



Annual Report
2019-20





FRANK

I share my ideas and opinions freely
and respectfully

ACCOUNTABILITY

I do what I say I am going to do

INTEGRITY

Honesty and trust are non-negotiable

RESULT - ORIENTED

I am proud of how much I deliver,
not of how much I do







VISION 2025

To become a beverage industry leader in Jamaica, the Caribbean and Diaspora Markets.

OUR MISSION

We are committed to manufacture and distribute beverages of the **highest quality** to meet the needs of our customers in all the **markets we serve, to optimise** the returns to our **shareholders**, and to improve the quality of life of **employees** and the well-being of the **communities** we serve in **Jamaica** and elsewhere.



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RESILIENCE - Pioneering Beyond Challenges





NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Fifty Sixth Annual General Meeting** of Salada Foods Jamaica Limited will be held on **Thursday, March 18, 2021 at 1:00p.m.** at **The Jamaica Pegasus Hotel, Legacy Suite, 81 Knutsford Boulevard, Kingston 5**, for the following purposes:

ORDINARY BUSINESS:

1. To receive the Audited Accounts for the year ended 30th September 2020 and the Report of the Auditors and Directors therein

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

“THAT the audited accounts for the year ended 30th of September, 2020 and the report of the Directors and Auditors therein BE AND IS HEREBY received and adopted”.

2. To ratify and declare dividend paid on December 17, 2019 and June 26, 2020 as final for the year ended 30th September 2020.

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

“THAT as recommended by the Directors, the interim dividend of \$0.70 per stock unit paid on December 17, 2019 and \$0.50 per stock unit paid on June 26, 2020 BE AND IS HEREBY ratified and declared as final and no further dividend be paid with respect to the year ended 30th September 2019.”

3. Retirement and Re-election of Directors

Article 72 of the Company's Articles of Incorporation provides that at every Annual General Meeting one-third of the Directors are subject to retirement for the time being, or, if their number is not three or a multiple of three, then the number nearest to one third, shall retire from office. The Directors retiring under this Article are Mr. Patrick Williams and Mrs. Kathryn Lewis-Green who all being eligible, offer themselves up for re-election.

To consider and if thought fit pass the following resolution:

3 (a) “THAT the Directors retiring by rotation and offering themselves for re-election be re-elected en bloc.”

3 (b) “THAT Directors Patrick Williams and Kathryn Lewis-Green be and are hereby re-elected as Directors of the Company.”

4. Directors' Remuneration

To consider and if thought fit pass the following resolution:

“THAT the total combined remuneration of all Directors shall be determined by the Board”.

5. Appointment of Auditors

To consider and if thought fit pass the following resolution:

“THAT KPMG having signified their willingness to continue in office as Auditors of the Company shall be the Company's Auditors until the conclusion of the Next Annual General Meeting, at a remuneration to be agreed by the Directors.”

SPECIAL BUSINESS:

6. Increase in Authorized Share Capital

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

“THAT the maximum number of shares that the Company is entitled to issue be increased from 500,000,000 shares of no par value to 1,500,000,000 shares by the creation of an additional 1,000,000,000 ordinary shares of no par value each ranking pari passu in all respects with the existing ordinary shares or stock units in the capital of the Company.

7. Stock Split

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

7 (a) “THAT each of the issued ordinary shares in the capital of the Company be subdivided into 10 ordinary shares with effect from the close of business on Wednesday, March 31, 2021 resulting in total issued share capital of the Company being increased from 103,883,290 ordinary shares of no par value to 1,038,832,900 ordinary shares of no par value.

7 (b) THAT all the shares in the Company which are not yet issued be and is hereby converted into stock units when issued and fully paid.”

8. Amendment to Articles of Incorporation

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

“THAT the Articles of Incorporation of the Company be and are hereby amended as follows (proposed amendments including strikeout to the articles are shown in bold and underline):

Amending Article (1) by inserting immediately after the definition of “Year” the following:

“Electronic means” **“Electronic means” shall include but not limited to technology utilized by facsimile machines, scanning devices, emails or mail sent using computer or other similar automated or photographic devices, webcasting, teleconferencing, videoconferencing, live stream or broadcast or a combination of these.**

Amending Article (40) to read as follows:

(40) The Company shall in each year hold a General Meeting as its Annual General Meeting at such time and place and **either in person or by electronic means or by a combination of both** as the Directors shall appoint in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next.

Amending Article (44) to read as follows:

(44) An Annual General Meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days’ notice in writing at the least, and a meeting of the Company other than an Annual General Meeting or a meeting for the passing of a special resolution shall be called by fourteen days’ notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, **whether or not participation shall be in person or by electronic means or by a combination of both**, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned to or in such other manner if any, as may be prescribed by the Company in General Meeting, to such persons as are under the regulations of the Company, entitled to receive such notices from the Company.



Amending article (47) to read as follows:

(47) Three members present in person (or by proxy **in person) or by electronic means (or by proxy by electronic means)** shall be a quorum for a General Meeting for any business, which may be transacted at an Annual General Meeting. For all other purposes the quorum of a General Meeting shall be members entitled to vote present in person (or by proxy **in person) or by electronic means (or by proxy by electronic means)** not being less than three in number and holding or representing not less than one-quarter of the issued share capital of the Company.

Amending Article (51) to read as follows:

(51) Every question submitted to a meeting shall be decided in the first instance by a show of hands, **if in person, or, if participation is by electronic means, by counts of votes received by electronic means or orally.** In the case of an equality of votes the Chairman shall both on a show of hands, **if in person, or, if participation is by electronic means, by counts of votes received by electronic means or orally,** and at the poll have a casting vote in addition to the votes to which he may be entitled as a member.

Amending Article (53) to read as follows:

(53) Except as provided at Article 55, if a poll is demanded as aforesaid it shall be taken in such manner and at such time and place, **whether or not participation shall be in person or by electronic means or by a combination of both,** as the Chairman of the meeting directs and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

Amending Article (57) to read as follows:

(57) Subject to any rights or restrictions as to voting for the time being attached to any class or classes of shares, on a show of hands every member present in person (or by proxy **in person) or by electronic means (or by proxy by electronic means)** shall have one vote and upon a poll every member present in person (or by proxy **in person) or by electronic means (or by proxy by electronic means)** shall have one vote for every share held by him.

Amending Article (66) to read as follows:

(66) A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote whether on a show of hands **in person (or by proxy in person) or by electronic means (or by proxy by electronic means),** or on a poll in person (or by proxy **in person) or by electronic means (or by proxy by electronic means),** by his committee, receiver, curator bonis or other person in the nature of the committee, or receiver appointed by that court., **and any such committee, receiver, or other person may on a poll vote by proxy.**

9. To consider any other business which may properly be transacted at an Annual General Meeting.

NOTES:

- i. 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.
- ii. All members are entitled to attend and vote at the meeting.
- iii. 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. The Form of proxy must include stamp duty of \$100 which may be paid by adhesive stamps which are to be cancelled by the person signing the proxy.

- iv. Due to the COVID-19 pandemic please check the Company's website at www.saladafoodsja.com, social media pages, local newspapers and the Jamaica Stock Exchange website for updates and or any changes leading up to the Annual General Meeting.

Dated the 31st day of December 2020

BY ORDER OF THE BOARD



Michelle N. Smith
COMPANY SECRETARY



RESILIENCE - Pioneering Beyond Challenges



REGISTERED OFFICES

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Kingston 11, Jamaica

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Email:
info@saladafoodsja.com

Website:
www.saladafoodsja.com

AUDITORS

KPMG
6 Duke Street
Kingston, Jamaica

BANKERS

National Commercial Bank
Corporate Banking Division
32 Trafalgar Road
Kingston 10

SHAREHOLDERS' REPORT

10 LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING
Resource in Motion Limited	60,236,700
AIC (Jamaica) Limited	8,988,120
Donwis Limited	7,504,280
Ideal Portfolio Services Company Limited	3,806,638
Ideal Betting Company Limited	2,755,310
Ideal Group Corporation Limited	2,726,000
Ideal Finance Corporation Limited	2,620,000
Donovan A. Lewis	1,677,400
PAM - Pooled Equity Fund	1,088,045
Caribbean Trust & Merchant Bank	1,030,760
	92,433,253

SHAREHOLDINGS OF DIRECTORS & CONNECTED PARTIES

DIRECTORS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Bernard, Michael	0	0	0
Lewis, Kathryn	82,306,961	1,000	82,305,961
Stultz, Eric*	272,000	0	272,000
Williams, Patrick*	344,385	0	344,385

SENIOR MANAGEMENT HOLDINGS

SENIOR MANAGERS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Blake-Bennett, Dianna	0	0	0
Hamilton, Zayous	0	0	0
Lloyd, Stephen	0	0	0

COMPANY SECRETARY	TOTAL SHAREHOLDING	DIRECT	CONNECTED
Smith, Michelle	0	0	0

Notes:

*Eric Stultz and Patrick Williams/Patricia Williams/Bella Williams own shares held through Ideal Portfolio Services Company Limited

Resignation:

*Mr. Aubyn Hill resigned as a Director effective 14 September 2020



CHAIRMAN'S LETTER TO SHAREHOLDERS



I am pleased to present this year's annual report. By all accounts the year was a very challenging one, but under the circumstances our company performed creditably. Despite the economic downturn by the onset of the pandemic in the second half of our fiscal year and the impact it has had on the lives, and livelihoods of everyone, we are heartened that we were able to keep members of the team employed as the factory operated at full capacity.

The year's financial activity culminated with the Company posting after tax profit of \$110.49 million, a 22% decline when compared to the \$141.37 million in the prior year. The decision of the Jamaica Agricultural Commodities Regulatory Authority (JACRA) to delay and deny raw material import permit requests forced us to use higher priced green coffee beans in the manufacture of our flagship products. When tallied, permit delays and the impact of the pandemic on domestic sales, operating profit declined \$43 million to \$126.69 million from \$169.98 million last year, a 25% reduction.

The decline in domestic demand notwithstanding, this was the third year in a row and in our history that we surpassed one billion in sales. We ended the year with revenues of \$1.067 billion, 4% below the \$1.113 billion prior year. Export sales generated \$200 million, a 26% improvement on last year's \$161 million. This helped to counterbalance the 10.5% decline in domestic sales. Management initiated several strategic and tactical initiatives to sustain domestic sales as economic activity slowed because of the Government's containment measures to reduce the spread of Covid-19.

Salada continues to maintain a very strong and healthy balance sheet. The company has no debt. Dividends distributed for the year 2019~2020 were \$124.66 million, equivalent to \$1.20 per share in comparison to \$103.88 million or \$1.00 per share paid in 2018~2019. At our Annual General Meeting in February 2020, we discussed a stock split which should have taken place during the year but is now planned for the 2020/2021 fiscal period.

This year the brunt of the Jamaica Agricultural Commodities Regulator Authority (JACRA) Act, instituted March 2018, was meted out to our Company. On July 29, 2020 JACRA advised that effective September 1, 2020 a waiver to use less than 30% local green coffee bean in the manufacturing instant coffee, would be discontinued. The waiver had been issued to the Company annually since January 2018. This would effectively change the formulation of our flagship brand, Jamaica Mountain Peak instant coffee. Decisively, to protect our core business we filed an application for leave for judicial review in the Supreme Court. The court subsequently denied the Company's application and ruled, among other things, that pursuant to Section 19 of the JACRA Regulations 2018, JACRA had no power to grant a waiver to the requirements under Section 19 of the Regulations and the Company could not have any legitimate expectation that a waiver should be granted. I want to re-assure you that we have been proactive and in keeping with our strategic plan of diversification, are well on our way and will introduce several new products in the new fiscal year. Change is constant; thus, we will continuously evaluate and implement measures necessary for the sustainability of our business.

The engagement of millennials and the introduction of new products are two of our strategic pillars. Social media, more so now, remains pivotal as digital platforms have become the primary means of engagement between our brands and consumers. In October 2020, we introduced a ginger turmeric beverage also in keeping with our diversification efforts. In addition to the safety standards instituted since our Safe Quality Foods (SQF) certification in 2017, several additional COVID related safety measures were implemented to protect our staff and team members.

In September 2020, Senator the Honourable Aubyn Hill stepped down from the Board as he was appointed to the Cabinet of the Government of Jamaica. We thank him for his contribution and wish him the best for the future. Mrs. Lorna Lewis, Group Operations Manager retired on June 30, 2020, after a 24-year tenure, we wish her a happy retirement. We welcome Mr. Stephen Lloyd who joined the management team in February 2020 as Operations Manager.

As always, I would like to acknowledge the hard work of the team at Salada and recognize their contribution, commitment and dedication, as we strive to grow our business in this changing and challenging global environment. To my fellow directors, your candid advice, guidance and counsel is appreciated always.

I assure you that your Board of Directors will continue to work with management to ensure that the strategic direction and focus are unwavering in continuously improving shareholder value.

