

SALADA FOODS JAMAICA LIMITED

AUDITED ACCOUNTS TO STOCKHOLDERS

The Directors are pleased to present the Audited Accounts of the Group for the year ended September 30, 2006.

For the year, gross profit at \$110.4 million was \$27 million or 33% more than the prior year's \$83.4 million. When expressed as a percentage of turnover the margin increased from 31% in September 2005 to 36.4% in September 2006. This improvement resulted largely from a combination of savings in staff related costs from the reorganisation exercise carried out in the last financial year, as well as improved operating efficiencies and increased sales.

The turnover for the year was \$302.9 million a \$34.2 million or 12.7% increase over the prior year's \$268.7 million. This increase over the corresponding period last year resulted from increases in both price and volume of sales.

The cost of sales increased by approximately 4% or \$7.3 million (from \$185.2 to \$192.5 million) when compared to the year ended September 2005. However as a percentage of sales, cost of sales decreased by 5 percentage points from 69% to 64%.

Selling & Promotional expenses of \$14.6 million was less than the previous comparative period of \$18.3 million. Administrative expenses of \$49.0 million were also less than the previous year of \$51 million. As a percentage of sales these expenses combined decreased from 26% to 21%.

Consequent to the fall in interest rates over the year, the group earned interest income of \$6.7 million compared to \$8.7 million previously - a decrease of 22.9% or \$2 million.

The reorganisation costs of \$18 million incurred in the previous year were not repeated this year.

The Group made a net profit of approximately \$36.7 million compared to \$2.7 million for the prior year, an increase of \$34 million or 1200%. This equates to earnings per share (EPS) of 3.54 cents up from 0.26 cents.

SALADA FOODS JAMAICA LIMITED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006



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To the Members of
SALADA FOODS JAMAICA LIMITED

Auditors' Report

We have audited the financial statements of Salada Foods Jamaica Limited (“the company”) as at and for the year ended September 30, 2006, set out on pages 2 to 24, and have obtained all the information and explanations which we required. The financial statements are the responsibility of the company’s management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of affairs of the group and the company as at September 30, 2006, of the changes in stockholders’ equity, profit and cash flows of the group for the year then ended, and comply with the provisions of the Companies Act, so far as concerns members of the company.

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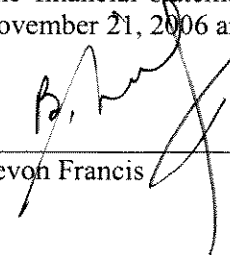
November 21, 2006

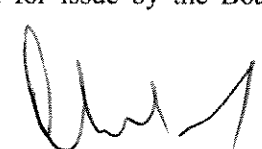
SALADA FOODS JAMAICA LIMITED

Balance Sheet
September 30, 2006

	Notes	The Group		The Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
NON-CURRENT ASSETS					
Property, plant & equipment	3	43,732	50,675	27,737	33,595
Investment in subsidiary companies	4	-	-	881	881
Deferred tax asset	5(a)	503	697	503	697
Employee benefits asset	6	<u>20,288</u>	<u>18,895</u>	<u>20,288</u>	<u>18,895</u>
		<u>64,523</u>	<u>70,267</u>	<u>49,409</u>	<u>54,068</u>
CURRENT ASSETS					
Cash and cash equivalents	7	96,405	68,279	96,405	68,279
Accounts receivable	8	29,260	23,848	29,290	23,866
Taxation recoverable		-	8,146	-	8,146
Due from subsidiary companies		-	-	299	380
Inventories	9	<u>65,600</u>	<u>57,476</u>	<u>65,600</u>	<u>57,476</u>
		<u>191,265</u>	<u>157,749</u>	<u>191,594</u>	<u>158,147</u>
TOTAL ASSETS		<u>255,788</u>	<u>228,016</u>	<u>241,003</u>	<u>212,215</u>
STOCKHOLDERS' EQUITY					
Share capital	10	5,194	5,194	5,194	5,194
Share premium		68,022	68,022	68,022	68,022
Capital reserves	11	16,275	16,275	6,543	6,543
Retained earnings		<u>115,958</u>	<u>79,033*</u>	<u>114,872</u>	<u>77,704</u>
		<u>205,449</u>	<u>168,524</u>	<u>194,631</u>	<u>157,463</u>
NON-CURRENT LIABILITIES					
Long-term loan	12	12,262	17,266	12,262	17,266
Deferred tax liability	5(b)	<u>3,967</u>	<u>4,740*</u>	-	-
		<u>16,229</u>	<u>22,006</u>	<u>12,262</u>	<u>17,266</u>
CURRENT LIABILITIES					
Bank overdraft	7	260	1,877	260	1,877
Current portion of long-term loan	12	5,512	5,354	5,512	5,354
Accounts payable	13	19,365	30,255	19,365	30,255
Taxation payable		<u>8,973</u>	-	<u>8,973</u>	-
		<u>34,110</u>	<u>37,486</u>	<u>34,110</u>	<u>37,486</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		<u>255,788</u>	<u>228,016</u>	<u>241,003</u>	<u>212,215</u>

