Salada

SALADA FOODS JAMAICA LIMITED

Annual Report 2009

Organization

DIRECTORS:

John Bell	-	Chairman
Michael Bernard		
Jeffrey Cobham		
Oliver Holmes		
Keshia Nelson-Brown		
John Rosen	-	Managing Director
Eric Stultz		

SECRETARY:
M. Olivia Glover

ATTORNEYS-AT-LAW:
Livingston, Alexander & Levy
72 Harbour Street
Kingston

BANKERS:
National Commercial Bank Jamaica Limited
211 Hagley Park Road
Kingston 11

AUDITORS:
KPMG
The Victoria Mutual Building
6 Duke Street
Kingston

REGISTRAR & TRANSFER AGENTS:
Duke Corporation Limited
Scotiabank Centre, Duke Street
Kingston

REGISTERED OFFICE:
20 Bell Road, P.O. Box 71, Kingston 11
Tel: (876) 923-7114-6
Fax: (876) 923-5336
Website: http://www.saladafoodsjamaica.com
E-mail: info@saladafoodsjamaica.com

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Mission Statement

Salada

Salada is committed to manufacturing products of the highest quality at the most competitive prices for both the local and export markets.

Salada, by its commitment, endeavours to improve the quality of life of its employees, optimize the returns to its shareholders and contribute to the well being of the communities we serve in Jamaica and elsewhere.

Notice of Meeting

Notice is hereby given that the Forty-fifth Annual General Meeting of the above-named Company will be held on the 28th day of January, 2010 at 3:00 pm at the Hilton Kingston Hotel, 77 Knutsford Boulevard, Kingston 5, for the following purposes:

1. Audited Accounts

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

   "THAT the Audited Accounts for the year ended 30 September 2009 and the report of the Directors and Auditors thereon, be and are hereby received and adopted.

2 To approve and ratify dividend paid

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

   THAT the dividend of $0.30 cents paid on December 14, 2009, be and is hereby ratified.

3 Election of Directors

   To consider and if thought fit pass the following ordinary resolutions:

   "THAT retiring Director Mr. Michael Bernard, be and is hereby re-elected a Director of the Company."

   "THAT retiring Director Mr. Jeffrey Cobham, be and is hereby re-elected a Director of the Company."

4. To fix the remuneration of the Auditors:

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

   "That the remuneration of the Auditors, KPMG, who have signified their willingness to continue in office, be fixed by the Directors of the Company.

NOTES

1. A member eligible to attend and vote at a General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy, so appointed, need not be a member of the Company.

2 All members are entitled to attend and vote at the meeting.

3. Enclosed is a form of proxy which must be deposited with the Secretary, at the Registered Office of the Company not less than forty-eight hours before the time appointed for holding the meeting.

DATED this 20th day of November 2009
BY ORDER OF THE BOARD

....
M. Olivia Glover
COMPANY SECRETARY

Five Year Summary

CONSOLIDATED PROFIT AND LOSS ACCOUNT **Year ended 30th September**	**2009**	**2008**	**2007**	**2006**	**Restated** **2005**
	$'000	$'000	$'000	$'000	$'000
TURNOVER	432,425	393,802	342,751	302,926	268,739
COST OF SALES	234,776	230,980	201,108	192,525	185,299
GROSS PROFIT	197,649	162,822	141,643	110,401	83,440
NET EXPENSES	75,178	72,273	55,877	54,372	78,932
(Excluding Depreciation)					
DEPRECIATION	3,473	6,352	8,881	9,309	9,121
PROFIT BEFORE TAX	161,838	114,034	102,834	56,093	5,568
TAXATION	53,643	38,706	34,668	19,168	2,823
PROFIT RETAINED	108,195	75,328	68,166	36,925	2,745
Parent Company	108,919	76,052	68,561	37,168	4,201
Subsidiary	(724)	(724)	(395)	(243)	(1,456)

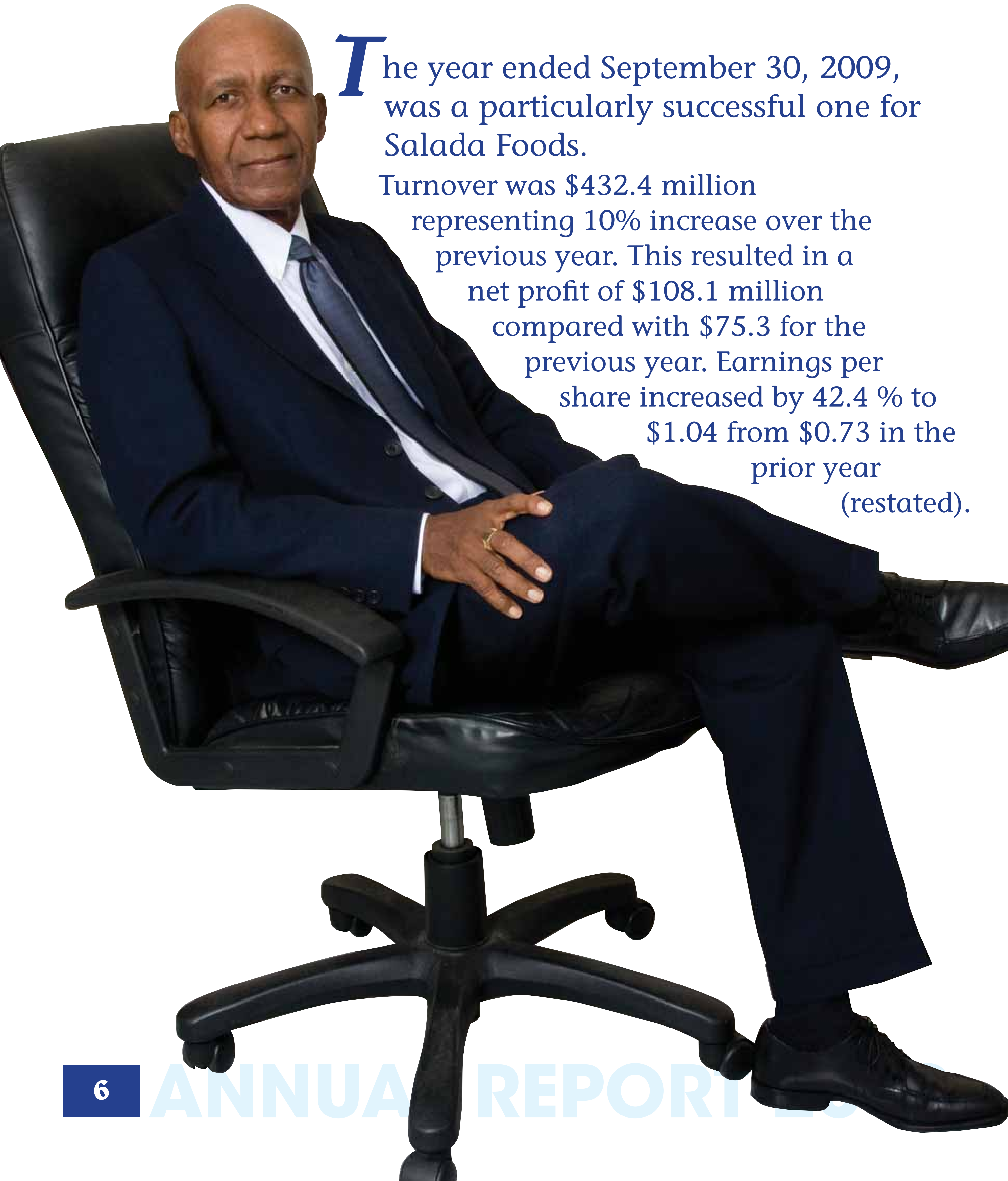
CONSOLIDATED BALANCE SHEET **As at 30th September**					
CAPITAL EMPLOYED					
Share Capital	73,216	73,216	73,216	5,194	5,194
Capital Reserve	16,275	16,275	16,275	16,275	16,275
Accumulated Surplus	367,647	259,452	184,124	115,958	79,033
Share Premium	-	-	-	68,022	68,022
LONG TERM LIABILITIES					
Deferred Tax Liability	12,076	8,290	5,377	3,967	4,740
Long Term Loan	-	1,311	7,211	12,262	17,266
FUNDS EMPLOYED	469,214	358,544	286,203	221,678	190,530
REPRESENTED BY:					
Fixed Assets & Investments	62,996	63,580	60,687	64,523	70,267
Net Current Assets	406,218	294,964	225,516	157,155	120,263
NET WORTH	469,214	358,544	286,203	221,678	190,530