PATRICK WILLIAMS
Chairman





	2020	2019	2018	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	1,067,932	1,113,652	1,041,496	871,733	761,737
Profit before Tax	134,194	141,367	290,710	87,510	85,971
Profit after Tax	110,485	141,921	219,177	68,686	68,900
Book Value	957,124	1,015,936	940,464	804,156	779,261
Cash Flow from Operations	178,620	33,727	219,158	187,984	160,284
Dividends Paid	124,663	103,883	103,883	51,942	45,709
Amortization & Depreciation	22,873	26,805	28,849	59,614	40,824
EBITDA	157,067	194,318	319,559	147,124	126,795
Share Price	27.78	31.65	19.00	8.50	7.90
Number of Shares	103,883	103,883	103,883	103,883	103,883

IMPORTANT RATIOS

Return on Equity	0.12	0.14	0.23	0.09	0.09
Profit before Tax / Sales	0.13	0.15	0.28	0.10	0.11
Earnings per Share	1.06	1.37	2.11	0.67	0.72
Cash flow per Share	1.72	0.32	2.11	1.81	1.54
Book Value per Share	9.21	9.78	9.05	7.74	7.50
Dividend per Share	1.20	1.00	1.00	0.50	0.44
YoY Increase in Book Value	-5.79%	8.02%	16.95%	3.19%	5.46%
Dividend Yield	4.32%	3.63%	5.26%	5.88%	5.57%
Dividend Growth Rate	4.35%	15.00%	100.00%	13.64%	10.00%
Profit Attributable to Shareholders	110485	141,921	219,677	69,631	74,837
YoY Devaluation	6.75%	-0.25%	3.01%	1.01%	7.74%
USD Exchange Rate	142.1	133.12	133.46	129.56	128.2704



DIRECTORS' REPORT

The Directors take pleasure in submitting their report for the year ended September 30, 2020. The financial results for the year end are shown in the table below:

	2020	2019
Financial Statements	\$'000	\$'000
Profit before Taxation	134,194	167,513
Other Comprehensive Profit for the Year	(44,634)	42,475
Taxation	23,709	26,146
Net Profit	110,485	141,367
Accumulated Surplus at Beginning of Year	1,015,936	940,646
Dividend	124,663	103,885
Accumulated Surplus at end of Year	957,124	935,979
Earnings per Ordinary Stock Unit	1.06	1.37

Details of the results for the year were approved by the Board on November 19, 2020 and a comparison with the previous year is set out in the Group Statement of Comprehensive Income on page (54) of the Audited Financial Statements.

DIVIDENDS

In the 1st quarter of the year the Directors declared and paid a dividend of \$0.70 per stock unit on December 17, 2019 and in the 2nd quarter of the year declared and paid a dividend of \$0.50 per stock unit on June 26, 2020.

The Directors recommend that the interim dividend paid on December 17, 2019 and June 26, 2020 be declared as final for the year ended 30th September 2020.

BOARD AND COMMITTEES

There were changes made to the composition of the Board and Committees close to year end when Mr. Aubyn Hill resigned as Director of the Board and Chairman of the Audit Committee with effect on September 14, 2020, following his appointment by the Government of Jamaica as a Minister of Parliament. The Board wishes Mr. Hill every success in his new appointment and thanks him for his years of service and contribution made to the Company.

The composition of the Board up to September 13, 2020 was as follows:

- Mr. Patrick Williams (Chairman)
- Mr. Aubyn Hill
- Mrs. Kathryn Lewis-Green
- Mr. Eric Stultz
- Mr. Michael Bernard

The present composition of the Board as at September 14, 2020 is as follows:

- Mr. Patrick Williams (Chairman)
- Mrs. Kathryn Lewis-Green
- Mr. Eric Stultz
- Mr. Michael Bernard

Miss Michelle N. Smith is the Company's Corporate Secretary.

The composition of the Committees and their respective Chairman in the year up to September 13, 2020 was as set out below:

COMMITTEES	CHAIRMAN	MEMBERS
Audit Committee	Aubyn Hill	Aubyn Hill Kathryn Lewis-Green Patrick Williams Michael Bernard
Corporate Governance Committee	Kathryn Lewis-Green	Kathryn Lewis-Green Eric Stultz Aubyn Hill
Procurement Committee	Eric Stultz	Eric Stultz Patrick Williams

The present composition of the Committees and their respective Chairman as at September 14, 2020 is set out below:

COMMITTEES	CHAIRMAN	MEMBERS
Audit Committee	Kathryn Lewis-Green	Kathryn Lewis-Green Patrick Williams Michael Bernard
Corporate Governance Committee	Patrick Williams	Patrick Williams Eric Stultz Kathryn Lewis-Green
Procurement Committee	Eric Stultz	Eric Stultz Patrick Williams

RETIREMENT AND RE-ELECTION OF DIRECTORS

Pursuant to article 72 of the Company's Articles of Incorporation one-third of the Directors subject to retirement shall retire and may be re-elected to office at every Annual General Meeting. The Directors retiring under this article are Mr. Patrick Williams and Mrs. Kathryn Lewis-Green, who being eligible offer themselves for re-election as Directors.

THANKS TO MANAGEMENT & STAFF

The Board wishes to express its gratitude to the management and staff of the Company for weathering the storms occasioned by the COVID-19 pandemic that impacted Jamaica in the 2nd quarter of the year under review. Management quickly implemented strategic safety and health protocols to prevent and reduce the spread of the virus at the Company so as to protect staff, which in turn enabled the business of the Company to go on. The Board is pleased that management continues to demonstrate an unwavering dedication to the growth of the business of the Company in what are unprecedented times and the Board stands ready to continue to offer its guidance and support to management to achieve the Company's objectives.

THANKS TO OUR STAKEHOLDERS

The Board also wishes to express its appreciation to the Company's customers, partners and shareholders who continue to support the Company. We are looking forward to your further support for the year 2021 and beyond.

Dated the 31st day of December 2020

BY ORDER OF THE BOARD

MICHELLE N. SMITH
Company Secretary



BOARD OF DIRECTORS

1 **M**r. Patrick Williams was appointed Chairman of Salada on March 2015 and has been a Director since February 2012. Mr. Williams is Chairman of the Corporate Governance Committee and a member of the Audit and the Procurement Committees.

Mr. Williams is a senior executive of the ICWI Group Limited, a leading general insurer in the English-speaking Caribbean.

He is a member of the Board of Ideal Portfolio Services, Ideal Finance Corporation, Hardware & Lumber and the University Hospital of the West Indies Private Wing Limited (Tony Thwaites Wing).

Mr. Williams is a graduate of The Bernard M. Baruch College of the City University of New York with a Master of Business Administration in Finance and holds a Bachelor of Science degree in Anthropology and Zoology from the University of Toronto.

PATRICK WILLIAMS
Chairman

2 **M**r. Michael Bernard has been a Director of Salada since November 2002. He is also a member of the Audit Committee.

Mr. Bernard is the Executive Chairman of Peak Bottling Company Limited and Chairman of Catherine's Peak Bottling Company Limited as well as Pioneer Manufacturing and Distribution Company Limited. He is a former General Manager of Jamaica Biscuit Company and former Managing Director of both the Cigarette Company of Jamaica, the Agricultural Products of Jamaica and Carreras Limited. He is a Director at Carreras Limited, Hardware & Lumber Limited, Sterling Investments Limited and Grace Kennedy General Insurance Company Limited. He is also currently the Chairman of the Board of his alma mater, Jamaica College.

Mr. Bernard holds a Bachelor of Arts degree in Business Administration and Bachelor of Science degree in Forestry Management from Washington State University and a Master of Business Administration from Harvard University.

MICHAEL BERNARD



3 **M**rs. Kathryn Lewis-Green has been a Director of Salada since February 2012. She is Chairperson of the Audit Committee and a member of Corporate Governance Committee.

Ms. Lewis is a founding partner of Lewis, Smith, Williams & Company, Attorneys-at-Law and Trademark Agents. She holds a Bachelor of Arts degree in Political Science from McMaster University, a Bachelor of Laws degree from the University of Liverpool, a Legal Education Certificate from the Norman Manley Law School and a Master in Business Administration from the Mona School of Business, University of the West Indies. She was admitted to the Jamaican Bar in 2011.

Miss Lewis is the Chairperson of Ideal Portfolio Services Company and Ideal Finance Corporation. She is also a Director of the Companies Office of Jamaica and the Trade Board Jamaica Limited.

KATHRYN LEWIS-GREEN

5 **M**r. Eric Stultz has been a Director of Salada since January 2008. He is Chairman of the Procurement Committee and a member of the Corporate Governance Committee.

Mr. Stultz is currently the General Manager of Baking Enterprises Limited and has worked for the National Continental Corporation since 1980 in various senior capacities. He is a graduate of St. George's College.

ERIC STULTZ

4 **M**s. Michelle Smith was appointed Company Secretary of Salada and its subsidiaries - effective April 2015.

Ms. Smith is currently the Managing Partner of Lewis, Smith, Williams & Company, Attorneys-at-Law and Trademark Agents. She heads the firm's Commercial Division and Dispute Resolution Department.

She is a graduate of the University of the West Indies with a Bachelor of Arts degree in History and a Bachelor of Laws degree. She also holds a Legal Education Certificate from the Norman Manley Law School and a Master of Laws in International and Commercial Dispute Resolution Law from the University of Westminster.

Ms. Smith was admitted to the Jamaican Bar in 2005 and was also called to the bars of Anguilla in 2006 and St. Kitts and Nevis in 2007.

MICHELLE SMITH
Company Secretary



CORPORATE GOVERNANCE REPORT

FOR YEAR ENDING SEPTEMBER 2020



The Board of Directors and management of Salada Foods Jamaica Limited understand the importance of the Company having strong corporate governance systems and practices. This is why the Company continuously strives towards building high standards and principles that govern its operations in keeping with the laws and regulations and evolving corporate governance best practices.

Salada wants to ensure there is long-term sustainable value for all stakeholders through robust corporate governance that can withstand challenges and risks in the business environment. Our Directors, management, officers and staff's honesty and integrity is therefore paramount to us, as this not only drives their compliance with the legal and regulatory requirements under which the Company carries out its business locally and overseas, but causes them to give readily of their time and skills in their respective roles in the Company.

At Salada we believe that good corporate governance also includes contributing to our environment and the surrounding communities where we operate our business. The vast majority of the 120 plus men and women who keep the plant operating are from the neighbouring communities. It was therefore important to us when the COVID-19 pandemic impacted Jamaica in the 2nd quarter of the year, to invest in implementing proper health and safety measures so that our staff would be safe and feel safe working at the Company. We also considered it important to ensure our staff were secured and felt secure in their job position in that period of great uncertainty. As a part of our corporate social responsibility it was important to us that we provide care packages to children and their families of a neighbouring school, that Salada assists every year, since the children were home from school as a result of the pandemic.

The Directors see good corporate governance as the vehicle that can carry the Company successfully through these changing times for its industry and the economy as a whole. To this end they remain committed to improving corporate governance in the Company, all the while with a view to increasing shareholders' value.

THE BOARD PROCEEDINGS

During the year the Directors at Board Meetings guided and advised management on several key strategic issues that concerned the manufacturing and product output for the Company's business. The Board also guided, among other things, on matters concerning human resources, previous investments, health and safety issues, regulatory issues and capital projects. Management and the Board also met in the 3rd quarter of the year for a strategic session focused on analyzing existing challenges in the manufacturing industry, new market opportunities and strategies to be implemented to mitigate identified risks.

COMPOSITION OF THE BOARD

Up to September 13, 2020 the Board comprised five (5) Directors, four (4) being independent Directors and one (1) a non-independent Director. With the resignation of one (1) Director, namely Mr. Aubyn Hill, with effect September 14, 2020, the Board is now comprises of four (4) Directors, three (3) being independent Directors and one (1) a non-independent Director.

The independent Directors of the Company are Mr. Patrick Williams (**Chairman**), Mr. Michael Bernard and Mr. Eric Stultz. These Directors have no substantial shareholdings in the Company, are not close relatives of a significant shareholder and have no employment relationship with the Company or its subsidiaries. Mrs. Kathryn Lewis-Green is the Company's non-independent Director. Miss Michelle N. Smith is the Company's Corporate Secretary.

The Board has a range of skills, expertise, industry, other knowledge and business experience that they use to guide management and provide effective oversight of the Company's business. The Directors are required to contribute their expertise to all matters being considered and to exercise sound judgment in coming to conclusions that guide management. Each Director's expertise is shown in the table below.