The financial statements on pages 2 to 24 were approved for issue by the Board of Directors on November 21, 2006 and signed on its behalf by:


Bevon Francis Director


J.A. Lester Spaulding Director

*Restated.

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

SALADA FOODS JAMAICA LIMITEDGroup Income Statement
Year ended September 30, 2006

	<u>Notes</u>	<u>2006</u> \$'000	<u>2005</u> \$'000
Sales	14	302,926	268,739
Cost of sales		<u>(192,525)</u>	<u>(185,299)</u>
Gross profit		110,401	83,440
Other operating income		1,799	895
Selling and promotion expenses		(14,609)	(18,384)
Administration expenses		(49,072)	(51,109)
Reorganisation costs	18	<u> -</u>	<u>(18,560)</u>
Operating profit/ (loss) before net finance income and taxation		48,519	(3,718)
Net finance income	15	<u> 7,574</u>	<u> 9,286</u>
Profit before taxation	17	56,093	5,568
Taxation	16	<u>(19,168)</u>	<u>(2,823)</u>
Net profit attributable to members		<u> 36,925</u>	<u> 2,745</u>
Dealt with in financial statements of:			
The company		37,168	4,201
The subsidiaries		<u>(243)</u>	<u>(1,456)</u>
		<u> 36,925</u>	<u> 2,745</u>
Earnings per ordinary stock unit	19	\$ <u> 3.55</u>	<u> 0.26</u>

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

SALADA FOODS JAMAICA LIMITEDGroup Statement of Changes in Stockholders' Equity
Year ended September 30, 2006

	Share capital (Note 10) \$'000	Share premium \$'000	Capital reserves (Note 11) \$'000	Retained earnings \$'000	Total \$'000
The Group:					
Balances at September 30, 2004, as previously reported	5,194	68,022	16,275	81,028	170,519
Deferred taxation adjustment [note 5(b)]	-	-	-	(4,740)	(4,740)
As restated	5,194	68,022	16,275	76,288	165,779
Net profit, being total recognised gains, attributable to members	-	-	-	2,745	2,745
Balances at September 30, 2005, as restated	5,194	68,022	16,275	79,033	168,524
Net profit, being total recognised gains, attributable to members	-	-	-	36,925	36,925
Balances at September 30, 2006	<u>5,194</u>	<u>68,022</u>	<u>16,275</u>	<u>115,958</u>	<u>205,449</u>
Retained in the financial statements of:					
The company	5,194	68,022	6,543	114,872	194,631
The subsidiaries	-	-	9,732	1,086	10,818
Balances at September 30, 2006	<u>5,194</u>	<u>68,022</u>	<u>16,275</u>	<u>115,958</u>	<u>205,449</u>
The company	5,194	68,022	6,543	77,704	157,463
The subsidiaries	-	-	9,732	1,329	11,061
Balances at September 30, 2005	<u>5,194</u>	<u>68,022</u>	<u>16,275</u>	<u>79,033</u>	<u>168,524</u>