ORDINARY SHARES ISSUED (thousands)	103,883	10,388	10,388	10,388	10,388
ORDINARY SHARES AUTHORISED (thousands)	500,000	10,400	10,400	10,400	10,400
			Restated		
EARNING PER STOCK UNIT (dollars)	1.04	0.73	0.66	0.35	0.03

STATISTICS

As at 30th September	2009	2008	2007	2006	2005
		Restated			
SHAREHOLDERS FUNDS					
Per Ordinary Stock (dollars)	4.40	3.36	2.63	1.67	1.67
RETURN ON ASSETS					
Profit after Tax/Net Assets	23.06%	21.00%	23.82%	16.66%	1.44%
GEARING					
Borrowing /Reserves	0.75%	2.04%	4.66%	8.65%	13.42%
COST OF SALE TO SALES	54.29%	58.65%	58.67%	63.56%	68.95%
NET PROFIT TO SALES	25.02%	19.12%	19.89%	12.19%	1.02%
CHANGE IN TURNOVER	9.81%	14.89%	13.15%	12.72%	7.94%
GROSS PROFIT CHANGE	21.39%	14.95%	28.30%	32.31%	-8.72%
COST OF SALES CHANGE	1.64%	14.85%	4.50%	3.90%	12.45%

Chairman's Statement



The year ended September 30, 2009, was a particularly successful one for Salada Foods.

Turnover was $432.4 million representing 10% increase over the previous year. This resulted in a net profit of $108.1 million compared with $75.3 for the previous year. Earnings per share increased by 42.4 % to $1.04 from $0.73 in the prior year (restated).

In the early part of the year the company completed the process of a Stock Split of nine shares for every one held, with the intention of bringing increased liquidity and trading to our stock. The Stock Split became effective on November 14, 2008.

In the area of production, efficiences in our plant operations resulted in a reduction in our cost of sales ratio and consequently an improvement in our gross profit percentage by 4.4 points to 45.7%.

In the middle of the year, the company changed its distribution arrangements moving from a small number of distributors to a single distributor. This new arrangement took effect on April 1, 2009. Under this arrangement there is also a commitment for combined increased and shared marketing efforts and costs on the part of both manufacturer and distributor. We are of the opinion that this agreement was beneficial in maintaining levels of sales during the year in an otherwise declining retail sector and will continue to do so.

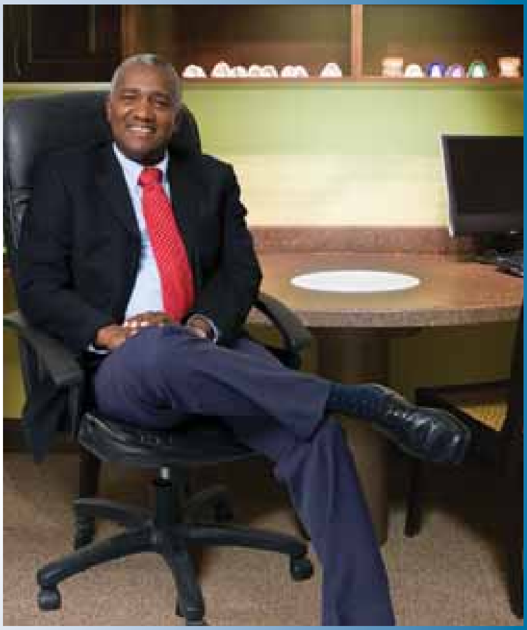
In terms of investment activities, net finance income increased to $36.6 million from $21.1 million, an increase of 73.4%. This was the result of higher interest rates which prevailed for most of the year combined with improved collections and better treasury management.

We are aware that the challenges experienced in 2009 will continue for some time. However, we look forward to the new year with eagerness, confident in the belief that our current strategies are optimal in the circumstances and with proper execution on the part of management and staff, who we once again thank for their outstanding efforts and performance during the year, will allow us to succeed in positioning the company for the years ahead.

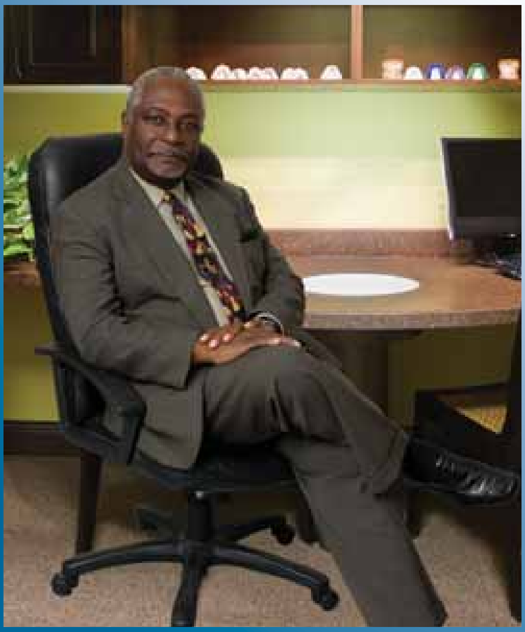
John Bell
CHAIRMAN

Board of Directors

John Bell
holds a Bachelor's degree in Economics and Accounting from the University of the West Indies and is a Fellow of the Institute of Chartered Accountants of Jamaica and the Association of Chartered Certified Accountants of Great Britain. Mr. Bell is also a director on the Board of other companies



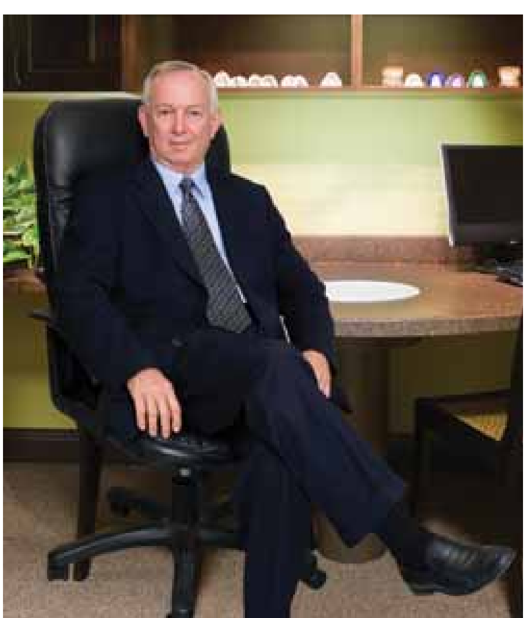
Michael Bernard
M.B.A. – Harvard Business School;
BSc. – Forest Management,
(summa cum laude),
B.A. – Business Administration,
(summa cum laude)
Washington State University,
Managing Director Carreras Group Limited.
Director on the Board of other companies.



Jeffrey Cobham
B.A. (Hons.) Dip. Mgmt. Studies, Business Consultant, Director on the Board of other companies and charitable organizations.

Oliver Holmes
MSc. Accounting, BSc. Management Studies,
Investment Banker, Managing Director,
Capital Options Limited,
Director on the Board of other
companies.

Keshia Nelson-Brown
ACCA, Graduate of UTech.,
Group Compliance Manager,
Ideal Group of Companies.



John Rosen
H.N.D. Mechanical Engineer, U.K.