Expertise	Patrick Williams (Chairman)	Kathryn Lewis-Green	Eric Stultz	Michael Bernard
Independent (I) / Non-Independent (NI)	I	NI	I	I
General Management	✓	✓	✓	✓
Strategic Management	✓		✓	✓
Finance & Accounting	✓	✓	✓	✓
Sales & Marketing			✓	✓
Legal		✓		
Manufacturing	✓		✓	✓
Risk Management	✓	✓	✓	✓

BOARD MEETINGS

Three (3) Directors at a meeting of the Board is a quorum. The Board meets once per month for eleven months in the year (regular Board meetings) or for such other agreed period in the year (special Board meetings). In the year under review there were nine (9) regular Board meetings and one (1) special Board meeting. The record of attendance at meetings by Directors for the year in review are shown in the table below:

Directors	Record of Attendance at Regular Board Meetings	Record of Attendance at Special Board Meetings
Patrick Williams (Chairman)	9/9	1/1
Kathryn Lewis-Green	9/9	1/1
Eric Stultz	8/9	1/1
Michael Bernard	9/9	1/1
Aubyn Hill *	8/9	1/1

*Aubyn Hill resigned with effect on September 14, 2020.

EVALUATION

The Directors are required annually to participate in the Board, Committee and Directors' performance evaluation process in accordance with the Company's policy. The purpose of the evaluation is to assess the performance of the Board, Committees and Directors in line with the Company's stated mission, vision and objectives for each year under review.

The Directors have participated in the evaluation process for the year in review and have expressed their commitment to working towards bolstering all identified areas for improvement with the Board and management to ensure shareholders' value is protected.

DIRECTORS' EMOLUMENTS

Directors total emoluments for the year under review was Twelve Million Six Hundred and Seventy Two Thousand Dollars (\$12,672,000.00).

BOARD COMMITTEES

The Audit Committee, the Corporate Governance Committee and the Procurement Committee are the three (3) established Committees of the Board. The Committees meet quarterly for the year or for such other agreed periods in the year. Two (2) members form a quorum at a meeting for each Committee.

AUDIT COMMITTEE

The Audit Committee oversees the financial reporting and the auditing process of the Company's financials. The Committee's role and functions include:

- ensure that proper accounting standards are complied with in the preparation of the financials
- monitor and ensure that the integrity of the financials are maintained
- monitor and ensure that the internal controls and systems in place are suitable for containing and mitigating business risks
- review unaudited quarterly financials and audited financials

The Audit Committee up to September 13, 2020 consisted of four (4) members, namely Mr. Aubyn Hill (Chairman), Mrs. Kathryn Lewis-Green, Mr. Michael Bernard and Mr. Patrick Williams. With the resignation of Mr. Hill with effect September 14, 2020, the Committee is now comprised of three (3) members, with Mrs. Kathryn Lewis-Green being appointed in the role as Chairman effective September 14, 2020.

In the year the Committee met four (4) times. Each member's attendance at meetings, and the attendance of a Director who is not a member but attended by invitation, are reflected in the table on the following page.

During the year the Committee:

- analyzed the Company's business operations cost efficiency
- analyzed the continued impact of the Government imposed cess on imported green coffee beans on the Company's bottom line, cash flow and budget
- analyzed the impact of the Coronavirus Covid-19 pandemic on sales and margins
- analyzed the impact the Jamaica Agricultural Commodities Regulatory Authority (JACRA) regulation requirement for 30% local coffee input in the local manufacture of instant coffee would have on profitability of the Company's business
- reviewed and recommended to the Board the approval of quarterly unaudited financial statements and releases to shareholders
- reviewed the audited financials for year ended September 30, 2020 prepared by the external auditors, KPMG
- assessed the efficiency of the external auditors, KPMG, with a view to recommending for approval the scope of work to be done by it and the fees to be paid for services rendered

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee's primary role is to ensure both the Board and management implement the Company's corporate governance systems and practices in keeping with best practice standards, as well as ensure the Company adheres to relevant legal and regulatory framework that governs it. Other functions of the Committee include:

- making timely disclosure to the Company's Stockholders/Stakeholders and other regulatory bodies
- ensure a formal and transparent compensation/remuneration policy for Executives, Directors and Senior Management
- mediating disputes and conflicts on the Board and with management within a timely fashion
- review the Board and management performances and implement the recommendations
- keep the Board and management abreast of best practice for good corporate governance

The Corporate Governance Committee up to September 13, 2020 had three (3) members, namely Mrs. Kathryn Lewis-Green (**Chairperson**), Mr. Eric Stultz and Mr. Aubyn Hill. With the resignation of Mr. Hill with effect September 14, 2020, Mr. Patrick Williams became a member and was appointed Chairman of the Corporate Governance Committee.

In the year the Committee met four (4) times. Each member's attendance at meetings, and the attendance of a Director who is not a member but attended by invitation, are reflected in the table below.

Members	Record of Attendance
Kathryn Lewis-Green (Chairman)	4/4
Aubyn Hill	3/4
Eric Stultz	4/4
Invitees	Record of attendance
Patrick Williams	4/4
Michael Bernard	4/4

During the year the main activities carried out by the Committee were as follows:

- review and approved amended travelling policy for management
- review the Company's Corporate Governance Charter
- review draft salaries and compensation for 2020-2021
- oversee the Board, Committees and Directors' Annual Performance Evaluation for year in review



PROCUREMENT COMMITTEE

The Procurement Committee oversees management's procurement of goods, services and machinery for the Company's operation and production. The Committee's primary function is to make sure all procurement by management is necessary, cost effective and benefits the Company's operations.

The Committee is made up of two (2) members, namely Mr. Eric Stultz (**Chairman**) and Mr. Patrick Williams, who together form a quorum.

In the year the Committee met four (4) times. Each member's attendance at the meetings, and the attendance of a Director who is not a member but attended by invitation, are reflected in the table below.

Members	Record of Attendance
Eric Stultz (Chairman)	4/4
Patrick Williams	4/4
Invitees	Record of attendance
Aubyn Hill	1/4
Michael Bernard	3/4
Kathryn Lewis-Green	1/4

During the year the matters considered by the Committee were as follows:

- reviewed management's update on the performance of the boiler for the Company's factory purchased last year
- reviewed request for purchase of new company van and approve same
- reviewed and approved periodic expenditure as required under the procurement policy

To view Salada's Corporate Governance Charter please visit our website at www.saladafoodsja.com under tab "About Us" and select tab "Corporate Governance".

INTRODUCING



Available in Gold (3.5 oz)
& Classic (3.5 oz & 7 oz)

A great tasting cup of coffee starts with Mountain Bliss 876. Savour the flavour of instant blends made from the finest coffee beans. Mountain Bliss 876 is easy to prepare and packed with antioxidants and energy to fit your hectic lifestyle.



Perk Up!
HOT OR COLD!



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MANAGEMENT TEAM

1 **M**rs. Tamii Brown joined the team at Salada in April 2017. She is responsible for the marketing and positioning of the company's brands in local and international markets as well as overseeing Salada's corporate social responsibility initiatives.

Prior to joining Salada, she worked with Stansfeld Scott as both Division and Caribbean Area Manager based in Barbados. Mrs. Brown holds a Bachelor of Arts degree from York University, Toronto, Canada in Communication Studies and Spanish (cum laude) and a Master of Business Administration, Marketing (Distinction) from the Mona School of Business.

TAMII BROWN
Commercial & Corporate Affairs Manager

3 **M**r. Stephen Lloyd joined the team at Salada in February 2020 as Operations Manager. He is responsible for all manufacturing operations and oversees the security portfolio. He has extensive manufacturing experience having held senior positions in quality, product development and operations at Red Stripe, Spike Industries and Corrpak. Prior to joining the team at Salada he was the Chief Operating Officer for Caribbean Cream Limited.

Mr. Lloyd holds a Bachelor of Science degree from the University of the West Indies in Biochemistry and a Master of Business Administration from the University of New Orleans.

STEPHEN LLOYD
Operations Manager

2 **M**rs Blake-Bennett joined the Salada team in February 2016 as the Commercial and Corporate Affairs Manager and was appointed General Manager in January 2017. Mrs. Blake-Bennett is an experienced commercial and marketing professional with over 20 years experience and has led in this area in a number of companies including Restaurant Associates Limited, Restaurant Associates Cajun Limited, Mothers' Enterprises, Jamaica Co-operative Credit Union League, and Industrial Chemical Company.

Mrs Blake-Bennett holds a Postgraduate Diploma and an Executive Master of Business Administration from the University of the West Indies, Mona School of Business and Management.

DIANNA BLAKE-BENNETT
General Manager



4 **M**s. Nadine Francis joined the team at Salada in June 2018 as Quality Assurance Manager & Safe Quality Food (SQF) Practitioner. She is responsible for quality, SQF standards and product development. Prior to joining Salada she worked as the Plant Manager for A.D. Steinhil Industries Limited. She also worked as Quality Assurance Manager at Virginia Dare Jamaica and Caribbean Flavours & Fragrances Limited.

Ms. Francis holds a Bachelor of Science in Chemistry and a Master of Science in Occupational and Environmental Safety and Health from the University of the West Indies (Mona).

NADINE FRANCIS
Quality Assurance Manager

5 **M**r. Zayous Hamilton joined Salada in January 3, 2011 as the Cost Accountant. He was promoted to Financial Accountant in April 2017 and to Acting Financial Controller in December 2019. He is responsible for the accounting portfolio. He is a graduate of Calabar High School and is completing his ACCA certification.

ZAYOUS HAMILTON
Financial Controller Actg.



SUPPORT TEAM



KARINE SEALEY
Innovations & Quality Officer



MARVIN KERR
Marketing Co-ordinator



NICOLA HYMAN
Supply Chain Officer



NIKEISHA COUSINS
Administrative Assistant
- Finance



KARLENE SHAW-SPENCE
Sales Representative



MARLON BLENMAN
IT & Special Projects Officer



LAURENCE CHIN SHUE
Plant Engineer
(Contracted)



Salada

JAMAICA
**Mountain
Peak**



Quality Guaranteed!

Direct investments of \$100 million to improve our manufacturing facilities.
Successfully acquired global industry-standard *Safe Quality Food (SQF) Level 2* certification.
We never compromise on our national commitment to produce
premium-grade coffee products and keep Jamaicans employed.

**RISE UP JAMAICA,
ONE CUP AT A TIME!**



MANAGEMENT DISCUSSION & ANALYSIS



For the financial year 2019-2020, Salada generated \$1.07 billion in revenues, the third consecutive year revenues exceeded \$1 billion. Exports, a strategic pillar, was pivotal in the Company's performance, growing year on year by 26.2% with a strong performance of our ginger product line, especially in the Tri-State area.

The year was wrought with its own challenges brought on by the effects of the global pandemic. This however, was not the Company's biggest hurdle. The regulatory environment and the stance of the regulator posed a greater threat to the Company's operations. In addition to the requirements of the Jamaica Agricultural Commodities Regulatory Authority (JACRA) Act to include 30% local green coffee bean in the manufacture of instant coffee coupled with the cess on imported green coffee beans, the regulator, throughout the year delayed the issuance of permits to import green coffee beans for manufacturing of coffee despite the Company meeting the requirements. As a result, operational efficiencies in manufacturing were hampered negatively impacting cost of sales.

Over the past three years the Company has lobbied Government through various means, advising that the JACRA Act and the regulations therein were a hindrance to our operations as a manufacturer and stand to arrest growth in the agro-processing industry. Our lobby efforts culminated in legal action against JACRA through the Supreme Court.

The Company continues to maintain a very strong and healthy balance sheet. Total stockholders' equity was \$957.12 million in comparison to last year's \$1.014 billion with current assets valued at \$1,121.54 billion. Salada remains debt free. Dividends distributed for the year 2019-2020 was \$124.66 million, equivalent to \$1.20 per share in comparison to \$103.89 million or \$1.00 per share paid in 2018-2019. During the year operating activities generated \$178.62 million. Prior year, cash generated from operating activities was \$33.27 million; the initiative to purchase local coffee from farmers impacted the cash flow position.

In the first quarter of the new fiscal year, we enticed consumers with the addition of our ginger turmeric tea in two variants as consumers locally and globally looked to the market of immunity boosting products.

FINANCIAL HIGHLIGHTS

Revenue for the year was \$1.067 billion, 4% below last fiscal year's \$1.113 billion. Gross margins were \$295.30 million or 18% lower than the \$361.57 million last period. A cess of \$72 million and the use of higher priced green coffee beans in the manufacturing of our products were the contributing factors increasing cost of sales. Cost of sales increased to \$772.63, 2.7% above prior year's \$752.086 million. Affected by both lower sales and increased cost of sales, operating profit fell to \$126.68 million, 25% lower than the \$169.97 million last year.

Export sales positively impacted revenue performance, increasing to \$200 million, a 26% improvement on last year's \$161 million. Our investment in marketing and sales support to our distributors in the USA and Canada have yielded favourable returns. Our Diaspora specifically in the Tri-State area and Florida have continued to support our brands. Conversely, domestic sales affected by declining economic activity, fell by 10.5%. The contract manufacturing segment of our business also experienced decline, falling by 7% in comparison to last year. Within this business segment coffee products manufactured for others contributed to this decline.

Administrative expenses were curtailed at \$135.67 against \$138.79 million. Staff related costs were lower by \$14.62 million as two positions remained vacant throughout the year.