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

SALADA FOODS JAMAICA LIMITEDGroup Statement of Cash Flows
Year ended September 30, 2006

	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit attributable to members	36,925	2,745
Adjustments for:		
Items not involving cash:		
Depreciation	9,309	9,121
Gain on disposal of property, plant & equipment	(90)	(68)
Foreign exchange losses on long-term loans	626	210
Foreign exchange gain on cash and cash equivalents	-	(115)
Income tax expense	19,747	2,545
Deferred taxation	(579)	278
Interest income	(6,744)	(8,764)
Employee benefits asset	(1,393)	3,625
	<u>57,801</u>	<u>9,577</u>
Changes in operating assets and liabilities		
Inventories	(8,124)	(19,749)
Accounts receivable	(6,420)	16,949
Accounts payable	(10,890)	(11,249)
Cash generated/(used) from operations	32,367	(4,472)
Taxation paid	(2,628)	(10,205)
Net cash provided/(used) by operating activities	<u>29,739</u>	<u>(14,677)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	7,752	7,885
Purchase of property, plant & equipment	(3,483)	(3,165)
Proceeds from sale of property, plant & equipment	<u>1,207</u>	<u>128</u>
Net cash provided by investing activities	<u>5,476</u>	<u>4,848</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of long-term loans, being net cash used by financing activity	(5,472)	(5,305)
Net increase/(decrease) in cash and cash equivalents	29,743	(15,134)
Cash and cash equivalents at beginning of year	66,402	81,421
Exchange gain on cash and cash equivalents	-	115
Cash and cash equivalents at end of year (note 7)	<u>96,145</u>	<u>66,402</u>

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

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements
Year ended September 30, 20061. Identification

Salada Foods Jamaica Limited (“the company”), is incorporated and domiciled in Jamaica. Its principal activity is the manufacture and sale of instant coffee and roasted and ground coffee beans. The company has two wholly-owned subsidiaries, Coffee Company of Jamaica Limited and Shirriff’s (Jamaica) Limited. The company’s registered office is located at 20 Bell Road, Kingston 11, Jamaica, W.I.

The company is listed on the Jamaica Stock Exchange.

2. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the provisions of the Companies Act.

During the year under review certain new standards, interpretations and amendments to the existing standards became effective. Management has assessed that IAS 24 (Revised) Related Party Disclosures, was the only standard relevant, and appropriate additional disclosures, together with comparatives, are incorporated in these financial statements.

At the date of authorisation of the financial statements, there were certain standards and interpretations which were in issue but were not yet effective. Those which are considered relevant to the company and their effective dates are as follows:

IFRS 7	Financial Instruments: Disclosure	January 1, 2007
IAS 19 Amendment	Actuarial Gains & Losses, Group Plans and Disclosures	January 1, 2006
IAS 39 Amendment	The Fair Value Option	January 1, 2006
IAS 39 Amendment	Financial Instrument Cash Flow Hedge Accounting for Forecast Intra-group Transactions	January 1, 2006

The adoption of IAS 19 Amendment and IFRS 7 are expected to result in additional disclosures for the employee benefits asset and financial instruments respectively. Except for these additional disclosures, the adoption of these standards and interpretations are not expected to have a material impact on the financial statements.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements
Year ended September 30, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars (\$), which is the company's functional currency.

The financial statements are prepared on the historical cost basis.

Where necessary, prior year comparatives have been reclassified to conform to current year presentation.

(c) Basis of consolidation:

(i) A "subsidiary" is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The consolidated financial statements include the financial statements of the company and its wholly-owned subsidiaries, Coffee Company of Jamaica Limited and Shirriff's (Jamaica) Limited made up to September 30, 2006. The company and its subsidiaries are collectively referred to as "the group". These companies are currently dormant and the shareholdings are the same for 2006 and 2005.