Eric George Stultz
Graduate of
St. Georges College,
General Manager of
Baking Enterprises Ltd.

Directors' Report

The Directors take pleasure in submitting their report for the year ended September 30, 2009. Profit before tax was $161.8 million compared with $114.0 million for the year ended September 30, 2008, an increase of 41.9%. Turnover was $432.4 million or 9.8% over the previous year of $393.8 million. Net profit attributable to Stockholders was $108.1 million compared with the previous year's $75.3 million. Earnings per share were $1.04, an increase of 42.5% over 2008 of $0.73.

FINANCIAL RESULTS	**$'000**
Profit before taxation	161,838
Taxation	53,643
Net Profit	108,195
Accumulated Surplus at beginning of year	259,452
Accumulated Surplus at end of year	367,647
Earnings per Ordinary Stock Unit	1.04

Details of the results for the period were approved by the Board on November 17, 2009 and a comparison with the previous year is set out in the Group Income Statement on page 23.

DIVIDENDS

The Directors did not recommend that a dividend be paid to shareholders for the year ended September 30, 2009.

Subsequent to the year-end the Directors declared that a dividend of 30 cents per stock unit will be paid on December 14, 2009.

DIRECTORS

Pursuant to Article 72 of the Articles of Association, one-third of the Directors other than the Managing Director, Mr. John Rosen, shall retire. The Directors retiring under this article are Messrs. Michael Bernard and Jeffrey Cobham and being eligible, offer themselves for re-election.

DATED this 20th day of November, 2009
BY ORDER OF THE BOARD

M. Olivia Glover
SECRETARY

Audit Committee

The role of the Audit Committee is to assist the Board by giving oversight to the financial reporting and the auditing process of the company's financial affairs.

The members of this committee are: Messrs. Jeffrey Cobham, Chairman, John Bell, Michael Bernard and Oliver Holmes. Messrs. John Rosen, Managing Director, Kevin Price, Financial Controller, and Miss M. Olivia Glover, Company Secretary attend as invitees. Two members of the committee shall form a quorum.

During the year three (3) meetings were held. The Committee reviews the unaudited quarterly financials and the Audited financials prior to these being referred for Board approval. Where necessary discussions were held with the auditors on the year-end accounts.

The key responsibilities of this committee are:

- To monitor and ensure that the integrity of the financials is maintained.
- To ensure that proper accounting standards are complied with.
- That internal controls and systems are in place.

Corporate Governance Committee

This committee establishes a code of conduct which governs the principles and Best Practices with which the Company will comply.

The committee was appointed by the Board to give oversight and support to the Board and Management in the administration of its responsibilities and to effectively carry out its mandate.

The committee consists of three (3) members: Messrs. John Bell, Chairman, Jeffrey Cobham and Mrs. Keshia Nelson-Brown. Two members of the Committee form a quorum. John Rosen, Managing Director and Miss M. Olivia Glover, Company Secretary, attend as invitees.

The Committee meets on a quarterly basis or where it is deemed necessary to do so. During the year 2009 four (4) meetings were held.

The Committee will endeavour to:

- Carry out periodic review of the principles of good Corporate Governance
- Manage and contain risks.
- Make timely disclosure to its Stockholders/Stakeholders and other regulatory bodies.
- Ensure a formal and transparent compensation/remuneration policy for Executives, Directors and Senior Management.
- Monitor as appropriate, directors orientation to update the skills and knowledge required to fulfill their roles both on the Board and Committee.

Managers

Roland O'Connor
Maintanance Engineer
BEng. (Bachelor in Engineering)
Electrical Engineering (Power)
Diploma Electrical Engineering
(Power) Certified Electrician

Hugh Cooper
Cost Accountant
BSc Accounting and Management
Dip. BA

Lorna Lewis
Production Manager
M.B.A., BSc. Chem., (Hons.)
Dip. Mgnt. Studies

M. Olivia Glover
Company Secretary
LLB. (Hons.),

Kevin Price
Financial Controller
M.B.A., Banking & Finance,
BSc. Accounting &
Management Studies

Winston Butler
Plant Manager
H.N.C. Mechanical
Eng.,C.A.S.T

John Rosen
Managing Director
H.N.D.Mechanical Eng., U.K.

Bernadette Wong
Sales & Marketing Director
B.A. (Bus. Admin.), Dip. Marketing

Management Discussion & Analysis

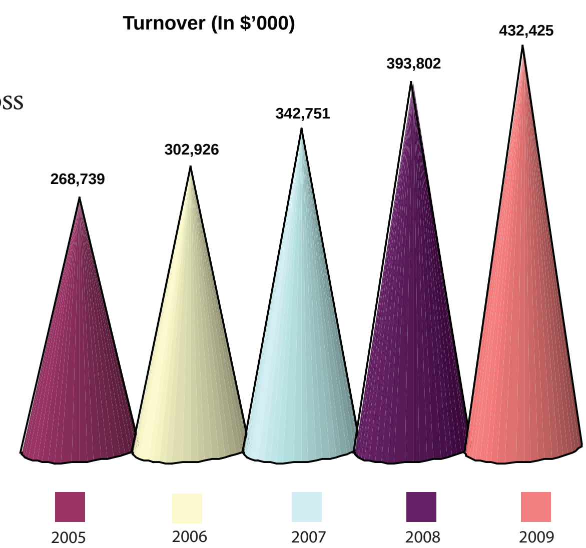
Performance Summary

Turnover was $432.4 million (2007-2008: $393.8 million) representing an increase of $38.6 million or 9.8% more than 2007-2008. The increase was driven by our new marketing arrangement with our exclusive distributors and the price increase we necessarily had to take.

The devaluation of the Jamaican Dollar to the United States Dollar (USD) had a favourable impact on export revenue, as export sales are all invoiced in USD.

Trading profit was $125.2 million, representing a 34.9% year-on-year increase, primarily driven by the growth in gross profit and improvements in production efficiencies. The net profit attributable to Shareholders was $108.1 million (2007-2008: $75.3 million), resulting in earnings per stock unit of 1.04 cents (2007-2008: 0.73 cents).

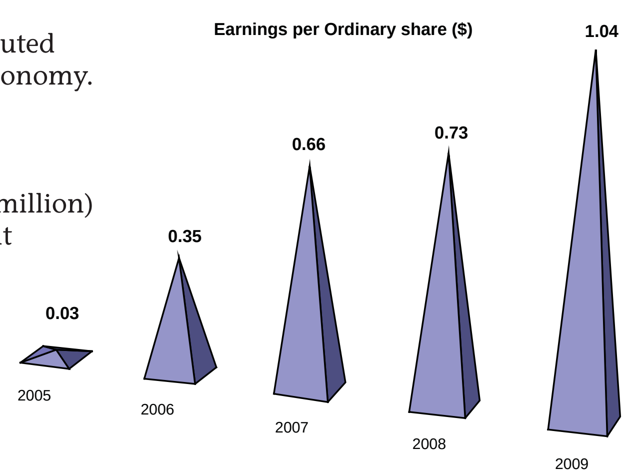
The Company declared dividends of $31.2 million which translated to 30 cents per stock Unit.



Volume Performance

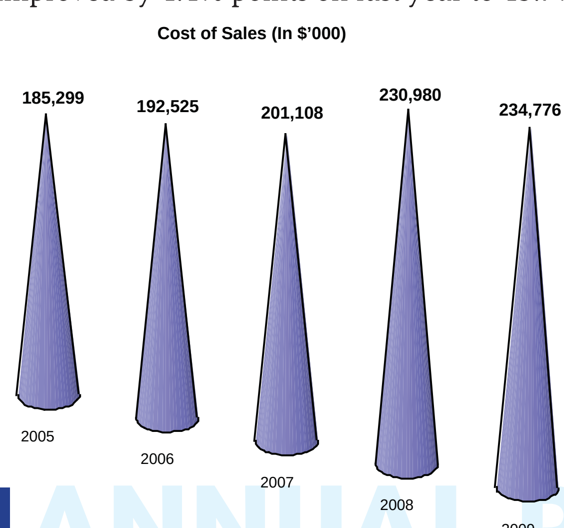
Total Sales Volume was 4.56% lower than last year. The decline in the domestic market reflects the economic climate and its adverse impact on consumers' disposable income.