Due to the onset of the pandemic, marketing and promotional activities as was customary had to be curtailed as such product sampling, usually done in supermarkets and wholesales were halted. As we pivoted to digital spaces, the new norm of consumer engagement, selling and promotional expenses decreased to \$44.33 million from \$62.45 million last year.

Net profit for the year was \$110.48 million, \$30.88 million or 22% below the \$141.37 million posted last year. A cess paid to the Government of \$72 million and the non-issuance of import permits forcing the use of higher priced green coffee beans in manufacturing were the contributing factors.

Earnings per share was reflective of our net profit position at \$1.06 per share compared to \$1.37 last year.



FIVE YEAR FINANCIAL HIGHLIGHTS

Five Year Statistics	2020	2019	2018	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	1,067,932	1,113,652	1,041,000	871,733	761,737
Cost of Sales	772,635	752,086	641,540	595,482	510,087
Gross Profit	295,297	361,566	399,965	276,251	251,650
Operating Profit	126,685	169,975	270,074	80,050	74,816
Net Profit	110,485	141,367	219,177	68,686	68,900

Important Ratios

Return on Equity	0.09	0.09	0.23	0.14	0.12
Profit before Tax / Sales	0.11	0.10	0.28	0.15	0.13
Earnings per Share	0.72	0.67	2.11	1.37	1.06
Cashflow per Share	1.54	1.81	2.11	0.32	1.72
Book Value per Share	7.50	7.74	9.05	9.78	9.21
Dividend per Share	1.20	1.00	1.00	1.15	1.20

SALES & MARKETING

Domestic sales took a hit as economic activity slowed because of stay in place measures implemented by the Government. Revenue from domestic sales activity was \$661.35 million down 10.5% from last year's \$739.29 million. Coffee powder volumes declined by 19% when compared to prior year as the market demand for coffee declined. Conversely, ginger products saw an uptick as consumers demanded products deemed beneficial to immunity. To keep our products top-of-mind and improve sales several promotional offers were implemented including product discounts and gift with purchase offers.

Export sales started throughout the year; revenue improved by 26.2% in comparison to last year. Sales in the United States and Canada driven by our Diaspora communities continued to improve. Similarly, ginger products were in high demand an important part of the sales mix.

The private labelling segment of our business was also adversely affected by lower demand specifically coffee related products. Again, within this business line ginger related products were in high demand.

Digital platforms, Instagram, Facebook, and Twitter were more so important this year than ever before. Once seen as the medium to engage millennials quickly transformed to being the primary means of engaging and communicating with our wider customer base. It is from these platforms that our consumers delivered cook-book worthy recipes and pictures of lattes, teas and lemonades using our brands, Jamaica Mountain Peak and Mountain Bliss. Influencer-marketing, selecting local and international personalities with large followings on these platforms were employed to influence purchases. Our sponsorship of The Best & Bravest on television highlighting the sacrifices of front-line workers was a clear winner also giving visibility to our Jamaica Mountain Peak brand.

In October Ginger Turmeric Tea was introduced to the market, leveraging the benefits of both ginger and turmeric, natural immunity builders in keeping with consumer demand.

RISK MANAGEMENT

In March, much of the focus of the Operations and Quality teams was the development and implementation of measures that would secure both the people and plant and to ensure our mandate as ascribed by our Safe Quality Foods certification, continued to be met. The number of both hand washing and sanitation stations were increased

throughout the facility. The institution of handwashing, temperature checks and interviews via forms for all persons entering the plant has become the new norm. Mandating mask wearing through-out the plant from March was another measure that ensured personal safety and security of manufacturing operations.

The lock-down of communities, and the curfew times posed challenging to production, but skillful navigation of scheduling team members provided us the ability to manufacture through-out. We are proud to have been able to keep all team members employed.

The annual SQF recertification of the facility and operations was also impacted by the pandemic and the usual plant visit scheduled between October and November 2020 did not take place. A 6-month extension of the 2019-2020 certification was done via a risk assessment audit.

Throughout the year several training activities were completed as a part of our SQF programme.

OUTLOOK

Economic growth is predicted to be anemic at best, but we are optimistic that domestic activity will not decline further and with vaccines on the horizon, other sectors in the economy will rebound improving disposable income. Agro-processing is an opportunity for the country and with the requisite investments and stimulus, could be a game changer for our economy.

We anticipate that exports will continue to improve especially as we work closely with our distributors in ensuring consumers needs are met.

Diversification of our product offering will shape our way forward.

DIANNA BLAKE-BENNETT
General Manager





We recognise that an important aspect of creating and improving shareholder value requires a measured approach and acceptance to risks. Risk management policies are established to identify and analyse the risks faced and to set appropriate limits and controls to monitor and ensure adherence. This includes systems and policies to ensure the effective monitoring of our daily operations and adherence to our quality management programme. It also involves systems that ensure compliance with all statutory requirements and that the integrity of our financial reporting is sound. Senior Management is responsible for identifying, evaluating, assessing, monitoring, and managing operational risks. Material risks are escalated to Audit Committee of the Board and where necessary the Board of Directors. The Audit Committee is responsible for Risk Management.

The Directors in their assessment identified the following strategic and operational business risks.

Formulation Risk – The requirements of the Jamaica Agricultural Commodities Regulatory Authority (JACRA) Act to include 30% local green coffee beans in the manufacture of instant coffee poses a significant formulation risk to the Company's brands. This will potentially impact both taste profile and cost, adversely impacting the Company's revenue and profitability. On-going sensory evaluations with consumers to ensure the taste profile of products are maintained and increased brand marketing activity to strengthen brand equity are the mitigatory responses.

Regulatory Risk – The Company is further exposed to potential increases in the cess on imported green coffee beans used in the manufacture of instant coffee, giving rise to the need to increase product prices. With the global economy in decline and the domestic market expected to decline by 10-12% price increases would result in lower demand for our products and revenue. As the only manufacturer of instant coffee in Jamaica, we must strategically engage and lobby stakeholders to make changes to the legislature that will negate any new or additional ad valorem tax.

Economic and Financial Risk – The pandemic has disrupted economic activity globally as countries implement measures to contain the spread of the Coronavirus. Jamaica, no exception has suffered total losses of industries, HORECA, Education as well as the shift in consumer behaviour. We believe that this can impact the performance of the business. Robust credit management and working closely with our distributors to offer value to our consumers are the mitigatory actions.

Supply Chain Risk – As a result of the pandemic, global supply chains have been disrupted, this poses a threat to the importation of both raw and packaging material which cannot be sourced locally. Additionally, with the new requirements of local green coffee beans our ability to secure green coffee beans at a competitive price are significant risks to the business. Forward purchases, increasing inventory of critical raw materials are the mitigatory responses.

Like all other businesses, the Company's business is exposed to different kinds of risks, which we anticipate, measure, and manage through our policies and processes.

Market risk arises mainly from the changes in market prices, such as foreign exchange rates and interest rates, which affect the Company's income or value of its holding of financial instruments.

- Interest rate risks is the risk that the value of a financial instrument will fluctuate due to changes in market rates. The Company manages this risk by investing in monetary instruments contracted at fixed interest rates for the duration of their terms.
- Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign exchange exposure is managed by maintaining adequate liquid resources in appropriate currencies and by managing the timing of payments on foreign currency liabilities.

Liquidity risk is where the Company is not able to meet its financial obligations as they fall due. Our approach to managing liquidity is to ensure that the Company maintain sufficient cash and marketable securities and that an adequate amount of our financial assets are in liquid form to meet contractual obligations and other recurring payments.

Credit risk arises principally from receivables by credit given to customers and investments with financial institutions.

Our exposure is mainly influenced by the characteristics of the individual. The demographics of our customer base including the default risk in which customers operate has less of an influence on our credit risk. A provisional matrix is used to estimate credit losses (ECL) on trade receivables. This is based on historical observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates.



CORPORATE SOCIAL RESPONSIBILITY REPORT



Salada donated \$500,000 to The National Children's Home following a devastating fire which gutted the home and displaced their children.

Jebb Memorial Basic School like so many learning institutions closed their doors on March 12, 2020 as the Government proactively took steps to contain the spread of the novel Coronavirus. This has resulted in a delay in the process of certification by the Early Childhood Commission. Over the last two years Salada has invested more than \$2 million in improving the facility to meet this certification standard. This remains paramount for fiscal year 2020-2021 although the standards would have changed based on new safety requirements instituted by the Ministries of Education and Health and Wellness for students return to face to face schooling.

The Board of Directors at a sitting of the Corporate Governance Committee in October 2020 approved \$1.5 million to aid the institution in acquiring laptops for teachers, tablets for all the students, internet connectivity as well as implementing sanitization stations throughout the school to ensure meeting the new protocols set down by the respective Ministries Education and Health and Wellness for the safety of students and teachers.

The year was wrought with need from varying institutions and individuals as the pandemic disrupted the norms of life and livelihoods of so many. Salada, stepped up proudly, providing care packages of hot beverage products to healthcare workers, our security forces and communities that were shuttered as the Government implemented containment measures to arrest the spread of the Coronavirus.

In January 2020, Salada donated \$500,000 to The National Children's Home towards their restorative effort following a devastating fire which gutted the home and displaced their children.

Food for the Poor brought to our attention the needs of a young member of our disabled community, Ms. Tiffany Thomas. It was all hands on deck as the teams from Salada and Food for the Poor constructed, painted, and furnished her new home all in one day. We proudly handed Tiffany the keys to her home on August 4, 2020. Food for the Poor secured the land and with Salada's contribution of \$600,000 executed the construction.

This year, our usual corporate sponsorship of running activities for which our brands have been associated was also affected by tides of the season, however, our staple contribution to the work of the Jamaica Cancer Society, specifically the Reach to Recovery arm was maintained. We contributed \$100,000 to the organization's effort of assisting survivors in their recovery.

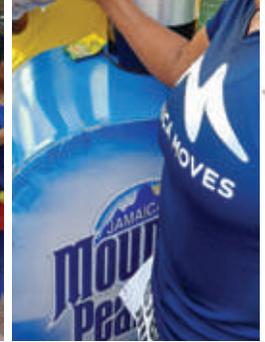
We remain committed to our corporate mission of improving the well-being of the communities we serve in Jamaica and elsewhere.





ENERGIZED LIFESTYLE





JAMAICA Mountain Peak



Premium coffee beans have been the heart of our products for over 40 years. We are committed to the manufacturing of 100% pure ingredients in our internationally-certified facilities to make each cup a unique blend of Jamaican pride.

**RISE UP JAMAICA,
ONE CUP AT A TIME!**



RISE UP. PRESS ON.

Jamaica Mountain Peak Coffee Beans
Roasted to Perfection



Available in:

- Whole Beans
- Roasted & Ground



www.saladafoodsja.com   [myjamaicamountainpeak](https://www.instagram.com/myjamaicamountainpeak)

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**AUDITED
FINANCIAL
STATEMENTS**

September 30, 2020

Independent Auditor's Report
to the Shareholders

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Salada Foods Jamaica Limited ("the company") comprising the consolidated financial statements of the company and its subsidiaries ("the group") and the separate financial statements of the company, set out on pages 9 to 52 which comprise the group's and company's statement of financial position as at September 30, 2020, the group's and company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

1. *Inventory costing and valuation*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group's inventory cost calculation for finished goods and work-in-progress accounts for raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. At reporting date, finished goods and work-in-progress inventories account for 39% of total inventories.</p> <p>In view of the group's manufacturing processes and its numerous product lines, the basis of cost allocation is complex and highly dependent on management's estimate.</p> <p>Due to the complexity involved, there is an inherent risk that a material misstatement could arise due to cost of inventory being incorrectly recorded.</p>	<p>Our audit procedures in response to this matter, included:</p> <ul style="list-style-type: none">• Testing controls over management review and recording of inventory costing.• Observe annual inventory count and select a sample of items for testing and agreeing count quantities to final inventory listings and assess the conditions under which inventory including processed green beans are stored.• Testing a sample of inventory to assess whether all elements of costs have been accurately input into the costing calculations including testing the basis and calculation of overheads absorbed; and agreeing the cost of raw materials and packaging inventories to supporting documentation e.g. purchase invoices.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1. *Inventory costing and valuation (continued)*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
In the prior year, the company started a project which was completed during the year, where cherries are processed into green beans. There is a risk that if not properly stored and a market available for sale/usage, then the product may be impaired.	<ul style="list-style-type: none"> Performing a detail impairment assessment of inventories by comparing the recent sale price to carrying cost and usage of green beans in current production and proposed future products.