(ii) Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the balance sheet 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.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Pension and other post-retirement benefits:

The amounts recognised in the balance sheet and income statement for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements
Year ended September 30, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont' d)

(d) Use of estimates and judgements (cont' d):

(i) Pension and other post-retirement benefits (cont' d):

The expected return on plan assets assumed considers the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the company's obligation; in the increase of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions will affect the amounts recorded in the financial statements for these obligations.

(ii) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment of receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

(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 period to the extent that such events confirm conditions existing at the end of the period.

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

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

(e) Property, plant & equipment:

(i) Items of property, plant & equipment are stated at historical cost or deemed cost, less accumulated depreciation and impairment losses. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont' d)

(e) Property, plant & equipment (cont' d):

(ii) Depreciation:

Depreciation is computed on a straight-line basis at annual rates estimated to write down the property, plant & equipment to their estimated residual values at the end of their expected useful lives. Annual depreciation rates are as follows:

Buildings	2.5 - 6.5%
Machinery and equipment	2.5 - 20%
Motor vehicles	20%

Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(f) Investment in subsidiary companies:

Investment in subsidiary companies are stated at cost.

(g) Employee benefits:

Employee benefits comprising pensions and other post-employment assets and obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the group's post-employment benefits asset as computed by the actuary. In carrying out their audit, the auditors make use of the work of the actuary and the actuary's report.

The Group operates a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The group's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. To the extent that the obligation is less than the fair value of scheme assets, the asset recognised is restricted to the discounted value of future benefits available to the group.

Cumulative actuarial gains or losses that exceed 10% of both the present value of the obligation and the fair value of plan assets, are recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, actuarial gains or losses are not recognised.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(g) Employee benefits (cont'd):

The discount rate is determined by reference to the yield at the balance sheet date on long-term government bonds with maturities approximating the terms of the group's obligation. The calculation is performed by a qualified actuary, using the projected unit credit method.

Employee entitlements to leave are recognised when they accrue to employees. A provision is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the balance sheet date.

(h) Inventories:

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. The cost of finished goods and work-in-progress comprises raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the FIFO principles and includes expenses incurred in acquiring and bringing them to their existing location and condition.

(i) Accounts receivable:

Trade and other receivables are stated at amortised cost, less impairment losses.

(j) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances, and include short-term deposits and other monetary instruments with maturities ranging between one and three months from balance sheet date.

Bank overdrafts, repayable on demand and forming an integral part of the group's cash management activities, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Long-term loan:

Long-term loan is recognised, initially at cost. Subsequent to initial recognition, long-term loan is recorded at amortised cost, with any difference between cost and redemption value being recognised in the income statement over the period of the loan on an effective rate basis.

(l) Accounts payable:

Trade and other payables are stated at amortised cost.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(m) Provisions:

A provision is recognised in the balance sheet when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Impairment:

The carrying amounts of the company's and its subsidiaries' assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount:

The recoverable amount of the company's and its subsidiaries' receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of receivables is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(o) Revenue:

Revenue from the sale of goods is recognised in the group income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recorded if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(p) Net finance income:

Net finance income comprises interest payable on long-term loan, calculated using the effective interest rate method, interest receivable on funds invested, material bank charges and foreign exchange gains and losses recognised in the income statement.

Interest income is recognised in the income statement account as it accrues, using the effective interest rate method.

(q) Income tax:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the group income statement account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing 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 balance sheet date.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, 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.

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

(r) Determination of profit and loss:

Profit is determined as the difference between the revenues from the goods and services rendered and the costs and other charges incurred during the year. Profits on transactions are taken in the year in which they are realised. A transaction is realised at the moment of delivery. Losses are taken in the year in which they are realised or determinable.

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 20062. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(s) Foreign currencies:

Transactions in foreign currencies are converted at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the dates that the values were determined.