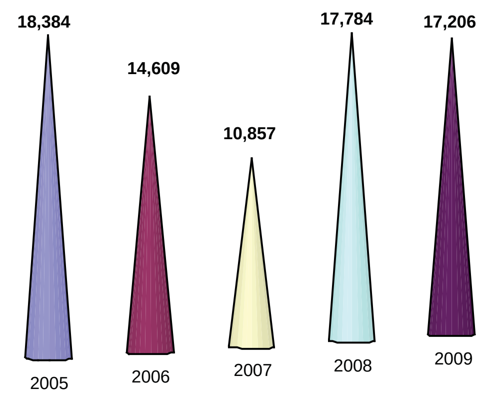
Total Export volumes also showed a decline. This was attributed to increased competition and the downturn in the global economy.



Cost of Sales

Cost of Sales increased to $234.8 million (2007-2008: $231 million) representing a 1.6% increase over the prior year. Gross Profit Margin improved by 4.4% points on last year to 45.7%.





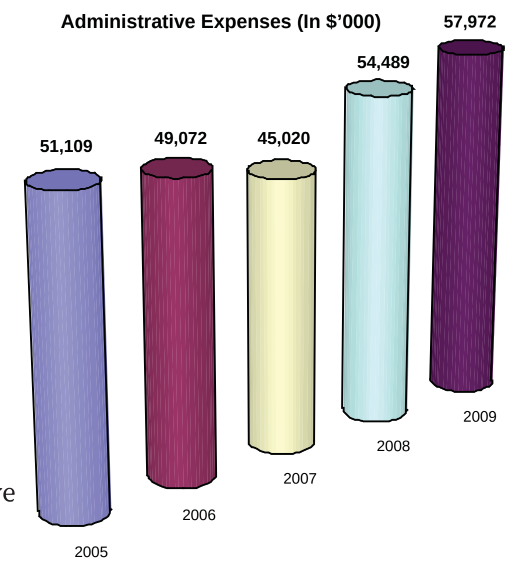
Marketing Costs

During the year, The Company changed its distributorship arrangement, opting to appoint a Sole Distributor. Marketing and Promotion expenses showed a decrease of 3.9% over the previous year, as our Distributor now shares in these costs.

Administrative Expenses

General Administrative Expenses were $58 million (2007-2008: $54.5 million), showing an increase of 6.4%. This increase was below the prevailing rate of inflation.

General Administration Expenses as a percentage of turnover improved to 13% (2007-2008: 14%).



Risk Management

The Company continues to follow a comprehensive approach to risk management. The key risk factors facing the business are reviewed at both an Operational and Executive Level and subsequently approved by the Audit Committee on a quarterly basis.

Corporate Social Responsibility

During the year, The Company continued its commitment by contributing to a number of worthy causes. In addition, we have adopted a Basic School in our Community.

Future Strategy

As we look to the new Financial Year, the economic outlook remains challenging, with local industries struggling and our consumers' disposable income levels highly vulnerable. Our future is dependent on ensuring that all costs are tightly managed and all expenditures generate maximum returns.

Our strategy to weather this economic downturn is to focus on four key areas:

1. Increased brand awareness through:

    a) Packaging Upgrades
    b) Maximum Distribution
    c) New Website

2. Identification and development of new export markets.

3. Diversification of product line geared for export.

4. Management of funds on deposit.

I would like to thank our employees for their continued commitment and performance during the year; also to acknowledge the part played by our customers, suppliers and distributor, in supporting our business and its products.

John Rosen
Managing Director

Shareholdings

As at September 30 2009

DIRECTORS

John Bell	Nil
Michael Bernard	Nil
Jeffrey Cobham	Nil
Oliver Holmes	Nil
Keshia Nelson-Brown	Nil
John Rosen	Nil
Eric Stultz	Nil

SENIOR PERSONS

Winston Butler	Nil
M. Olivia Glover	Nil
Kevin Price	Nil
John Rosen	Nil
Bernadette Wong	Nil

TEN LARGEST SHAREHOLDERS

Resource In Motion Limited	58,690,760
Advantage General Insurance Lmited	8,988,120
Donwis Limited	7,499,400
Stocks and Securities Limited (ALPHA)	4,371,690
Ideal Betting Company Limited	2,755,310
Ideal Group Corporation Limited	2,726,000
Ideal Financial Corporation Limited	2,620,000
Ideal Portfolio Services Company Limited	2,503,000
Donovan A. Lewis	1,677,400
Tekodoo Investments Ltd.	1,181,310

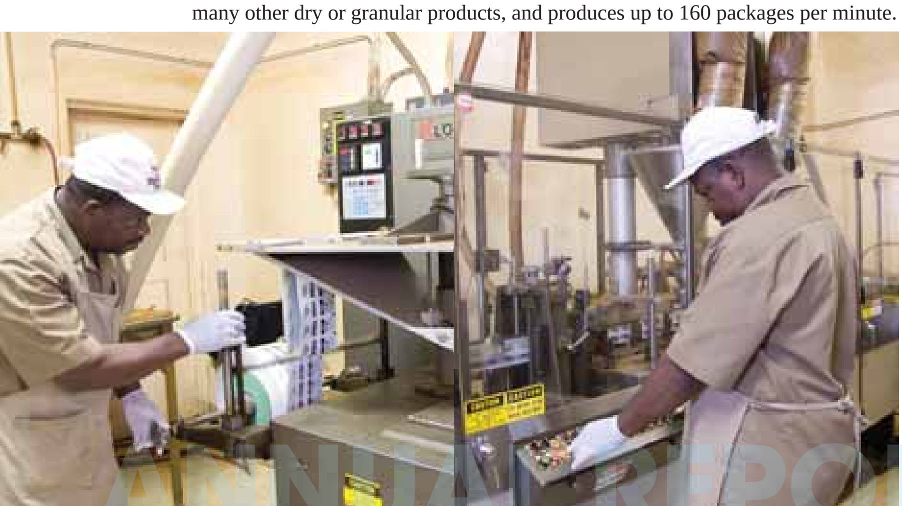
The Plant

Spray drying tower – The Spray drying tower protects delicate equipment from the elements. It is used to spray dry liquid coffee to powder.

This Albro powder filler is used in our bottling area to fill all three sizes of our coffee bottles, i.e., 170g, 100g and 56g.

Here the operators are manning the line.