2. *Measurement of Expected Credit Losses*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The determination of expected credit losses (ECL) is highly subjective and requires management to make significant judgements and estimates including the identification of significant increase in credit risk (SICR), determination of the appropriate variables and assumptions used and the application of forward-looking information.</p> <p>These estimates involve increased judgment as a result of the economic impacts of COVID-19 on the group's financial assets. Management considered the following:</p>	<p>Our audit procedures in response to this matter, included:</p> <ul style="list-style-type: none"> Obtaining an understanding of the model used by management for the calculation of expected credit losses on financial assets. Testing the completeness and accuracy of the data used in the ECL models to the underlying accounting records on a sample basis.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. *Measurement of Expected Credit Losses (continued)*

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<ul style="list-style-type: none">- qualitative factors that create COVID-19 related changes to SICR.- increased uncertainty about potential future economic scenarios and their impact on credit losses.	<ul style="list-style-type: none">• Involving our financial risk management specialist, to review the ECL model, assess the appropriateness of the group's impairment methodology, management's assumptions and compliance with the requirements of IFRS 9, <i>Financial Instruments</i>.• Involving our financial risk management specialists to evaluate the appropriateness of economic parameters including the use of forward looking information.• Testing the accuracy of the ECL calculation.• Testing the group's recording and ageing of accounts receivable. <p>Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.</p>





INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

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

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

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

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

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

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



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 7 to 8, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

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

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

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

Chartered Accountants
Kingston, Jamaica

December 9, 2020





INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Appendix to the Independent Auditors' Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's/group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Appendix to the Independent Auditors' Report (continued)

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

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

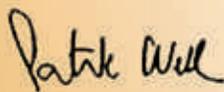
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation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



SALADA FOODS JAMAICA LIMITED**Statement of Financial Position
September 30, 2020**

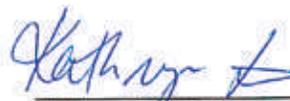
	Notes	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	125,780	121,544	118,869	96,570
Intangible asset	5	1,300	1,300	1,300	1,300
Investment in subsidiary companies	6(a)	-	-	103,976	103,976
Investments	9	99,507	144,141	99,507	144,141
Deferred tax asset	10	17,521	15,441	17,283	8,549
Long-term receivables	7	-	8,317	-	-
		<u>244,108</u>	<u>290,743</u>	<u>340,935</u>	<u>354,536</u>
CURRENT ASSETS					
Cash and cash equivalents	8	170,859	135,352	112,448	83,330
Investments	9	152,951	142,601	152,951	142,601
Accounts receivable	11	148,351	167,391	82,141	117,080
Inventories	12	405,274	447,090	398,844	445,000
Current portion of long-term receivables	7	-	7,364	-	-
Due from subsidiary	6(b)	-	-	3,152	36,789
Tax recoverable		-	6,328	-	5,908
		<u>877,435</u>	<u>906,126</u>	<u>749,536</u>	<u>830,708</u>
TOTAL ASSETS		<u>1,121,543</u>	<u>1,196,869</u>	<u>1,090,471</u>	<u>1,185,244</u>
STOCKHOLDERS' EQUITY					
Share capital	13	73,216	73,216	73,216	73,216
Capital reserves	14	16,275	16,275	6,543	6,543
Retained earnings		<u>867,633</u>	<u>925,390</u>	<u>861,679</u>	<u>950,989</u>
		957,124	1,014,881	941,438	1,030,748
NON-CONTROLLING INTERESTS	15	-	1,055	-	-
		<u>957,124</u>	<u>1,015,936</u>	<u>941,438</u>	<u>1,030,748</u>
CURRENT LIABILITIES					
Accounts payable	16	158,278	160,635	143,641	141,032
Due to subsidiary	6(c)	-	-	4,891	-
Taxation payable		<u>6,141</u>	<u>20,298</u>	<u>501</u>	<u>13,464</u>
		<u>164,419</u>	<u>180,933</u>	<u>149,033</u>	<u>154,496</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		<u>1,121,543</u>	<u>1,196,869</u>	<u>1,090,471</u>	<u>1,185,244</u>

The financial statements on pages 9 to 52 were approved for issue by the Board of Directors on December 9, 2020 and signed on its behalf by:



Patrick Williams

Chairman



Kathryn Lewis-Green

Director

SALADA FOODS JAMAICA LIMITED

Group Statement of Profit or Loss
Year ended September 30, 2020

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000
Sales	17	1,067,932	1,113,652
Cost of sales	19(a)	(772,635)	(752,086)
Gross profit		<u>295,297</u>	<u>361,566</u>
Operating expense:			
Administration expenses	19(c)	(135,674)	(138,799)
Impairment recoveries, on investments	9	351	2,137
Impairment losses/(recoveries) on trade receivables, net		(1,761)	1,798
Selling and promotion expenses	19(b)	(44,335)	(62,455)
		<u>(181,419)</u>	<u>(197,319)</u>
Operating profit before other income, net finance cost and taxation		113,878	164,247
Other income		<u>12,807</u>	<u>5,728</u>
Operating profit before net finance cost and taxation		<u>126,685</u>	<u>169,975</u>
Finance income	18	8,705	6,140
Finance costs	18	(1,196)	(8,602)
Net finance income/(cost)	18	<u>7,509</u>	<u>(2,462)</u>
Profit before taxation		134,194	167,513
Taxation	20	(23,709)	(26,146)
Profit for the year		<u>110,485</u>	<u>141,367</u>
Profit attributable to:			
Stockholders of the company		110,485	141,921
Non-controlling interests	15	<u>-</u>	<u>(554)</u>
		<u>110,485</u>	<u>141,367</u>
Earnings per share:			
Earnings per ordinary stock unit	22	<u>1.06</u>	<u>1.37</u>

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



SALADA FOODS JAMAICA LIMITEDGroup Statement of Other Comprehensive Income
Year ended September 30, 2020

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000
Profit for the year		<u>110,485</u>	<u>141,367</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
(Loss)/gain on revaluation of fair value through OCI		(<u>44,634</u>)	<u>42,475</u>
Other comprehensive (loss)/income for the year, net of tax		(<u>44,634</u>)	<u>42,475</u>
Total comprehensive income for the year		<u>65,851</u>	<u>183,842</u>
Total comprehensive income attributable to:			
Stockholders of the company		65,851	184,396
Non-controlling interests	15	<u>-</u>	(<u>554</u>)
		<u>65,851</u>	<u>183,842</u>



SALADA FOODS JAMAICA LIMITED

Group Statement of Changes in Stockholders' Equity
Year ended September 30, 2020

	Attributable to stockholders of the company			Non- controlling interests (note 15) \$'000	Total \$'000
	Share capital (note 13) \$'000	Capital reserves (note 14) \$'000	Retained earnings (note 15) \$'000		
Balances at September 30, 2018	<u>73,216</u>	<u>16,275</u>	<u>849,364</u>	<u>1,609</u>	<u>940,464</u>
Transition adjustment on initial application of IFRS 9, net of taxes	<u>-</u>	<u>-</u>	<u>(4,485)</u>	<u>-</u>	<u>(4,485)</u>
Adjusted balances at October 1, 2018	<u>73,216</u>	<u>16,275</u>	<u>844,879</u>	<u>1,609</u>	<u>935,979</u>
Profit for the year	-	-	141,921	(554)	141,367
Other comprehensive income:					
Fair value gains on investments	<u>-</u>	<u>-</u>	<u>42,475</u>	<u>-</u>	<u>42,475</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>184,396</u>	<u>(554)</u>	<u>183,842</u>
Dividends (note 13)	<u>-</u>	<u>-</u>	<u>(103,885)</u>	<u>-</u>	<u>(103,885)</u>
Balances at September 30, 2019	<u>73,216</u>	<u>16,275</u>	<u>925,390</u>	<u>1,055</u>	<u>1,015,936</u>
Profit for the year	-	-	111,540	(1,055)	110,485
Other comprehensive loss:					
Fair value loss on investments	<u>-</u>	<u>-</u>	<u>(44,634)</u>	<u>-</u>	<u>(44,634)</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>66,906</u>	<u>(1,055)</u>	<u>65,851</u>
Dividends (note 13)	<u>-</u>	<u>-</u>	<u>(124,663)</u>	<u>-</u>	<u>(124,663)</u>
Balances at September 30, 2020	<u>73,216</u>	<u>16,275</u>	<u>867,633</u>	<u>-</u>	<u>957,124</u>
Retained in the financial statements of:					
The company	73,216	6,543	861,679	-	941,438
The subsidiaries	<u>-</u>	<u>9,732</u>	<u>5,954</u>	<u>-</u>	<u>15,686</u>
Balances at September 30, 2020	<u>73,216</u>	<u>16,275</u>	<u>867,633</u>	<u>-</u>	<u>957,124</u>
Retained in the financial statements of:					
The company	73,216	6,543	950,989	-	1,030,748
The subsidiaries	-	9,732	(25,599)	-	(15,867)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,055</u>	<u>1,055</u>
Balances at September 30, 2019	<u>73,216</u>	<u>16,275</u>	<u>925,390</u>	<u>1,055</u>	<u>1,015,936</u>

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



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SALADA FOODS JAMAICA LIMITEDGroup Statement of Cash Flows
Year ended September 30, 2020

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		110,485	141,367
Adjustments for:			
Items not involving cash:			
Depreciation	4	22,873	26,805
Income tax expense	20(a)	25,789	19,160
Deferred taxation	20(a)	(2,080)	6,986
Interest income	18	(3,530)	(6,140)
Interest expense		-	948
Loss on disposal		<u>1,337</u>	<u>-</u>
		154,874	189,126
Changes in operating assets and liabilities:			
Inventories		41,816	(222,884)
Accounts receivable		17,905	70,040
Accounts payable		<u>(2,357)</u>	<u>29,636</u>
Cash provided by operations		212,238	65,918
Interest paid		-	(948)
Taxation paid or deducted at source		<u>(33,618)</u>	<u>(31,243)</u>
Net cash provided by operating activities		<u>178,620</u>	<u>33,727</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,665	3,399
Purchase of property, plant and equipment	4	(28,446)	(32,993)
Proceeds from sale of property, plant and equipment		-	25
Investments, net		(10,350)	152,368
Long term receivable		<u>15,681</u>	<u>7,076</u>
Net cash (used)/provided by investing activities		<u>(18,450)</u>	<u>129,875</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Finance lease obligation		<u>-</u>	<u>(5,255)</u>
Net cash used by financing activities		<u>-</u>	<u>(5,255)</u>
Net cash provided before dividends		<u>160,170</u>	<u>158,347</u>
Dividends paid	13	<u>(124,663)</u>	<u>(103,885)</u>
Net increase in cash and cash equivalents		35,507	54,462
Cash and cash equivalents at beginning of year		<u>135,352</u>	<u>80,890</u>
Cash and cash equivalents at end of year	8	<u>170,859</u>	<u>135,352</u>

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

SALADA FOODS JAMAICA LIMITED

Company Statement of Profit and Loss and Other Comprehensive Income
Year ended September 30, 2020

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000
Sales	17	957,416	990,928
Cost of sales	19(a)	<u>(759,046)</u>	<u>(733,998)</u>
Gross profit		<u>198,370</u>	<u>256,930</u>
Operating expenses:			
Administration expenses	19(c)	(131,058)	(132,338)
Selling and promotion expenses	19(b)	(63)	(14)
Impairment recoveries on investments	9	351	2,137
Impairment losses on trade receivables		<u>(570)</u>	<u>(1,727)</u>
		<u>(131,340)</u>	<u>(131,942)</u>
Operating profit before other income, net finance cost and taxation		67,030	124,988
Other income		<u>12,631</u>	<u>5,728</u>
Operating profit before net finance cost and taxation		<u>79,661</u>	<u>130,716</u>
Finance income	18	7,631	5,075
Finance costs	18	<u>(1,110)</u>	<u>(8,539)</u>
Net finance income	18	<u>6,521</u>	<u>(3,464)</u>
Profit before taxation		86,182	127,252
Taxation	20	<u>(6,195)</u>	<u>(17,137)</u>
Profit for the year		<u>79,987</u>	<u>110,115</u>
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
(Loss)/gain on revaluation of fair value through OCI		<u>(44,634)</u>	<u>42,475</u>
Other comprehensive (loss)/income for the year, net of tax		<u>(44,634)</u>	<u>42,475</u>
Total comprehensive income for the year		<u>35,353</u>	<u>152,590</u>

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



SALADA FOODS JAMAICA LIMITEDCompany Statement of Changes in Stockholders' Equity
Year ended September 30, 2020