(t) Related parties:

A party is related to the company, if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - (a) is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries);
 - (b) has an interest in the company that gives it significant influence over the entity; or
 - (c) has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

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

(u) Segment reporting:

A segment is a distinguishable component of the group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

More than 90% of the group's sales represent coffee products, almost all of which are sold locally. As such, the group has no separable segments for reporting.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2006

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(v) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these consolidated financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable and due from subsidiary companies. Similarly, financial liabilities include bank overdraft, accounts payable and long-term loans.

(w) Determination of fair value:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3. Property, plant & equipment

	<u>Freehold land</u> \$'000	<u>Freehold buildings</u> \$'000	<u>Machinery equipment & vehicles</u> \$'000	<u>Total</u> \$'000
(a) The Group:				
At cost or deemed cost:				
September 30, 2004	10,000	33,178	88,187	131,365
Additions	-	1,306	1,859	3,165
Disposals	-	-	(82)	(82)
September 30, 2005	10,000	34,484	89,964	134,448
Additions	-	-	3,483	3,483
Disposals	-	-	(1,732)	(1,732)
September 30, 2006	<u>10,000</u>	<u>34,484</u>	<u>91,715</u>	<u>136,199</u>
Depreciation:				
September 30, 2004	-	6,322	68,352	74,674
Charge for the year	-	2,180	6,941	9,121
Eliminated on disposals	-	-	(22)	(22)
September 30, 2005	-	8,502	75,271	83,773
Charge for the year	-	2,190	7,119	9,309
Eliminated on disposals	-	-	(615)	(615)
September 30, 2006	<u>-</u>	<u>10,692</u>	<u>81,775</u>	<u>92,467</u>
Net book value:				
September 30, 2006	<u>10,000</u>	<u>23,792</u>	<u>9,940</u>	<u>43,732</u>
September 30, 2005	<u>10,000</u>	<u>25,982</u>	<u>14,693</u>	<u>50,675</u>

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 20063. Property, plant & equipment (cont'd)

	<u>Freehold land</u> \$'000	<u>Freehold buildings</u> \$'000	<u>Machinery equipment & vehicles</u> \$'000	<u>Total</u> \$'000
(b) The Company:				
At cost or deemed cost:				
September 30, 2004	6,144	15,613	88,187	109,944
Additions	-	1,306	1,859	3,165
Disposals	-	-	(82)	(82)
September 30, 2005	6,144	16,919	89,964	113,027
Additions	-	-	3,483	3,483
Disposals	-	-	(1,732)	(1,732)
September 30, 2006	<u>6,144</u>	<u>16,919</u>	<u>91,715</u>	<u>114,778</u>
Depreciation:				
September 30, 2004	-	3,066	68,352	71,418
Charge for the year	-	1,095	6,941	8,036
Eliminated on disposals	-	-	(22)	(22)
September 30, 2005	-	4,161	75,271	79,432
Charge for the year	-	1,105	7,119	8,224
Eliminated on disposals	-	-	(615)	(615)
September 30, 2006	<u>-</u>	<u>5,266</u>	<u>81,775</u>	<u>87,041</u>
Net book values:				
September 30, 2006	<u>6,144</u>	<u>11,653</u>	<u>9,940</u>	<u>27,737</u>
September 30, 2005	<u>6,144</u>	<u>12,758</u>	<u>14,693</u>	<u>33,595</u>

- (c) Freehold land and buildings were professionally valued on a fair market value basis by Stoppi Cairney Bloomfield in September 2001. These values have been incorporated into the financial statements as deemed costs as at the date of transition to IFRS (October 1, 2001). The surpluses arising from these adjustments were credited to capital reserves (note 11).

4. Investment in subsidiary companies

Investment in subsidiary companies at year end comprises:

	<u>The Company</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Shares at cost:		
Coffee Company of Jamaica Limited	790	790
Shirriff's (Jamaica) Limited	<u>91</u>	<u>91</u>
	<u>881</u>	<u>881</u>

During the year, the company had no significant related party transactions.