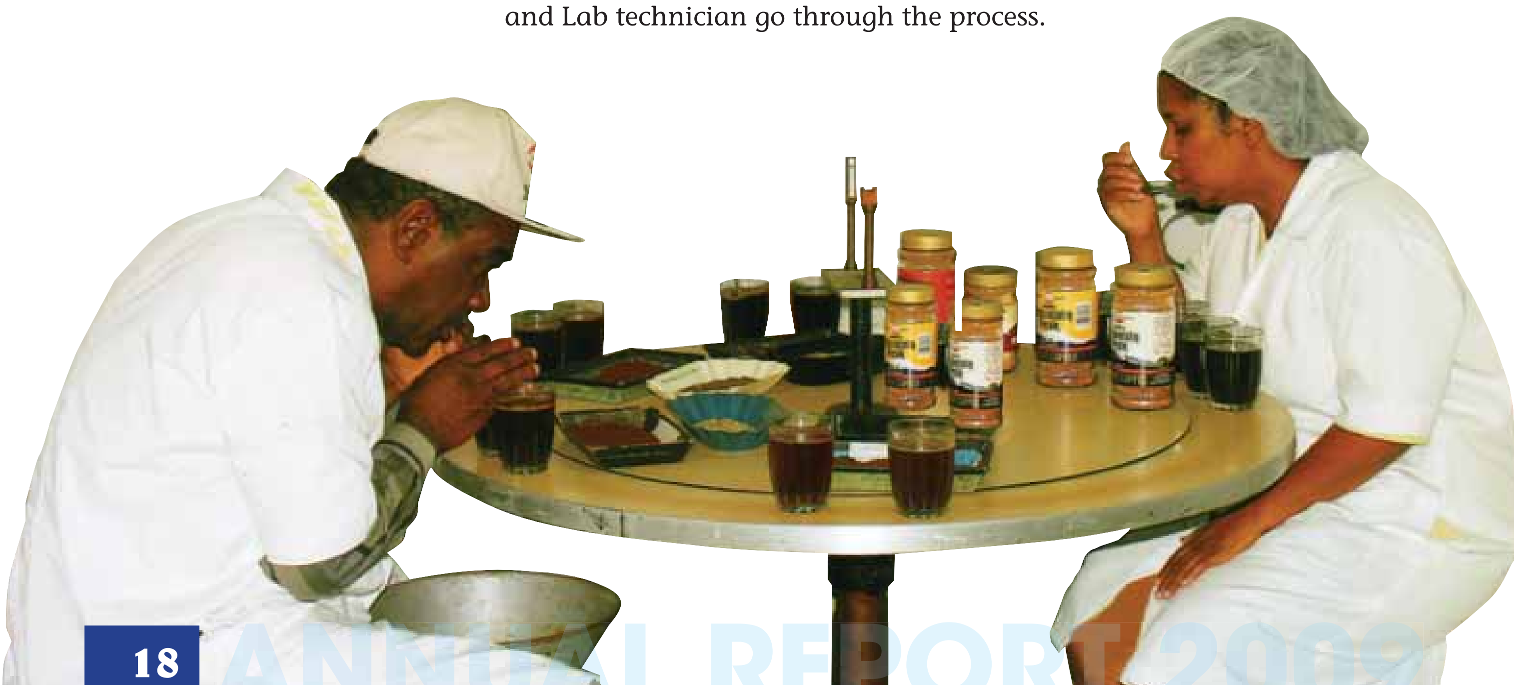
Here is our IM7 automatic form, fill and seal packaging machine being prepared by the operator to start packaging our One-cup Mountain Peak coffee sachets. This machine is also able to package many other dry or granular products, and produces up to 160 packages per minute.



The Laboratory

Sensory evaluation plays a critical role in the selection of coffee beans used to manufacture our coffee products. Here a laboratory roaster is used to roast the coffee beans for preparing pre-shipment samples for cupping. This evaluation is done routinely before the purchasing of all batches of coffee beans. The evaluation exercise is also carried out at the receival stage and for every batch of coffee beans roasted in our plant.

This process requires special training, and here our Plant manager, Production manager and Lab technician go through the process.



Outreach

Outreach Project - The Jebb Memorial Basic School on Spanish Town Road was adopted in 1990. Salada continues to supply food on a monthly basis and contributes to its needs, when they arise.

KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

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e-Mail: firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Financial Statements

We have audited the financial statements of Salada Foods Jamaica Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group") set out on pages 22 to 52 which comprise the company's and the group's balance sheets as at September 30, 2009, the company's and the group's statements of income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and consistently applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Chartered Accountants
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Kingston
Jamaica, W.I.

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Fax + 1(876) 922-7198
+ 1(876) 922-4500
e-Mail: firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Financial Statements (Cont'd)

Opinion

In our opinion, the financial statements give a true and fair view of the financial positions of the company and the group as at September 30, 2009, and of the company's and the group's financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the provision of the Jamaican Companies Act, so far as concerns members of the company.

Report on additional requirements of 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 and the financial statements, which are in agreement with the accounting records, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

November 17, 2009

Balance Sheet

September 30, 2009

	Notes	The Group 2009 $'000	The Group 2008 $'000	The Company 2009 $'000	The Company 2008 $'000
NON-CURRENT ASSETS					
Property, plant & equipment	3	31,794	34,183	19,057	20,360
Investment in subsidiary companies	4	-	-	881	881
Employee benefits asset	5	31,202	29,397	31,202	29,397
		62,996	63,580	51,140	50,638
CURRENT ASSETS					
Cash and cash equivalents	6	275,675	163,827	275,675	163,827
Accounts receivable	7	79,705	73,258	79,705	73,258
Inventories	8	108,514	100,417	108,514	100,417
		463,894	337,502	463,894	337,502
TOTAL ASSETS		526,890	401,082	515,034	388,140
STOCKHOLDERS' EQUITY					
Share capital	9	73,216	73,216	73,216	73,216
Capital reserves	10	16,275	16,275	6,543	6,543
Retained earnings		367,647	259,452	368,404	259,485
		457,138	348,943	448,163	339,244
NON-CURRENT LIABILITIES					
Long-term loan	11	-	1,311	-	1,311
Deferred tax liabilities	12	12,076	8,290	9,195	5,047
		12,076	9,601	9,195	6,358
CURRENT LIABILITIES					
Current portion of long-term loan	11	3,447	5,842	3,447	5,842
Accounts payable	13	39,451	35,668	39,451	35,668
Taxation payable		14,778	1,028	14,778	1,028
		57,676	42,538	57,676	42,538
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		526,890	401,082	515,034	388,140

The financial statements on pages 22 to 52 were approved for issue by the Board of Directors on November 17, 2009 and signed on its behalf by:

_______________ Chairman
John Bell

_______________ Director
Jeffrey Cobham

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

Group Income Statement

Year ended September 30, 2009

	Notes	2009 $'000	2008 $'000
Sales	14	432,425	393,802
Cost of sales		(234,776)	(230,980)
Gross profit		197,649	162,822
Other operating income		2,773	2,318
Selling and promotion expenses		(17,206)	(17,784)
Administration expenses		(57,972)	(54,489)
Operating profit before net finance income and taxation		125,244	92,867
Finance income	15	39,180	21,539
Finance costs	15	(2,586)	(372)
Net finance income	15	36,594	21,167
Profit before taxation	17	161,838	114,034
Taxation	16	(53,643)	(38,706)
Net profit attributable to members		108,195	75,328
Dealt with in financial statements of:			
The company		108,919	76,052
The subsidiaries		(724)	(724)
		108,195	75,328
Earnings per ordinary stock unit	19	$ 1.04	0.73*

* Restated (see note19).

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

Group Income Statement of changes in Stockholder's Equity

Year ended September 30, 2009

	Share capital (Note 9) $'000	Capital reserves (Note 10) $'000	Retained earnings $'000	Total $'000
Balances at September 30, 2007	73,216	16,275	184,124	273,615
Net profit , being total recognised gains, attributable to members	-	-	75,328	75,328
Balances at September 30, 2008	73,216	16,275	259,452	348,943
Net profit , being total recognised gains, attributable to members	-	-	108,195	108,195
Balances at September 30, 2009	73,216	16,275	367,647	457,138
Retained in the financial statements of:				
The company	73,216	6,543	368,404	448,163
The subsidiaries	-	9,732	(757)	8,975
Balance at September 30, 2009	73,216	16,275	367,647	457,138
The company	73,216	6,543	259,485	339,244
The subsidiaries	-	9,732	(33)	9,699
Balances at September 30, 2008	73,216	16,275	259,452	348,943

