself for re-election.<br>Be it resolved:<br>**THAT** John Mahfood, who is retiring by rotation in accordance with a) ii. above, be and is hereby re-elected a Director of the Company. | | |
| iii. John Jackson retires by rotation as a Director in accordance with Article 118 of the Company's Articles of Association and being eligible, he offers himself for re-election.<br>Be it resolved:<br>**THAT** John Jackson, who is retiring by rotation in accordance with a) iii. above, be and is hereby re-elected a Director of the Company. | | |
| **RESOLUTION NO. 4 – Remuneration of the Directors**<br>Be it resolved:<br>**THAT** the amount shown in the Audited Financial Statements for the year ended 30 September 2021 as fees to the Directors for services as Directors, be and is hereby approved. | | |
| **RESOLUTION NO. 5 – Appointment and Remuneration of Auditors**<br>Be it resolved:<br>**THAT** KPMG, Chartered Accountants, be reappointed as Auditors of the Company for the next financial year and to authorize the Directors to fix their remuneration. | | |

Signed this _______________ day of _______________________________ 2022

_________________________________________________

Signature

**NOTES:**

1. This Form of Proxy must be received by Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.
2. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
3. The Proxy Form will attract stamp duty of One Hundred Jamaican Dollars (J$100), which may be paid by affixing adhesive stamp(s) to be cancelled by the person executing the Proxy Form or stamp duty impressed by the Stamp Office.

JUL 06 2021

COMMERCIAL DIVISION

SUPREME COURT

(Amended)

# FORMAL ORDER

**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA**
**IN COMMERCIAL DIVISION**
**CLAIM NO. SU 2021 CD 00162**

**IN THE MATTER OF** the Companies Act of Jamaica

**AND**

**IN THE MATTER OF** an application by John Mahfood for directions pursuant to section 130(2) of the Companies Act of Jamaica

**IN CHAMBERS**
**BEFORE THE HONOURABLE MR JUSTICE BATTS**
**THE 18TH DAY OF JUNE 2021**

**UPON** the final hearing of the Fixed Date Claim Form herein dated and filed 13th April 2021 coming on this day, and **UPON HEARING** Weiden Daley, Attorneys-at-Law, instructed by Hart Muirhead Fatta, Attorneys-at-Law for the Applicant, and Mrs Donia J. Fuller-Barrett, Attorney-at-Law for Financial Services Commission, **IT IS HEREBY ORDERED THAT:-**

1. An Order that notwithstanding the provisions of the Companies Act, the provisions of the articles of incorporation of Jamaican Teas Limited ("**JAMT**"), QWI Investments Limited ("**QWI**"), and KIW International Limited ("**KIW**") (together, the "**Companies**"), regarding the holding of annual general meetings or extraordinary ordinary general meetings, and any notice of an annual general meeting or extraordinary general meeting, information circular or other documents that may be or already have been disseminated by the Companies or are by law or the articles of incorporation of the Companies required to be disseminated by the Companies to their respective shareholders, JAMT, QWI, and KIW may each call and conduct its annual general meetings and any extraordinary general meeting (the "**Meetings**", which term includes meetings conducted following an adjournment or postponement of the Meetings) in accordance with this order, for the years 2021 and for so long as the Disaster Risk Management (Enforcement Measures) orders subsist.

2. A Declaration that the Meetings called or held in accordance with this order shall be valid.

3. An Order that the Companies are each permitted to conduct the Meetings by either:
   (1) holding a meeting with one or some shareholders present at a physical venue with a live stream or broadcast of the meeting by electronic means or software (including webcasting, videoconferencing, teleconferencing, a combination of these and/or other electronic means) which allows all shareholders access to see and hear the proceedings, ask questions in such reasonable order and

manner as the chairman may allow, and to vote electronically including before the meeting or by a proxy chosen from among the persons the Companies indicate will be physically present at the meeting; or

(2) holding a meeting entirely by live stream or broadcast of the meeting by electronic means or software (including webcasting, videoconferencing, teleconferencing, a combination of these and/or other electronic means) which allows all shareholders access to see and hear the proceedings, ask questions in such reasonable order and manner as the chairman may allow, and to vote electronically including before the meeting.

4. An Order that the Companies are permitted to provide their shareholders with notices of the Meetings, resolutions, draft resolutions proposed to be passed, circulars, proxy forms, financial statements including profit and loss accounts, balance sheets and auditor's reports and any other document necessary or relevant for the conduct of the Meetings by one or more of the following means, namely: electronic mail, pre-paid mail, posting links to access the documents on their respective websites, and/or on the website of the Jamaica Stock Exchange in the case of JAMT and QWI.

5. A Declaration that any notice or document delivered in accordance with this Order shall satisfy all requirements for serving or delivering documents for the Meetings notwithstanding any provision to the contrary in the Companies Act or the articles of incorporation of the Companies.

6. An Order that the failure or inability of a shareholder to attend or remain in any of the Meetings held in accordance with paragraph 3(1) or 3(2) above as a result of events beyond the control of the Companies shall not constitute a defect in the calling or holding of the Meetings and shall not invalidate any resolution passed or proceedings taken at the Meetings.

7. Liberty to apply.

**BY THE COURT:**

**JUDGE**

**FILED** by **HART MUIRHEAD FATTA** of Victoria Mutual Building, 2nd Floor, 53 Knutsford Boulevard, Kingston 5, Attorneys-at-Law for the Applicant, the address for service of which is that of his said Attorneys-at-Law. Tel. (876) 929-7432; fax (876) 929-5755. Ref: WOD (Attorney No. 3956; email: wodaley@hmf.com.jm).

Jamaican Teas LTD.

2 Bell Road, Kingston 11
T: 876.656.9491-2 | F: 876.764.8015

info@jamaicanteas.com
www.jamaicanteas.com

Produced by Virgen Advertising Limited