	Share capital (note 13) \$'000	Capital reserves (note 14) \$'000	Retained earnings \$'000	Total \$'000
Balances at September 30, 2018	73,216	6,543	905,282	985,041
Transition adjustment on initial application of IFRS 9, net of taxes	<u>-</u>	<u>-</u>	<u>(2,998)</u>	<u>(2,998)</u>
Adjusted balances at October 1, 2018	73,216	6,543	902,284	982,043
Total comprehensive income for the year:				
Profit for the year	-	-	110,115	110,115
Other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>42,475</u>	<u>42,475</u>
Dividend (note 13)	<u>73,216</u>	<u>6,543</u>	<u>1,054,874</u>	<u>1,134,633</u>
Balances at September 30, 2019	<u>-</u>	<u>-</u>	<u>(103,885)</u>	<u>(103,885)</u>
Balances at September 30, 2019	73,216	6,543	950,989	1,030,748
Total comprehensive income for the year:				
Profit for the year	-	-	79,987	79,987
Other comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>(44,634)</u>	<u>(44,634)</u>
Dividend (note 13)	<u>73,216</u>	<u>6,543</u>	<u>986,342</u>	<u>1,066,101</u>
Balances at September 30, 2020	<u>-</u>	<u>-</u>	<u>(124,663)</u>	<u>(124,663)</u>
Balances at September 30, 2020	<u>73,216</u>	<u>6,543</u>	<u>861,679</u>	<u>941,438</u>



SALADA FOODS JAMAICA LIMITED

Company Statement of Cash Flows Year ended September 30, 2020

	<u>Notes</u>	<u>2020</u> \$'000	<u>2019</u> \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		79,987	110,115
Adjustments for:			
Items not involving cash:			
Depreciation	4(b)	19,536	15,647
Loss on disposal		388	-
Income tax expense	20(a)	14,929	12,323
Deferred taxation	20(a)	(8,734)	4,814
Interest income	18	(3,255)	(5,075)
Interest expense		<u>-</u>	<u>157</u>
		102,851	137,981
Changes in operating assets and liabilities:			
Inventories		46,156	(226,861)
Accounts receivable		33,805	(15,167)
Due (to)/from subsidiary		24,751	113,190
Accounts payable		<u>2,609</u>	<u>20,091</u>
Cash provided by operations		210,172	29,234
Interest paid		-	(157)
Taxation paid		<u>(21,984)</u>	<u>(30,896)</u>
Net cash provided/(used) by operating activities		<u>188,188</u>	<u>(1,819)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,389	3,399
Investments, net		(10,350)	152,368
Purchase of property, plant and equipment	4(b)	<u>(28,446)</u>	<u>(32,993)</u>
Net cash (used)/provided by investing activities		<u>(34,407)</u>	<u>122,774</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease obligation		<u>-</u>	<u>(5,255)</u>
Net cash used by financing activities		<u>-</u>	<u>(5,255)</u>
Net cash provided before dividends		<u>153,781</u>	<u>115,700</u>
Dividends paid	13	<u>(124,663)</u>	<u>(103,885)</u>
Net increase in cash and cash equivalents		29,118	11,815
Cash and cash equivalents at beginning of year		<u>83,330</u>	<u>71,515</u>
Cash and cash equivalents at end of year	8	<u>112,448</u>	<u>83,330</u>

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



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RESILIENCE - Pioneering Beyond Challenges

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements
Year ended September 30, 20201. 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 and other consumer products. The company and its subsidiaries are collectively referred to as “the group” [also see note 2(c)]. The company’s registered office is located at 20 Bell Road, Kingston 11, Jamaica West Indies. Effective February 1, 2017, the company outsourced the distribution of its core products in local market to its subsidiary, Mountain Peak Food Processors Limited. The operations of Pimora Company Limited were discontinued in the 2017 financial year.

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 and basis of preparation(a) Statement of compliance:

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

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

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

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

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

- recognising right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- recognising right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment); and
- including initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

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

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

(a) Statement of compliance (continued):

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

New and amended standards and interpretations not yet effective:

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

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

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

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

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

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

- New ‘bundle of rights’ approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

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

(b) Basis of preparation:

The financial statements are presented in Jamaica dollars (\$), which is the functional currency of the group. All financial information presented in Jamaica dollars have been rounded to the nearest thousand, except when otherwise indicated.

The financial statements are prepared on the historical cost basis. The significant accounting policies stated in paragraphs (c) to (d) and note 3 below conform in all material respects with IFRS.

(c) Basis of consolidation:

- (i) A “subsidiary” is an entity controlled by the company. The company controls an entity when it is exposed to, or has rights, to the variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

<u>Entity</u>	<u>Holding</u>	<u>Main activity</u>	<u>Territory of incorporation</u>
Coffee Company of Jamaica Limited	100%	Dormant entity	Jamaica
Shirriff's (Jamaica) Limited	100%	Dormant entity	Jamaica
Mountain Peak Food Processors Limited	100%	Distribution and sale of instant coffee, juices and condiments (see note 1)	Jamaica
Pimora Company Limited	100% (2019: 70%)	Manufacture of flavoured Briquettes (see note 1)	Jamaica

(ii) Loss of control:

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

(iii) Non-controlling interests:

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

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

(c) Basis of consolidation (continued):

(iv) Transactions eliminated on consolidation

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

(d) Use of estimates and judgements:

The preparation of the financial statements to conform with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expenses 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

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

(i) Judgements:

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

Classification of financial assets:

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

Impairment of financial assets:

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

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

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

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

Allowance for impairment losses on financial assets:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 4(s) and 4(t), which also set out key sensitivities of the ECL to changes in these elements.

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

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

(iii) Net realisable value of inventories:

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies

(a) Investment in subsidiary companies:

Investments in subsidiary companies are measured at cost.

(b) Employee benefits:

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 statement of financial position date.

(c) Inventories:

Inventories are measured 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 comprising raw packaging material and goods in transit is based on their cost.

The cost of other inventories comprising raw and packaging materials and goods in transit is based on their cost and expenses incurred in acquiring and bringing them to their existing location and condition.

(d) Accounts receivable:

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

(e) Cash and cash equivalents:

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

(f) Investments:

Investments are classified as amortised cost or fair value through other comprehensive income. Amortised cost are those that have a fixed or determinable payment and which are not quoted in an active market. Amortised cost is calculated on the effective interest rate method, less impairment losses.



SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(f) Investments (continued):

Other comprehensive income are initially recognised at cost and subsequently at fair value through where a quoted market price is available in an active market. Any resultant gain or loss is recognised in investment revaluation reserve through other comprehensive income. Fair value gains recognised in other comprehensive income cannot be recycled through the profit or loss account.

(g) Accounts payable:

Trade and other payables are measured at amortised cost.

(h) Provisions:

A provision is recognised in the statement of financial position 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.

(i) Property, plant and equipment:

(i) Property, plant and equipment are measured 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 profit or loss.

(ii) Depreciation:

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

Buildings	2.5 - 10%
Infrastructure	2.5 - 10%
Machinery and equipment	2.5 - 20%
Motor vehicles	20%

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
 Year ended September 30, 2020

3. Significant accounting policies (continued)

(j) Revenue:

Revenue recognition under IFRS 15

Performance obligations and revenue recognition policies:

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

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

<i>Type of product</i>	Its principal activity is the manufacture and sale of instant coffee and roasted and ground coffee beans and other consumer products.
<i>Nature and timing of satisfaction of performance obligations, including significant payment terms.</i>	<p>Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognised at that point in time.</p> <p>Invoices are usually payable within 45 days.</p> <p>Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.</p> <p>The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory.</p> <p>The group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.</p>
<i>Revenue recognition under IFRS 15</i>	Revenue is recognised when the goods are delivered and have been accepted by the customers.



SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(k) 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 profit or loss.

Interest income is recognised in profit or loss as it accrues, taking into account the yield on the asset.

(l) Income tax:

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

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

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

(m) Dividends:

Dividends are recognised in the period in which they are declared.

(n) 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 LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(o) 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 reporting date. Foreign exchange differences arising from fluctuations in exchange rates are recognised in profit or loss. 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.

(p) Related parties:

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

(a) A person or a close member of that person’s family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.



SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(p) Related parties (continued):

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

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

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

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

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

(q) Intangible assets:

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Amortization is calculated using the straight line method to allocate cost over five years.

(r) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assesses its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(s) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investments, cash and cash equivalents, accounts receivable, long-term receivables, and interest in subsidiary. Financial liabilities comprise accounts payable and related company balances.

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(s) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

In making this assessment, the company considers:

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

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

- Investments
- Cash and cash equivalents
- Accounts receivable

Due to their short-term nature, the group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

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

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The group's financial liabilities, which includes accounts payable are recognised initially at fair value.

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

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

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(s) Financial instruments (continued):

(iii) Derecognition

Financial assets

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

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

Financial liabilities

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

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

(iv) Offsetting

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

(t) Impairment:

Financial assets

Measurement of ECLs

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(s) Financial instruments (continued):

(iii) Derecognition

Financial assets

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

The group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

Financial liabilities

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

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

(iv) Offsetting

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

(t) Impairment:

*Financial assets**Measurement of ECLs*

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(t) Impairment (continued):

Financial assets (continued)

Measurement of ECLs (continued)

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

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

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

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

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

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

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

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

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

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

Credit-impaired financial assets

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(t) Impairment (continued):

Financial assets (continued)

Credit-impaired financial assets (continued)

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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

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

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

Non-financial assets

The carrying amounts of the group's non-financial assets (other than inventories) are reviewed at each reporting 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 profit or loss.

The recoverable amount of an asset or CGU is the greater of their fair value less costs to sell 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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

3. Significant accounting policies (continued)

(t) Impairment (continued):

Non-financial assets (continued)

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 asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

4. Property, plant and equipment

(a) The Group:

	Freehold land \$'000	Freehold buildings and infrastructure \$'000	Machinery equipment & vehicles \$'000	Work-in- progress \$'000	Total \$'000
At cost or deemed cost:					
September 30, 2018	10,000	68,653	364,451	8,370	451,474
Additions	-	2,512	8,884	21,597	32,993
Disposals	(25)	-	-	-	(25)
Transfers	-	12,264	1,174	(13,438)	-
September 30, 2019	9,975	83,429	374,509	16,529	484,442
Additions	-	4,682	11,202	12,562	28,446
Transfer	-	-	13,938	(13,938)	-
Disposals	-	-	(5,937)	-	(5,937)
September 30, 2020	<u>9,975</u>	<u>88,111</u>	<u>393,712</u>	<u>15,153</u>	<u>506,951</u>
Depreciation:					
September 30, 2018	-	44,231	291,862	-	336,093
Charge for the year	-	1,633	25,172	-	26,805
September 30, 2019	-	45,864	317,034	-	362,898
Charge for the year	-	1,817	21,056	-	22,873
Disposals	-	-	(4,600)	-	(4,600)
September 30, 2020	-	<u>47,681</u>	<u>333,490</u>	-	<u>381,171</u>
Net book values:					
September 30, 2020	<u>9,975</u>	<u>40,430</u>	<u>60,222</u>	<u>15,153</u>	<u>125,780</u>
September 30, 2019	<u>9,975</u>	<u>37,565</u>	<u>57,475</u>	<u>16,529</u>	<u>121,544</u>



SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 20204. Property, plant and equipment (continued)

(b) The Company:

	<u>Freehold land</u> \$'000	<u>Freehold buildings and infrastructure</u> \$'000	<u>Machinery equipment & vehicles</u> \$'000	<u>Work-in- progress</u> \$'000	<u>Total</u> \$'000
At cost or deemed cost:					
September 30, 2018	6,144	51,088	294,809	8,370	360,411
Additions	-	2,512	8,884	21,597	32,993
Transfers	<u>-</u>	<u>12,264</u>	<u>1,174</u>	<u>(13,438)</u>	<u>-</u>
September 30, 2019	6,144	65,864	304,867	16,529	393,404
Additions	-	4,682	11,202	12,562	28,446
Transfer	-	-	13,938	(13,938)	-
Assets acquired on transfer(d)	-	-	13,777	-	13,777
Disposals	<u>-</u>	<u>-</u>	<u>(4,649)</u>	<u>-</u>	<u>(4,649)</u>
September 30, 2020	<u>6,144</u>	<u>70,546</u>	<u>339,135</u>	<u>15,153</u>	<u>430,978</u>
Depreciation:					
September 30, 2018	-	27,751	253,436	-	281,187
Charge for the year	<u>-</u>	<u>1,634</u>	<u>14,013</u>	<u>-</u>	<u>15,647</u>
September 30, 2019	-	29,385	267,449	-	296,834
Charge for the year	-	1,817	17,719	-	19,536
Disposals	<u>-</u>	<u>-</u>	<u>(4,261)</u>	<u>-</u>	<u>(4,261)</u>
September 30, 2020	<u>-</u>	<u>31,202</u>	<u>280,907</u>	<u>-</u>	<u>312,109</u>
Net book values:					
September 30, 2020	<u>6,144</u>	<u>39,344</u>	<u>58,228</u>	<u>15,153</u>	<u>118,869</u>
September 30, 2019	<u>6,144</u>	<u>36,479</u>	<u>37,418</u>	<u>16,529</u>	<u>96,570</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 14).

(d) During the year, Mountain Peak Food Processors Limited transferred its assets to Salada Foods Jamaica Limited.

5. Intangible asset

This represents costs of the Mountain Bliss Brand.