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

Group Statement of Cash Flows

Year ended September 30, 2009

	2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	108,195	75,328
Adjustments for:		
Items not involving cash:		
Depreciation	3,473	6,352
Foreign exchange losses on long-term loans	798	190
Income tax expense	49,857	35,793
Deferred taxation	3,786	2,913
Interest income	(37,162)	(20,607)
Employee benefits asset	(1,805)	(4,312)
	127,142	95,657
Changes in operating assets and liabilities:		
Inventories	(8,097)	(46,264)
Accounts receivable	(1,380)	(22,148)
Accounts payable	3,783	8,447
Cash generated from operations	121,448	35,692
Taxation paid	(36,107)	(43,330)
Net cash provided/(used) by operating activities	85,341	(7,638)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	32,095	19,485
Purchase of property, plant & equipment	(1,084)	(4,933)
Net cash provided by investing activities	31,011	14,552
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of long-term loans, being net cash used by financing activity	(4,504)	(5,782)
Net increase in cash and cash equivalents	111,848	1,132
Cash and cash equivalents at beginning of year	163,827	162,695
Cash and cash equivalents at end of year (note 6)	275,675	163,827

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

Company Income Statement

Year ended September 30, 2009

	Notes	2009 $'000	2008 $'000
Sales	14	432,425	393,802
Cost of sales		(234,776)	(230,980)
Gross profit		197,649	162,822
Other operating income		2,773	2,318
Selling and promotion expenses		(17,206)	(17,784)
Administration expenses		(56,886)	(53,403)
Operating profit before net finance income and taxation		126,330	93,953
Finance income	15	39,180	21,539
Finance costs	15	(2,586)	(372)
Net finance income	15	36,594	21,167
Profit before taxation	17	162,924	115,120
Taxation	16	(54,005)	(39,068)
Net profit for the year		108,919	76,052

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

Company Statement of Changes in Stockholdes' Equity

Year ended September 30, 2009

	Share capital (Note 9) $'000	Capital reserves (Note 10) $'000	Retained earnings $'000	Total $'000
Balances at September 30, 2007	73,216	6,543	183,433	263,192
Net profit for the year, being total recognised gains	-	-	76,052	76,052
Balances at September 30, 2008	73,216	6,543	259,485	339,244
Net profit for the year, being total recognised gains	-	-	108,919	108,919
Balances at September 30, 2009	73,216	6,543	368,404	448,163

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

Company Statement of Cash Flows

Year ended September 30, 2009

	2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	108,919	76,052
Adjustments for:		
Items not involving cash:		
Depreciation	2,387	5,266
Foreign exchange losses on long-term loans	798	190
Income tax expense	49,857	35,793
Deferred taxation	4,148	3,275
Interest income	(37,162)	(20,607)
Employee benefits asset	(1,805)	(4,312)
	127,142	95,657
Changes in operating assets and liabilities:		
Inventories	(8,097)	(46,264)
Accounts receivable	(1,380)	(22,148)
Accounts payable	3,783	8,447
Cash generated from operations	121,448	35,692
Taxation paid	(36,107)	(43,330)
Net cash provided/(used) by operating activities	85,341	(7,638)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	32,095	19,485
Purchase of property, plant & equipment	(1,084)	(4,933)
Net cash provided by investing activities	31,011	14,552
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of long-term loans, being net cash used by financing activity	(4,504)	(5,782)
Net increase in cash and cash equivalents	111,848	1,132
Cash and cash equivalents at beginning of year	163,827	162,695
Cash and cash equivalents at end of year (note 6)	275,675	163,827

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

Notes to the Financial Statement

Year ended September 30, 2009

1. Identification

Salada Foods Jamaica Limited ("the company"), is incorporated and domiciled in Jamaica. Its principal activity is the manufacture and sale of instant coffee 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.

A shareholder of the company controls 76% of the voting rights in the company.

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, and comply with the provisions of the Jamaican Companies Act.

At the date of authorisation of the financial statements the following new standards, amendments to standards and interpretations, which were in issue, are not yet effective and have not been applied in preparing these financial statements:

- *IFRS 8, Operating Segments* (effective January 1, 2009) introduces the "management approach" to segment reporting. IFRS 8 will require the disclosure of segment information based on the internal reports regularly reviewed by the group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.

- *IAS 23, Revised – Borrowing Costs (*effective January 1, 2009) allows the removal of the option of immediately recognising all borrowing costs as an expense. The standard requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset.

- *Amendments to IFRS 7 Financial Instruments: Disclosures* (effective January 1, 2009). The amendments require enhanced disclosure in respect of two aspects: disclosures over fair value measurement for financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk, to address currently diversity in practice. The company is assessing the impact that the revised standard will have on the financial statements.

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

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

(a) Statement of compliance (cont'd):

- *Revised IAS 1 – Presentation of Financial Statements* (effective January 1, 2009) requires presentation of all non-owner changes in equity in one or two statements either in a single statement of comprehensive income, or in an income statement plus in a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and disclosure of dividends and related per share amounts be disclosed on the face of the statement of changes in equity or in the notes.

- *Amendments to IAS 32 Financial instruments: Presentation* (effective January 1, 2009). The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification.

The adoption of IFRS 8, IFRS 7, IAS 1 revised, IAS 23 revised and amendments to IAS 32 may result in adjustments and additional disclosures to the 2010 financial statements. Management has not completed its evaluation of the impact of adopting these standards on the financial statements.

(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, 2009. The company and its subsidiaries are collectively referred to as "the group". These companies are currently dormant and the shareholdings are the same for 2009 and 2008.

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

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

(c) Basis of consolidation (cont'd):

(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 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 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.

The expected return on plan assets considers the long-term 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 absence 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 the foregoing 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 losses 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, based on 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.

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

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

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

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

(ii) Depreciation:

Depreciation is computed on a straight-line basis at annual rates estimated to write down the property, plant & equipment to their estimated residual values at the end of their expected useful lives. No depreciation is charged on the freehold land or capital work-in-progress. Annual depreciation rates are as follows:

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

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

(f) Investment in subsidiary companies:

Investments in subsidiary companies are stated at cost.

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

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

(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 plan 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.

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.

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

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

(j) Cash and cash equivalents:

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

(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 interest rate basis.

(l) Accounts payable:

Trade and other payables are stated at amortised cost.

(m) Provisions:

A provision is recognised in the balance sheet when the company and its subsidiaries have 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. 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 obligation.

(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 at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or group of operating assets 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 independent cash inflows, the recoverable amount is determined for the group of operating assets to which the asset belongs.

Notes to the Financial Statement (Continued)
Year ended September 30, 2009

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

(n) Impairment (cont'd):

(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 income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

(p) Net finance income:

Net finance income comprises interest payable on long-term loan, calculated using the effective interest rate method, interest income 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 as it accrues, taking into account the yield on the asset.

(q) Income tax:

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement 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.

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

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

(q) Income tax (cont'd):

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that the company and its subsidiaries are 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.

(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;

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

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

(t) Related parties (cont'd):

A party is related to the company, if (cont'd):

(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.

(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 financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable and due from subsidiary companies. Similarly, financial liabilities include 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.

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

3. Property, plant & equipment

(a) The Group:

	Freehold land $'000	Freehold buildings $'000	Machinery equipment & vehicles $'000	Total $'000
At cost or deemed cost:				
September 30, 2007	10,000	34,484	91,746	136,230
Additions	-	-	4,933	4,933
September 30, 2008	10,000	34,484	96,679	141,163
Additions	-	-	1,084	1,084
September 30, 2009	10,000	34,484	97,763	142,247
Depreciation:				
September 30, 2007	-	12,884	87,744	100,628
Charge for the year	-	2,192	4,160	6,352
September 30, 2008	-	15,076	91,904	106,980
Charge for the year	-	2,192	1,281	3,473
September 30, 2009	-	17,268	93,185	110,453
Net book value:				
September 30, 2009	10,000	17,216	4,578	31,794
September 30, 2008	10,000	19,408	4,775	34,183

(b) The Company:

	Freehold land $'000	Freehold buildings $'000	Machinery equipment & vehicles $'000	Total $'000
At cost or deemed cost:				
September 30, 2007	6,144	16,919	91,746	114,809
Additions	-	-	4,933	4,933
September 30, 2008	6,144	16,919	96,679	119,742
Additions	-	-	1,084	1,084
September 30, 2009	6,144	16,919	97,763	120,826

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

3. Property, plant & equipment (cont'd)

(b) The Company (cont'd):

	Freehold land $'000	Freehold buildings $'000	Machinery equipment & vehicles $'000	Total $'000
Depreciation:				
September 30, 2007	-	6,372	87,744	94,116
Charge for the year	-	1,106	4,160	5,266
September 30, 2008	-	7,478	91,904	99,382
Charge for the year	-	1,106	1,281	2,387
September 30, 2009	-	8,584	93,185	101,769
Net book values:				
September 30, 2009	6,144	8,335	4,578	19,057
September 30, 2008	6,144	9,441	4,775	20,360

(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 10).