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 20065. Deferred tax asset/liability

(a) Deferred tax assets and liabilities are attributable to the following:

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Deferred tax assets:		
Interest payable on FINSAC loans	5,925	7,540
Property, plant & equipment	529	-
Accrued charges	<u>873</u>	<u>611</u>
	<u>7,327</u>	<u>8,151</u>
Deferred tax liabilities:		
Employee benefits asset	(6,763)	(6,298)
Property, plant & equipment	-	(802)
Accounts receivable	(18)	(354)
Unrealised foreign exchange gains	<u>(43)</u>	<u>-</u>
	<u>(6,824)</u>	<u>(7,454)</u>
	<u>503</u>	<u>697</u>

(b) Deferred tax liability is attributable to the following:

	<u>The Group</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Property, plant & equipment	4,037	4,760
Tax value of loss carried forward	<u>(70)</u>	<u>(20)</u>
	<u>3,967</u>	<u>4,740*</u>

This represents deferred tax liability not recognised in prior years on taxable temporary differences arising in a subsidiary due to excess of carrying amount of an asset over its tax base.

All movements in temporary differences are recognised in the income statement.

At September 30, 2006, a deferred tax liability of approximately \$362,000 (2005: \$443,000*) relating to investment in subsidiaries has not been recognised, as the company controls, or significantly controls, whether any liability will be incurred and management is satisfied that it will not be incurred in the foreseeable future.

*Restated

6. Employee benefits asset

The Group operates a pension plan which provides retirement and death benefits to its employees. The plan is administered by trustees and is managed by Guardian Life Limited. Contributions to the plan are made by the company and employees based on a percentage of the employees' pensionable earnings. Retirement benefits are based on the average of the final three years' salary.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2006

6. Employee benefits asset (cont'd)

(i) The amounts recognised in the balance sheet are determined as follows:

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Fair value of plan assets	72,802	65,435
Present value of funded obligations	(10,059)	(11,808)
	62,743	53,627
Unrecognised actuarial gains	(18,585)	(14,902)
Unrecognised amount due to limitation	(23,870)	(19,830)
	<u>20,288</u>	<u>18,895</u>

(ii) The movement in the asset recognised in the balance sheet is as follows:

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
At beginning of year	18,895	22,520
Amounts recognised in the income statement	1,329	(4,749)
Contributions paid	64	1,124
At end of year	<u>20,288</u>	<u>18,895</u>

(iii) The amounts recognised in the income statement, included in staff costs are as follows:

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Interest cost	(1,609)	(2,286)
Expected return on plan assets	6,273	6,356
Net actuarial loss recognised during the year	555	(440)
Change in surplus not eligible for recognition due to limitation	(3,890)	(8,379)
At the end of the year	<u>1,329</u>	<u>(4,749)</u>

(iv) The actual return on the plan assets was \$6,521,000 (2005: \$7,777,000).

(v) The principal actuarial assumptions used were as follows:

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	%	%
Discount rate	12.0	12.5
Expected return on plan assets	9.5	9.5
Future salary increases	9.5	9.5
Future pension increases	2.5	2.5
Inflation rate	<u>8.0</u>	<u>8.0</u>

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 20067. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise:

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	\$' 000	\$' 000
Cash in hand and bank	1,951	2,014
Short term deposits [note (a)]	<u>94,454</u>	<u>66,265</u>
	96,405	68,279
Bank overdraft [note (b)]	(260)	(1,877)
	<u>96,145</u>	<u>66,402</u>

(a) The weighted average effective interest rate on short term deposits denominated in Jamaica dollars was 11.9% (2005: 12.7%) and on short term deposits denominated in United States dollars was 5.0% (2005: 5.5%), and these deposits mature within 90 days.

(b) The company and its subsidiaries do not have any bank overdraft facility. The negative balance arose from unrepresented cheques.