6. Investment in subsidiary companies and due from/to subsidiary companies

During the year, the company purchased additional shares in Pimora Company Limited thereby increasing the group's shareholding to 100%.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

6. Investment in subsidiary companies and due from/to subsidiary companies (continued)

(a) Investment in subsidiary companies comprises:

	<u>The Company</u>	
	<u>2020</u> \$'000	<u>2019</u> \$'000
Shares at cost:		
Coffee Company of Jamaica Limited	790	790
Shirriff's (Jamaica) Limited	91	91
Mountain Peak Food Processors Limited	102,595	102,595
Pimora Company Limited	<u>500</u>	<u>500</u>
	<u>103,976</u>	<u>103,976</u>
(b) Due from subsidiary (within twelve months):		
Pimora Company Limited	3,152	2,121
Mountain Peak Food Processors Limited - trading	-	33,391
Mountain Peak Food Processors Limited – other	<u>-</u>	<u>1,277</u>
	<u>3,152</u>	<u>36,789</u>
(c) Due to subsidiary (within twelve months):		
Mountain Peak Food Processors Limited – other	<u>4,891</u>	<u>-</u>
	<u>4,891</u>	<u>-</u>

See note 2(c)(i) for share ownership in subsidiaries.

7. Long term receivables

	<u>The Group</u>	
	<u>2020</u> \$'000	<u>2019</u> \$'000
Receivable	-	15,681
Current portion	<u>-</u>	<u>(7,364)</u>
	<u>-</u>	<u>8,317</u>

This represented mortgage receivable for land and building located at 7 Norwich Avenue Kingston. The interest rate on the mortgage was 4% per annum. The mortgage was scheduled to be repaid by October 2021 however it was fully repaid during the year. The mortgage was secured by the property valued at \$35,000,000.

8. Cash and cash equivalents

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u> \$'000	<u>2019</u> \$'000	<u>2020</u> \$'000	<u>2019</u> \$'000
Cash in hand and bank	168,216	132,323	109,805	80,712
Short-term deposits	<u>2,643</u>	<u>3,029</u>	<u>2,643</u>	<u>2,618</u>
	<u>170,859</u>	<u>135,352</u>	<u>112,448</u>	<u>83,330</u>

At the reporting date, cash in hand and bank include US\$442,365 (2019: US\$243,306).

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 20209. Investments

	<u>2020</u>		
	<u>The Group and the Company</u>		
	Amortised cost \$'000	Fair value through other comprehensive income \$'000	Total \$'000
Resale agreements	103,182	-	103,182
Deposits	50,254	-	50,254
Quoted Jamaican equities	-	99,507	99,507
	153,436	99,507	252,943
Less: impairment loss	(485)	-	(485)
	<u>152,951</u>	<u>99,507</u>	<u>252,458</u>
	<u>2019</u>		
	<u>The Group and the Company</u>		
	Amortised cost \$'000	Fair value through other comprehensive income \$'000	Total \$'000
Resale agreements	110,808	-	110,808
Deposits	32,629	-	32,629
Quoted Jamaican equities	-	144,141	144,141
	143,437	144,141	287,578
Less: impairment loss	(836)	-	(836)
	<u>142,601</u>	<u>144,141</u>	<u>286,742</u>

- (i) The fair value of the securities under resale agreements approximates the carrying value of the agreements. The resale agreements include US\$ 711,007 (2019: US\$719,687) which earns interest at a rate 1.9% to 2.5% (2019: 1.9% to 2.6%) per annum.
- (ii) Fixed deposit includes US\$300,810 (2019: US\$187,577) and earns interest at 2.75% to 3.25% (2019: 1.5% to 4.25%) per annum.

Movement in impairment losses for investments is as follows:

	<u>The Group and the Company</u>	
	<u>2020</u> \$'000	<u>2019</u> \$'000
Balance at beginning of year	836	-
Transitional adjustments – IFRS 9	-	2,973
Impairment recovered/(loss) recognised	(351)	(2,137)
Balance at end of year	<u>485</u>	<u>836</u>

At the reporting date, the company had investments of \$122,628,861 (2019: \$164,734,271) with Ideal Finance Corporation Limited and Ideal Portfolio Services Company Limited, both being related parties.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

10. Deferred taxation

Deferred income taxes are calculated on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes, using an effective tax rate of 25%.

This comprises:

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Net deferred tax asset	<u>17,521</u>	<u>15,441</u>	<u>17,283</u>	<u>8,549</u>

Deferred tax assets are attributable to the following:

	<u>2020</u>			
	<u>The Group</u>			
	October 1, <u>2019</u>	Recognised in <u>income</u>	September 30, <u>2020</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	
		(note 20)		
Accounts payable	1,230	517	1,747	
Property, plant and equipment	12,503	4,067	16,570	
Unrealised gain on exchange	84	93	177	
Tax value of losses carried forward	1,740	(1,740)	-	
Accrued interest receivable	(1,359)	283	(1,076)	
Investment	209	(297)	(88)	
Receivables	<u>1,034</u>	<u>(843)</u>	<u>191</u>	
	<u>15,441</u>	<u>2,080</u>	<u>17,521</u>	
<u>2019</u>				
<u>The Group</u>				
	October 1, <u>2018</u>	Recognised in equity (transition adjustment)	Recognised in <u>income</u>	September 30, <u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
			(note 20)	
Accounts payable	1,095	-	135	1,230
Property, plant and equipment	11,945	-	558	12,503
Unrealised gain on exchange	217	-	(133)	84
Tax value of losses carried forward	8,616	-	(6,876)	1,740
Accrued interest receivable	(940)	-	(419)	(1,359)
Investment	-	743	(534)	209
Receivables	<u>-</u>	<u>751</u>	<u>283</u>	<u>1,034</u>
	<u>20,933</u>	<u>1,494</u>	<u>(6,986)</u>	<u>15,441</u>

SALADA FOODS JAMAICA LIMITEDNotes to the Financial Statements (Continued)
Year ended September 30, 202010. Deferred taxation (continued)

Deferred tax assets are attributable to the following (continued):

	<u>2020</u>		
	<u>The Company</u>		
	October 1, <u>2019</u> \$'000	Recognised in <u>income</u> \$'000 (note 20)	September 30, <u>2020</u> \$'000
Accounts payable	832	515	1,347
Property, plant and equipment	8,099	8,232	16,331
Unrealised gain on exchange	80	547	627
Accrued interest receivable	(1,359)	283	(1,076)
Investment	209	(297)	(88)
Receivable	<u>688</u>	<u>(546)</u>	<u>142</u>
	<u>8,549</u>	<u>8,734</u>	<u>17,283</u>

	<u>2019</u>			
	<u>The Company</u>			
	October 1, <u>2018</u> \$'000	Recognised in equity (transition <u>adjustment</u>) \$'000	Recognised in <u>income</u> \$'000 (note 20)	September 30, <u>2019</u> \$'000
Accounts payable	828	-	4	832
Property, plant and equipment	12,258	-	(4,159)	8,099
Unrealised gain on exchange	217	-	(137)	80
Accrued interest receivable	(940)	-	(419)	(1,359)
Investment	-	743	(534)	209
Receivable	<u>-</u>	<u>257</u>	<u>431</u>	<u>688</u>
	<u>12,363</u>	<u>1,000</u>	<u>(4,814)</u>	<u>8,549</u>

11. Accounts receivable

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u> \$'000	<u>2019</u> \$'000	<u>2020</u> \$'000	<u>2019</u> \$'000
Trade receivables	115,116	122,477	53,574	81,381
Prepayments	26,100	30,997	20,861	24,323
Other receivables	<u>11,153</u>	<u>18,035</u>	<u>10,999</u>	<u>14,115</u>
	152,369	171,509	85,434	119,819
Less: impairment losses	<u>(4,018)</u>	<u>(4,118)</u>	<u>(3,293)</u>	<u>(2,739)</u>
	<u>148,351</u>	<u>167,391</u>	<u>82,141</u>	<u>117,080</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

11. Accounts receivable (continued)

- (i) Allowances for doubtful accounts were established based on incurred loss analyses over delinquent accounts considering aging of balances, the credit history and risk profile of each customer and legal processes to recover accounts receivable. Allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss (“ECL”) of the trade accounts receivable and are recognised over their term.

Under this ECL model, the group use its accounts receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the accounts receivable. The average ECL rate used as at September 30, 2020 to apply against the accounts receivable balance less 90 days was 11.7% (2019: 14.6%) for the group and 9.7% (2019: 12.9%) for the company [note 23 (a)(i)].

Movement in impairment losses for trade receivables is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	4,118	1,705	2,739	87
Transitional adjustments – IFRS 9	-	3,006	-	1,025
Impairment loss recognised net of recoveries	(100)	(593)	554	1,627
Balance at end of year	<u>4,018</u>	<u>4,118</u>	<u>3,293</u>	<u>2,739</u>

The exposure of the group and company to credit and currency risks and impairment losses relating to trade and other receivables are disclosed in note 23(a)(i).

12. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Raw and packaging material	132,367	171,812	127,793	168,664
Finished goods held for sale	67,709	64,872	62,209	63,163
Work-in-progress	92,046	123,778	92,045	123,778
Fuel, spares and consumables	<u>120,078</u>	<u>92,548</u>	<u>119,975</u>	<u>92,448</u>
	412,200	453,010	402,022	448,053
Provision for obsolescence	(6,926)	(5,920)	(3,178)	(3,053)
	<u>405,274</u>	<u>447,090</u>	<u>398,844</u>	<u>445,000</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
 Year ended September 30, 2020

12. Inventories (continued)

During the year, inventory write-offs aggregating \$611,632 (2019: \$1,097,862) were recognised in profit or loss.

13. Share capital

The Group and the Company

2020 2019
 \$'000 \$'000

Authorised:

500,000,000 ordinary units of no par value

Stated:

Issued and fully paid:

103,883,300 ordinary stock units of no par value

73,216 73,216

In a meeting of the Board of Directors held on November 18, 2019 and May 21, 2020 a dividend of 70 cents and 50 cents respectively per share was declared (November 22, 2018 and May 13, 2019: a dividend of 55 cents and 45 cents respectively per share was declared).

14. Capital reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</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>

15. Non-controlling interests

This represented non-controlling interests in the company's subsidiaries. During the year, the company acquired 30% held by minority shareholders, thereby increasing the group's holding to 100%.

	<u>% interest</u>	
	<u>2020</u>	<u>2019</u>
Pimora Company Limited	<u>-</u>	<u>30%</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

15. Non-controlling interests (continued)

The following table summarises the information relating to Pimora Company Limited that has material NCI, before any intra-group eliminations.

	<u>The Group</u>	
	<u>2020</u>	<u>2019</u>
	Pimora Company <u>Limited</u>	Pimora Company <u>Limited</u>
	-	30%
	\$'000	\$'000
Percentage ownership interest:		
Non-current assets	-	4,260
Current assets	-	2,470
Non-current liabilities	-	-
Current liabilities	<u>-</u>	<u>(3,215)</u>
Net assets	<u>-</u>	<u>3,515</u>

	<u>The Group</u>	
	<u>2020</u>	<u>2019</u>
	Pimora Company <u>Limited</u>	Pimora Company <u>Limited</u>
	-	30%
	\$'000	\$'000
NCI share of subsidiary net assets (30%)	<u>-</u>	<u>1,055</u>
Revenue	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>-</u>	<u>(1,847)</u>
Loss allocated to non-controlling interests - (NCI)	<u>-</u>	<u>(554)</u>
Cashflow from operating activities	-	(48)
Cashflow from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalent	<u>-</u>	<u>(67)</u>

16. Accounts payable

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	\$'000	\$'000	\$'000	\$'000
Trade payables	41,351	72,925	39,232	67,674
Accrued charges	71,450	60,799	58,932	46,447
Other payables	<u>45,477</u>	<u>26,911</u>	<u>45,477</u>	<u>26,911</u>
	<u>158,278</u>	<u>160,635</u>	<u>143,641</u>	<u>141,032</u>



SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

16. Accounts payable (continued)

The group's and company's exposure to liquidity risks to accounts payable is disclosed in note 23.