4. Investment in subsidiary companies

Investment in subsidiary companies at year end comprises:

	The Company 2009 $'000	The Company 2008 $'000
Shares at cost:		
Coffee Company of Jamaica Limited	790	790
Shirriff's (Jamaica) Limited	91	91
	881	881

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

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

5. 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.

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

	The Group and the Company	
	2009	2008
	$'000	$'000
Fair value of plan assets	76,145	68,779
Present value of funded obligations	(34,726)	(21,889)
	41,419	46,890
Unrecognised actuarial losses	16,838	8,340
Unrecognised amount due to limitation	(27,055)	(25,833)
	31,202	29,397

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

	The Group and the Company	
	2009	2008
	$'000	$'000
At beginning of year	29,397	25,085
Amounts recognised in the income statement	1,682	4,225
Contributions paid	123	87
At end of year	31,202	29,397

(iii) The movement in present value of funded obligations is as follows:

	The Group and the Company	
	2009	2008
	$'000	$'000
At beginning of year	(21,889)	(19,147)
Benefit paid	2,256	22,663
Current service and interest costs	(5,775)	(4,559)
Actuarial loss	(9,318)	(20,846)
At end of year	(34,726)	(21,889)

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

5. Employee benefits asset (cont'd)

(iv) The movement in the plan assets recognised in the balance sheet is as follows:

	The Group and the Company	
	2009	2008
	$'000	$'000
Fair value of plan assets at beginning of year	68,779	81,817
Contribution paid	2,380	1,713
Expected return on plan assets	6,611	7,495
Benefit paid	(2,256)	(22,663)
Actuarial gain	631	417
Fair value of plan assets at end of year	76,145	68,779

The assets of the fund are invested in Guardian Life's Pool Investment Fund and Deposit Administration Fund as at September 30, 2009 and 2008.

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

	The Group and the Company	
	2009	2008
	$'000	$'000
Interest and employer's current service cost	(3,518)	(2,932)
Expected return on plan assets	6,611	7,495
Net actuarial (gain)/loss recognised during the year	(110)	334
Change in surplus not eligible for recognition due to limitation	(1,301)	(672)
At the end of the year	1,682	4,225

(vi) The actual return on the plan assets was $7,242,000 (2008: $7,912,000).

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

	The Group and the Company	
	2009	2008
	%	%
Discount rate	19.0	13.0
Expected return on plan assets	12.0	9.5
Future salary increases	14.5	9.5
Future pension increases	12.5	2.5
Inflation rate	14.0	9.0

Assumptions regarding future mortality are based on GAM 83 table, with no age set back. The expected long-term rate of return on plan assets is based on the assumed long-term rate of inflation.

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

5. Employee benefits asset (cont'd)

(viii) Historical information

Defined benefit pension plan:

	2009 $'000	2008 $'000	2007 $'000	2006 $'000	2005 $'000
Present value of the defined benefit obligation	(34,726)	(21,889)	(19,147)	(10,059)	(11,808)
Fair value of plan assets	76,145	68,779	81,817	72,802	65,435
Surplus	41,419	46,890	62,670	62,743	53,627
Experience adjustments arising on plan liabilities	4,852	21,523	7,670	(4,695)	1,247
Experience adjustments arising on plan assets	631	417	1,493	248	729

6. Cash and cash equivalents

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

	The Group and the Company	
	2009 $'000	2008 $'000
Cash in hand and bank	6,920	4,649
Short term investments [note (a)]	268,755	159,178
	275,675	163,827

(a) The weighted average effective interest rate on short term investments denominated in Jamaica dollars was 19.45% (2008: 14.40%) and on short term investments denominated in United States dollars was 5.55% (2008: 5.43%), and these investments mature within 90 days.

7. Accounts receivable

	The Group and the Company	
	2009 $'000	2008 $'000
Trade receivables	68,743	51,903
Prepayments	3,837	17,029
Other receivables	7,475	4,404
	80,055	73,336
Less: allowances for doubtful debts	(350)	(78)
	79,705	73,258

The company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 20.

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

8. Inventories

	The Group and the Company	
	2009	2008
	$'000	$'000
Raw and packaging material	42,041	51,844
Finished goods held for sale	47,947	31,830
Work-in-progress	12,192	4,322
Fuel, spares and consumables	6,387	6,964
Goods-in-transit	785	6,380
	109,352	101,340
Less: provision for obsolescence	(838)	(923)
	108,514	100,417

9. Share capital

	2009	2008
	$'000	$'000
Authorised:		
500,000,000 (2008:10,400,000) ordinary units of no par value		
Stated:		
Issued and fully paid:		
103,883,300 (2008:103,883,300*) ordinary stock units of no par value	73,216	73,216

The amounts accounted for as share premium were transferred to stated capital in accordance with the Companies Act, 2004.

During the year, a resolution was passed for a stock split to offer the shareholders on register nine shares for every one share held.

*Restated (see note19).

10. Capital reserves

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Revaluation surplus on assets carried at deemed cost	14,528	14,528	4,838	4,838
Realised gains	1,747	1,747	1,705	1,705
	16,275	16,275	6,543	6,543

11. Long-term loan

	The Group and the Company	
	2009	2008
	$'000	$'000
Jamaican Redevelopment Foundation, Inc.	3,447	7,153
Less: Current portion	(3,447)	(5,842)
	-	1,311

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

11. Long-term loan (cont'd)

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.

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 December 2009. No interest is charged on the unpaid interest amounts.

12. Deferred tax assets/(liabilities)

Deferred tax liabilities are attributable to the following:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Deferred tax assets:				
Interest payable on FINSAC loans	1,148	3,303	1,148	3,303
Property, plant & equipment	1,538	1,902	1,538	1,902
Accounts payable	766	-	766	-
Tax value of losses carried forward	71	71	-	-
	3,523	5,276	3,452	5,205
Deferred tax liabilities:				
Employee benefits asset	(10,401)	(9,799)	(10,401)	(9,799)
Property, plant & equipment	(2,952)	(3,314)	-	-
Accounts receivable	(2,140)	(452)	(2,140)	(452)
Unrealised foreign exchange gains	(106)	(1)	(106)	(1)
	(15,599)	(13,566)	(12,647)	(10,252)
	(12,076)	(8,290)	(9,195)	(5,047)

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

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

13. Accounts payable

	The Group and the Company	
	2009	2008
	$'000	$'000
Trade payable	17,074	14,371
Accrued charges	12,246	12,098
Other payables	10,131	9,199
	39,451	35,668

14. Sales

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

15. Net finance income/(costs)

	The Group and the Company	
	2009	2008
	$'000	$'000
Finance income:		
Interest income – short term investments	37,162	20,607
Net foreign exchange gains	2,018	932
	39,180	21,539
Finance costs:		
Bank charges and interest	(2,586)	(372)
	36,594	21,167

16. Taxation

(a) Taxation is based on net profit for the year adjusted for taxation purposes and represents income tax charged at 33⅓%.