8. Accounts receivable

	<u>The Group</u>		<u>The Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$' 000	\$' 000	\$' 000	\$' 000
Trade receivables	17,495	14,635	17,495	14,653
Prepayments	4,830	4,954	4,830	4,954
Other receivables	<u>7,013</u>	<u>4,680</u>	<u>7,043</u>	<u>4,680</u>
	29,338	24,269	29,368	24,287
Less: allowances for doubtful debts	(78)	(421)	(78)	(421)
	<u>29,260</u>	<u>23,848</u>	<u>29,290</u>	<u>23,866</u>

9. Inventories

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	\$' 000	\$' 000
Raw and packaging material	41,380	22,551
Finished goods held for sale	16,281	17,779
Work-in-progress	3,366	12,062
Fuel, spares and consumables	<u>6,093</u>	<u>6,729</u>
	67,120	59,121
Less: provision for obsolescence	(1,520)	(1,645)
	<u>65,600</u>	<u>57,476</u>

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 200610. Share capital

	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Authorised:		
10,400,000 ordinary units of 50¢ each	<u>5,200</u>	<u>5,200</u>
Issued and fully paid:		
10,388,330 ordinary stock units of 50¢ each	<u>5,194</u>	<u>5,194</u>

Under the Companies Act 2004 (the "Act"), which became effective on February 1, 2005, all shares in issue are deemed to be shares without a par (or nominal) value, unless the company, by ordinary resolution, elects to retain its shares with a par value. The company, at its Annual General meeting held on July 14, 2005, by ordinary resolution, elected to retain the company's existing shares with a nominal or par value, and to continue to issue shares with a nominal or par value for the period of eighteen months.

11. Capital reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	\$'000	\$'000	\$'000	\$'000
Revaluation surplus on assets carried at deemed cost	14,528	14,528	4,838	4,838
Realised gains	<u>1,747</u>	<u>1,747</u>	<u>1,705</u>	<u>1,705</u>
	<u>16,275</u>	<u>16,275</u>	<u>6,543</u>	<u>6,543</u>

12. Long-term loan

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Jamaican Redevelopment Foundation, Inc.	17,774	22,620
Less: Current portion	<u>(5,512)</u>	<u>(5,354)</u>
	<u>12,262</u>	<u>17,266</u>

During 1998, the Financial Sector Adjustment Company Limited (FINSAC) took over the non-performing loan portfolio of National Commercial Bank Jamaica Limited. The terms and conditions of the loan were renegotiated, resulting in the loan being repayable within a maximum of 10 years at an interest rate of 12%.

In February 2002, the loan was sold, and servicing rights transferred to Jamaican Redevelopment Foundation, Inc. (JRF).

The loans were secured by a mortgage over land and buildings and a debenture over the fixed and floating assets of the company.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2006

12. Long-term loan (cont'd)

Based on the conditions of the loan restructuring agreement in October 1999 with Dennis Joslin Jamaica, Inc., the then servicer appointed by JRF, all accumulated unpaid interest was capitalised and a moratorium on interest payments was granted until full principal repayments have been completed. On repayment of the principal balances, outstanding interest will be repaid on a monthly basis ending 2009. No interest is charged on the unpaid interest amounts.

13. Accounts payable

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Trade payable	7,041	18,488
Accrued charges	8,797	8,210
Other payables	<u>3,527</u>	<u>3,557</u>
	<u>19,365</u>	<u>30,255</u>

14. Sales

Sales comprise the invoiced value of goods sold, net of general consumption tax, rebates and discounts.

15. Net finance income

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Bank charges	(162)	(350)
Interest income – bank deposits	6,744	8,764
Net foreign exchange gains	<u>992</u>	<u>872</u>
	<u>7,574</u>	<u>9,286</u>

16. Taxation

- (a) Taxation is based on net profit for the year adjusted for taxation purposes and represents income tax charged at 33½%.