17. Sales

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

18. Net finance income

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Finance income:				
Interest income	3,530	6,140	3,255	5,075
Foreign exchange gain	<u>5,175</u>	<u>-</u>	<u>4,376</u>	<u>-</u>
	<u>8,705</u>	<u>6,140</u>	<u>7,631</u>	<u>5,075</u>
Finance costs:				
Foreign exchange loss	-	(7,654)	-	(7,654)
Interest expense	-	(157)	-	(157)
Bank charges	<u>(1,196)</u>	<u>(791)</u>	<u>(1,110)</u>	<u>(728)</u>
	<u>1,196</u>	<u>(8,602)</u>	<u>(1,110)</u>	<u>(8,539)</u>
	<u>7,509</u>	<u>(2,462)</u>	<u>6,521</u>	<u>(3,464)</u>

19. Nature of expenses

Profit before taxation is stated after charging:

(a) Cost of goods sold:

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gas and fuel	26,270	41,598	26,270	41,598
Depreciation	16,606	20,212	13,603	10,815
Insurance	8,736	7,776	8,209	7,776
Outsourcing	73,636	57,250	73,626	57,250
Other	40,410	26,576	40,410	25,259
Repairs and maintenance	22,408	22,857	22,408	22,857
Security	7,974	8,283	7,974	8,283
Utilities	49,980	45,898	49,770	45,898
Salaries and other related costs	33,938	32,138	33,938	32,138
Raw material and consumables	<u>492,677</u>	<u>489,498</u>	<u>482,838</u>	<u>482,124</u>
	<u>772,635</u>	<u>752,086</u>	<u>759,046</u>	<u>733,998</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

19. Nature of expenses (continued)

(b) Selling and promotion expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Advertising and promotions	21,175	38,361	-	14
Bad debt	189	2,739	63	-
Delivery and handling charges	4,077	3,085	-	-
Other	7,239	6,772	-	-
Outsourcing	-	446	-	-
Salaries and other related costs	<u>11,655</u>	<u>11,052</u>	<u>-</u>	<u>-</u>
	<u>44,335</u>	<u>62,455</u>	<u>63</u>	<u>14</u>

(c) Administration expenses:

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Audit fees	5,541	5,086	3,542	3,297
Computer expenses	2,532	3,432	2,178	3,415
Depreciation	6,267	5,900	5,933	4,832
Director fees	12,672	12,672	12,672	12,672
Insurance	527	1,994	-	1,994
Outsourcing	16,495	18,064	16,495	18,064
Other	27,126	14,868	27,514	13,219
Legal and professional fees	14,351	8,768	12,018	6,829
Registrar and AGM expenses	4,663	3,886	4,903	3,886
Salaries and other related costs	44,446	59,070	44,446	59,071
Utilities	<u>1,054</u>	<u>5,059</u>	<u>1,357</u>	<u>5,059</u>
	<u>135,674</u>	<u>138,799</u>	<u>131,058</u>	<u>132,338</u>

20. Taxation

- (a) Taxation is based on net profit for the year adjusted for taxation purposes and represents income tax charged at 25%.

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current tax expense:				
Income tax	32,565	37,737	21,705	30,900
Adjustment in respect of prior year	-	(9,743)	-	(9,743)
Employment tax credit	<u>(6,776)</u>	<u>(8,834)</u>	<u>(6,776)</u>	<u>(8,834)</u>
	<u>25,789</u>	<u>19,160</u>	<u>14,929</u>	<u>12,323</u>
Deferred taxation:				
Originating and reversal of other timing differences, net	<u>(2,080)</u>	<u>6,986</u>	<u>(8,734)</u>	<u>4,814</u>
	<u>23,709</u>	<u>26,146</u>	<u>6,195</u>	<u>17,137</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
 Year ended September 30, 2020

20. Taxation (continued)

(b) Reconciliation of effective tax rate:

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit before tax	<u>134,194</u>	<u>167,513</u>	<u>86,182</u>	<u>127,252</u>
Computed "expected" tax expense @ 25%	33,549	41,878	21,546	31,813
Difference between profits for financial statements and tax reporting purposes on:				
Employment tax credit	(6,776)	(8,834)	(6,776)	(8,834)
Adjustment in respect of prior year	-	(9,743)	-	(9,743)
Disallowed expenses and capital adjustments, net	(3,064)	<u>2,845</u>	(8,575)	<u>3,901</u>
Actual expense	<u>23,709</u>	<u>26,146</u>	<u>6,195</u>	<u>17,137</u>

(c) As at September 30, 2020, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits for the group was \$36,383,463 (2019: \$44,135,166). As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits.

Deferred tax asset of \$9,095,866 (2019: \$8,787,367) for the group has not been recognised in respect of tax losses in a subsidiary amounting to \$36,383,468 (2019: \$35,149,467).

21. Transactions with related parties

	<u>The Group</u>		<u>The Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(i) Directors emoluments:				
Fees	<u>12,672</u>	<u>12,672</u>	<u>12,672</u>	<u>12,672</u>

Key management personnel compensation is as follows:

<u>The Group and the Company</u>	
<u>2020</u>	<u>2019</u>
<u>\$'000</u>	<u>\$'000</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

22. 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.

	<u>2020</u>	<u>2019</u>
Net profit attributable to shareholders (\$'000)	<u>110,485</u>	<u>141,921</u>
Number of stock units in issue	<u>103,883,300</u>	<u>103,883,300</u>
Basic earnings per stock unit (\$'000)	<u>1.06</u>	<u>1.37</u>

23. 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 group to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and 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 and investments with financial institutions. The maximum credit exposure is represented by the carrying amount of the financial assets in the statement of financial position.

Cash and cash equivalents

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

Accounts receivable

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



SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
 Year ended September 30, 2020

23. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Accounts receivable (continued)

Trade receivables mainly consist of balances due from retail and hospitality customers across Jamaica. Apart from the concentration of customers in Jamaica, the group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Expected credit loss assessment

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

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

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

The following tables provides information about the exposure to credit risk and ECL for trade receivables as at September 30, 2020 and September 30, 2019 (see also note 11).

	The Group			
	2020			
	Weighted average <u>loss rate</u>	Gross carrying <u>amount</u> \$'000	Loss <u>allowance</u> \$'000	Credit <u>impaired</u>
Current (not past due)	2.1%	110,373	3,217	No
31-60 days past due	3.5%	4,221	318	No
61-90 days past due	29.5%	96	57	No
91-180 days past due	100%	<u>426</u>	<u>426</u>	Yes
		<u>115,116</u>	<u>4,018</u>	

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

23. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Expected credit loss assessment (continued)

	<u>The Company</u>			
	<u>2020</u>			
	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u> \$'000	<u>Loss allowance</u> \$'000	<u>Credit impaired</u>
Current (not past due)	3.9%	50,047	2,987	No
31-60 days past due	6.7%	3,527	306	No
61-90 days past due	19.5%	-	-	No
91-180 days past due	100%	-	-	No
		<u>53,574</u>	<u>3,293</u>	

	<u>The Group</u>			
	<u>2019</u>			
	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u> \$'000	<u>Loss allowance</u> \$'000	<u>Credit impaired</u>
Current (not past due)	3.6%	117,997	2,515	No
31-60 days past due	5.7%	2,076	87	No
61-90 days past due	31.5%	50	8	No
91-180 days past due	51.6%	<u>2,354</u>	<u>1,508</u>	No
		<u>122,477</u>	<u>4,118</u>	

	<u>The Company</u>			
	<u>2019</u>			
	<u>Weighted average loss rate</u>	<u>Gross carrying amount</u> \$'000	<u>Loss allowance</u> \$'000	<u>Credit impaired</u>
Current (not past due)	2.8%	78,502	2,212	No
31-60 days past due	4.5%	1,898	85	No
61-90 days past due	16.8%	35	6	No
91-180 days past due	27.1%	<u>946</u>	<u>436</u>	No
		<u>81,381</u>	<u>2,739</u>	



SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
 Year ended September 30, 2020

23. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Investments

The company limits its exposure to credit risk associated with investment securities by investing mainly in liquid securities with counterparties that have high credit quality.

Credit quality

The company identifies changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the company supplements this by reviewing changes in bond yields together with available press and regulatory information on issuers.

Twelve (12)-month and lifetime probabilities of default are based on historical data supplied by each credit rating and are recalibrated based on current bond yields. Loss given default (LGD) parameters generally reflect an assumed recovery rate of percent except when the security is credit-impaired, in which case the estimate of loss based on the instrument's current market price and original effective interest rate.

The following table sets out the credit quality of debt investment securities based on Standard and Poor's and Moody's ratings as follows:

	<u>2020</u> Stage 1 <u>12-month ECL</u> \$'000	<u>2019</u> Stage 1 <u>12-month ECL</u> \$'000
Debt investment securities at amortised cost, being total gross carrying amount	153,436	143,437
Loss allowance	(485)	(836)
	<u>152,951</u>	<u>142,601</u>

(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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

23. Financial instruments (continued)

(a) Financial risk management (continued):

(ii) Liquidity risk (continued):

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 contractual outflows as at September 2020 and 2019 for accounts payable are represented by their carrying amounts in the statement of financial position, and require settlements within 12 months of the reporting date.

There is no change from the prior year in the nature of the company's exposure to liquidity risk or the manner in which it manages and measures the risk.

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the group's income or the value of its 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. At September 30, 2020 and 2019, 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:

	<u>The Group and the company</u>	
	<u>Carrying amount</u>	
	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Variable rate:		
Assets	<u>57,387</u>	<u>31,641</u>

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 date would not affect profit or equity.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
 Year ended September 30, 2020

23. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

- Interest rate risk (continued):

Cash flow sensitivity analysis for variable rate instruments

An increase in interest rate of change of 1% (2019: 1%) at the reporting date would have increased profit or loss by \$573,873 (2019: \$316,406), while a 1% (2019: 1%) decline in interest rate at reporting date would have decreased profit by \$573,873 (2019: \$316,406).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

- 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 reporting date.

	<u>The Group and the Company</u>			
	<u>Net foreign currency</u>			
	<u>monetary assets</u>			
	2020		2019	
	<u>US\$</u>	<u>J\$</u>	<u>US\$</u>	<u>J\$</u>
Cash and cash equivalents	442,365	62,860,066	243,306	32,390,107
Investments	1,011,817	143,779,196	907,264	120,779,429
Accounts receivable	376,148	53,450,631	500,610	66,643,640
Accounts payable	(71,817)	(10,205,195)	(369,892)	(49,241,847)
Net exposure	<u>1,758,513</u>	<u>249,884,698</u>	<u>1,281,288</u>	<u>170,571,329</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
Year ended September 30, 2020

23. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

- Foreign currency risk (continued):

Sensitivity analysis

A 2% (2019: 2%) strengthening of the Jamaican dollar against the US\$ would have decreased profit for the year by \$4,997,694 (2019: \$3,411,427).

A 6% (2019: 4%) weakening of the Jamaica dollar against the US\$ would have increased profits for the year by \$14,993,082 (2019: \$6,822,853).

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

There is no change from the prior year in the nature of the company's exposure to market risk or the manner in which it manages and measures the risk.

(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.

(c) Fair value disclosure:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between markets participants at the measurement date. The fair values of amounts disclosed as cash and cash equivalents, investment, accounts receivable, due to subsidiary/due from subsidiary and accounts payable approximate to their carrying value due to their short-term nature.

The group had no other financial instruments which were carried at fair value.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)
 Year ended September 30, 2020

24. Impact of the COVID-19 pandemic

The World Health Organization in March 2020 declared the novel coronavirus, COVID-19, as a global pandemic. As a first step the group instituted measures at its property to safeguard and protect its stakeholders by not only providing information to its employees, business partners and clients but equipping all personnel with supplies to prevent contagion and establishing protocols to access our premises. In addition, the group has been working with its staff to ensure common areas are thoroughly cleaned and sanitized and engaged flexi-work plans to minimize the number of employees in its premises whilst enabling a work from home strategy to continue operating its business. The group's management attended meetings in which the impact to its business were assessed and measures were implemented to minimise the impact of the pandemic on its operations.

Having regard to measures taken, the group maintain that the conclusion as to the going concern assumption remains appropriate and is not expected to be significantly impacted due to the COVID-19 pandemic.

25. Subsequent event

On August 31, 2020 Salada Foods Jamaica Limited (the Company) made an urgent application to the supreme Court of Judicature of Jamaica ("the Court"), for leave to apply for judicial review of a decision by the Jamaica Agricultural Regulatory Commodities Authority (JACRA), rescinding its waiver to the Company to use 10% local green coffee in the production of its instant coffee and requiring the Company to now include 30% local green coffee in the production of its instant coffee, with effect on September 1, 2020.

The Court in an oral judgment delivered on November 13, 2020, denied the Company's application for leave to apply for judicial review and ruled, among other things, that pursuant to section 19 of the Jamaica Agricultural Commodities Regulatory Authority Regulations 2018 (the Regulations), JACRA had no power to grant a waiver to the requirements under section 19 of the Regulations and accordingly the Company could not have a legitimate expectation that a waiver should be granted.

Section 19 of the Regulations provides as follows:

"Notwithstanding regulation 18, a person shall not offer for sale in Jamaica, or export, roasted coffee made from imported green coffee beans, unless the roasted coffee is a blend comprising coffee cultivated and produced in Jamaica in such proportion as to account for not less than 30 per cent of the weight of the roasted coffee offered for sale or exported."

The Company is not at this time considering taking any further legal course with respect to the judgment on its application for leave to apply for judicial review and intends to comply with the Regulations in its continued operations.

JAMAICA Mountain Peak



Jamaica Mountain Peak Coffee.... National pride in a cup!
A beacon of uncompromising quality, blended to the peak of perfection.

**RISE UP JAMAICA,
ONE CUP AT A TIME!**





Welcome to Paradise!





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