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current tax expense:				
Income tax	49,857	35,793	49,857	35,793
Deferred taxation:				
Originating and reversal of other timing differences, net	3,786	2,913	4,148	3,275
	53,643	38,706	54,005	39,068

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

16. Taxation (cont'd)

(b) Reconciliation of effective tax rate:

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Profit before tax	161,838	114,034	162,924	115,120
Computed "expected" tax expense @ 33⅓%	53,946	38,011	54,308	38,373
Difference between profits for financial statements and tax reporting purposes on:				
Disallowed expenses and capital adjustments, net	(303)	695	(303)	695
Actual expense	53,643	38,706	54,005	39,068

17. Disclosure of expenses

(a) Profit before taxation is stated after charging/(crediting):

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Depreciation	3,473	6,352	2,387	5,266
Cost of inventories recognised as expense	146,854	132,202	146,854	132,202
Directors' emoluments:				
Fees	5,391	3,897	5,391	3,897
Management remuneration	7,763	6,750	7,763	6,750
Auditors' remuneration	1,350	1,600	1,350	1,600
Staff costs (note 18)	42,756	31,323	42,756	31,323
Stock write-off/write-back	(-)	(27)	(-)	(27)

(b) Transactions with key management personnel:

For directors/executive officers who receive salaries, the company contracts to a post employment defined benefit plan on their behalf.

Key management personnel compensation is as follows:

	The Group and the Company	
	2009	2008
	$'000	$'000
Short-term employee benefits	15,480	13,461
Post-employment benefits	13,954	6,934

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

18. Staff costs

	The Group and the Company	
	2009	2008
	$'000	$'000
Salaries and wages	33,165	23,542
Statutory contributions	3,126	5,302
Pension credit (note 5)	(1,682)	(4,225)
Staff welfare	8,147	6,704
	42,756	31,323

19. 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.

	2009	2008
Net profit attributable to shareholders ($'000)	108,195	75,328
Number of stock units in issue	103,883,300	103,883,300*
Basic earnings per stock unit ($)	1.04	0.73*

On September 22, 2008, the company held an Extraordinary General meeting to pass resolutions for a stock split and to offer to its shareholders on register nine shares for every one share held. The resolutions were adopted.

The Record date and the effective date of the stock split was November 14, 2008.

This resulted in a restatement of the prior year basic earnings per ordinary stock unit as follows:

(i) Effect on earnings per ordinary stock unit for the year ended September 30, 2008:

	The company		
	As previously reported	Adjustment	As restated
Number of stock units in issue	10,388,330	93,494,970	103,883,300
Basic earnings per stock unit ($)	7.25	6.52	0.73

* Restated.

Notes to the Financial Statement (Continued)
Year ended September 30, 2009

20. Financial instruments

(a) Financial risk management:

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

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

The group's risk management policies are established to identify and analyse the risks faced by the company and its subsidiaries 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 group's activities.

(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. Credit risk arises principally from the receivables arising from credit given to customers and deposits with financial institutions.

Cash and cash equivalents

Cash and cash equivalents are maintained with substantial counter-parties deemed to have low risk of default.

Trade receivables

The group generally does not require collateral in respect of non-cash financial assets. The group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. Management has a credit policy in place to minimise exposure to credit risk. Credit evaluations are performed on all customers requiring credit. Management establishes an allowance for impairment that represents its estimate of losses in respect of trade and other receivables. Management's policy is to provide for balances based on past default experience, current economic conditions and expected recovery.

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.

	Carrying amount	
	2009	2008
	$'000	$'000
Cash and cash equivalents	275,675	163,827
Accounts receivable	79,705	73,258
	355,380	237,085

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

20. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(i) Credit risk (cont'd):

The aging of trade receivables at the reporting date was:

	2009		2008	
	Gross $'000	Impairment $'000	Gross $'000	Impairment $'000
Not past due	64,353	-	8,637	-
Past due 1-30 days	3,348	-	35,524	-
Past due 31-60 days	-	-	2,262	-
More than 60 days	1,042	350	5,480	78
	68,743	350	51,903	78

There was no movement in the allowance for impairment in respect of trade receivables during the year.

Based on past experience, the company believes that trade receivables not past due, relates to customers that have a good track record with the company.

(ii) Liquidity risk:

Liquidity risk is the risk that the group will not 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 liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company and or its subsidiaries reputation.

Management aims at 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.

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount $'000	Contractual cash flow $'000	Less than 1 year $'000	1-2 years $'000
September 30, 2009:				
Loans	3,447	3,447	3,447	-
Accounts payable	39,451	39,451	39,451	-
	42,898	42,898	42,898	-

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

20. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(ii) Liquidity risk (cont'd):

	Carrying amount $'000	Contractual cash flow $'000	Less than 1 year $'000	1-2 years $'000
September 30, 2008:				
Loans	7,153	7,153	5,842	1,311
Accounts payable	35,668	35,668	35,668	-
	42,821	42,821	41,510	1,311

(iii) Market risk:

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

- 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, 2009 and 2008, there were no financial liabilities subject to variable interest rate risk.

  Interest-bearing financial assets mainly comprise monetary instruments, bank deposits and short-term investments, which have been contracted at fixed interest rates for the duration of their terms.

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

	Carrying amount	
	2009 $'000	2008 $'000
Variable rate:		
Assets	268,755	159,178

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

20. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(iii) Market risk (cont'd):

- Interest rate risk (cont'd):

  Fair value sensitivity analysis for fixed rate instruments

  The group does not hold any fixed rate financial assets that are subject to material changes in fair value through profit or loss. Therefore a change in interest rates at the reporting dates would not affect profit or equity.

  Cash flow sensitivity analysis for variable rate instruments

  A change of five percent (2008: one percent) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by $13,758,850 (2008:$1,591,780).

  This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

- 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. Such exposures comprise the monetary assets and liabilities of the group that are not denominated in that currency. 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.

  The table below shows the group's main foreign currency exposure at the balance sheet date.

	Net foreign currency monetary assets			
	2009		2008	
	US$	J$	US$	J$
Cash and cash equivalents	346,808	30,744,529	268,319	19,409,788
Accounts receivable	19,635	1,740,642	16,825	1,224,767
Accounts payable	(96,668)	(8,611,185)	(95,671)	(6,952,971)
Net exposure	269,775	23,873,986	189,473	13,681,584

Notes to the Financial Statement (Continued)

Year ended September 30, 2009

20. Financial instruments (cont'd)

(a) Financial risk management (cont'd):

(iii) Market risk (cont'd):

- Foreign currency risk (cont'd):

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

November 17, 2009	89.31
September 30, 2009	89.08
September 30, 2008	72.67

Sensitivity analysis

A 10% (2008: 5%) strengthening/weakening of the US$ against the Jamaica dollar would have increased/(decreased) profit for the year by $2,403,156 (2008: $688,450) respectively. This analysis assumes that all other variables, in particular interest rates, remain constant.

(iv) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors, other than financial risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

(b) Capital management:

The Board's policy is to maintain a strong capital base to maintain customer, creditor and other stakeholder confidence, and to sustain future development of the business. The Board of Directors monitor the return on capital, which is defined as total shareholders' equity and the level of dividends to shareholders. The company and its' subsidiaries are not subject to any externally imposed capital requirements.

- To safeguard the group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

(c) 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.

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FORM OF PROXY

I/WE ....

of ....Being a member/members

of the above-named Company, hereby apoint..

....of..

or failing him......................................of..

....as my/our proxy to vote for me/us on

my/our behalf at the Annual General Meeting of the Company to be held on the 28th day of January, 2010 and at any adjournment thereof.

Dated this ....day of 2010

Signed ....

Notes:

1. This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.

2. This Form of Proxy should bear stamp duty of $100. Adhesive stamps are to be cancelled by the person signing the proxy.

3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer of the Company.