	<u>The Group</u>	
	<u>2006</u>	<u>2005</u>
	\$'000	\$'000
Current tax expense:		
Income tax	19,408	2,545
Prior year's under provision	<u>339</u>	<u>-</u>
	19,747	2,545
Deferred taxation:		
Originating and reversal of other timing differences, net	(529)	298
Tax losses carried forward	<u>(50)</u>	<u>(20)</u>
	<u>19,168</u>	<u>2,823</u>

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 200618. Staff costs

	<u>The Group and the Company</u>	
	<u>2006</u>	<u>2005</u>
	<u>\$'000</u>	<u>\$'000</u>
Salaries and wages	50,326	56,001
Statutory contributions	4,738	5,470
Pension costs (note 6)	(1,329)	4,749
Redundancy	-	16,087
Staff welfare	<u>5,240</u>	<u>12,196</u>
	<u>58,975</u>	<u>94,503</u>
Number of employees:		
Full time	<u>8</u>	<u>8</u>

In the prior year, reorganisation costs represents redundancy, legal and consultation costs incurred in relation to preparation of strategic business plan and reorganisation of company's operations.

19. Earnings per ordinary stock unit

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

	<u>2006</u>	<u>2005</u>
Net profit attributable to shareholders (\$'000)	<u>36,925</u>	<u>2,745</u>
Weighted average number of stock units in issue ('000)	<u>10,388</u>	<u>10,388</u>
Basic earnings per stock unit (\$)	<u>3.55</u>	<u>0.26</u>

The company has no potential dilutive ordinary shares.

20. Contingent liability

At September 30, 2006, there was a disputed amount of approximately \$2.5 million due to a supplier, based on the suppliers' confirmation, for which no provision has been made in the financial statements.

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 200621. Financial instruments

(a) Financial instrument risks:

Exposure to credit, interest rate, foreign currency, market, liquidity and cash flow risks arises in the ordinary course of the group's business. Derivative financial instruments are presently not used to manage, mitigate or eliminate exposure to fluctuations in interest and foreign exchange rates.

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The group generally does not require collateral in respect of non-cash financial assets. Management has a credit policy in place to minimise exposure to credit risk. Credit evaluations are performed on all customers requiring credit. Cash and cash equivalents are placed with substantial counter-parties who are believed to have minimal risk of default.

At balance sheet date, there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(ii) Interest rate risk:

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

The group materially contracts financial liabilities at fixed interest rates for the duration of the term. When utilised, bank overdrafts are subject to fixed interest rates which may be varied by appropriate notice by the lender. At September 30, 2006 and 2005, there were no financial liabilities subject to fixed interest rate risk. However, the Group has interest-bearing assets as disclosed in note 7.

(iii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The group is exposed to significant foreign currency risk, primarily on purchases that are denominated in a currency other than the Jamaica dollar.

The main foreign currency risks of the group are denominated in United States dollars (US\$), which is the principal intervening currency for the group.

The group jointly manages foreign exchange exposure by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

At September 30, 2006, the group had net foreign currency assets aggregating approximately US\$1,110,398 (2005: US\$520,406).

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 200621. Financial instruments (cont'd)

(a) Financial instrument risks: (cont'd)

(iii) Foreign currency risk (cont'd):

Exchange rates for the US dollar, in terms of Jamaica dollars, were as follows:

At September 30, 2005:	\$62.60
At September 30, 2006:	\$65.90
At November 21, 2006:	\$66.83

(iv) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The group has no exposure to market risk as there are no traded securities.

(v) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities. The management of the group maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

(vi) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The group manages this risk through budgetary measures, ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(b) Fair value disclosure:

The fair values of amounts disclosed as cash and cash equivalents, accounts receivable and accounts payable approximate to their carrying value due to their short-term nature. Long-term loans are carried to their contracted settlement value. Amounts due from subsidiaries are considered to approximate their carrying value as they represent an ability to effect set-offs in future in the amounts disclosed.