



Audited
Annual
Financial
REPORT



The Directors of Salada Foods Jamaica Limited are pleased to release the audited financial results of the Group for the financial year ended September 30, 2022.

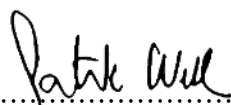
	FY 2021-22	FY 2020-21	% Change
Gross Revenue	\$1,336,438,000	\$1,189,740,000	12.3%
Gross Profit	\$412,003,000	\$361,206,000	14.1%
Gross Margin	30.8%	30.4%	1.5%
Operating Profit	\$223,959,000	\$182,129,000	23.0%
Interest and Exchange Gains	\$6,752,000	\$14,866,000	-54.6%
Profit after Tax	\$160,093,000	155,447,000	3.0%
EPS	\$0.17	\$0.15	13.3%

Revenue for the fiscal year 2022 was \$1.34 billion, which was 12.3% above the prior year's \$1.19 billion. Domestic market sales grew by 15.7% and export sales by 6.4%. Operating Profit grew by 23.0% from \$182.13 to \$223.96 million. Significant marketing effort was dedicated to improving distribution and visibility in strategic trade channels and improving operational efficiency. During the year we also introduced our Flavoured Coffee line, including Coconut Cappuccino, Caramel and Cinnamon. These initiatives helped bolster the results achieved.


Salada realised net profits of \$160.1 million, 3.0% higher than the \$155.4 million in the prior year. Earnings per Share (EPS) was \$0.17, a 13.3% increase over the prior year of \$0.15. Stockholders received dividend payments of \$0.05 per share in December 2021 and again in May 2022.

Within the reporting period, the Company confirmed Mrs. Tamii Brown as General Manager, Mr. Zayous Hamilton as Financial Controller and hired a new Commercial Manager, Ms. Kerrian Johnson to replace the vacancy created by Tamii's promotion.

The results show that Salada continues to manage expectations and challenges from the lingering economic and social effects of the COVID-19 pandemic, ongoing geo-political conflicts, raw material shortages and a challenging commercial environment remain concerns. Moreover, the Company's relatively strong and debt free balance sheet, will enable the Company to remain agile and nimble in the current inflationary environment.



Patrick Williams, Chairman



Kathryn Lewis-Green, Director

SALADA FOODS JAMAICA LIMITED

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022



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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 47 which comprise the group's and company's statements of financial position as at September 30, 2022, 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, 2022, 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.



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. Expected Credit Losses on Trade Receivables

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group is required to recognise expected credit losses (ECL) on trade receivables, the determination of which is highly subjective and requires management to make significant judgement and estimates including determination of the appropriate variables and assumptions used and the application of forward-looking information.</p> <p>As significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations that increase the risk of material misstatement.</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 trade receivables.• Testing the completeness and accuracy of the data used in the ECL models to the underlying accounting records on a sample basis.• Involving our financial risk modelling specialist, to review the ECL model, assess the appropriateness of the group's impairment methodology, managements assumptions and compliance with the requirements of IFRS 9, <i>Financial Instruments</i>.• Involving or financial risk modelling specialist to evaluate the appropriateness of the economic parameters including the use of forward looking information.• Testing the accuracy of the ECL calculation.



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. Expected Credit Losses on Trade Receivables (continued)

<i>Key Audit Matter (continued)</i>	<i>How the matter was addressed in our audit (continued)</i>
	<p>Our audit procedures in response to this matter included (continued):</p> <ul style="list-style-type: none">• Testing the recording and ageing of trade receivables.• Assessing the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9 <i>Financial Instruments</i>.

2. Inventory costing

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group's inventory includes finished goods and work-in-progress, which consist of raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. The determination of other direct costs and proportion of related production overheads allocated to finished goods and work-in-progress requires significant judgements.</p> <p>Due to the materiality of inventory and the judgement involved in allocating overheads, we considered this to be a key audit matter.</p>	<p>In this area, our audit procedures included:</p> <ul style="list-style-type: none">• Testing controls over management review and recording of inventory costing.• Testing a sample of inventory items to assess whether all elements of costs have been accurately input into the costing calculations including testing the basis and calculation of labour and overheads absorbed; and agreeing the cost of raw materials and packaging inventories to supporting records e.g. suppliers 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)

3. Inventory valuation

<i>Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group hold inventory of green beans purchased under a project in 2019. There is a risk that if not properly stored and a market is not available for sale/usage, then the product may be impaired.</p>	<p>In this area, our audit procedures included:</p> <ul style="list-style-type: none">• Obtained an understanding of management's inventory provisioning policy.• Attended and observed annual inventory count at year end for the identification of obsolete and damaged items. Also, selected a sample of items for testing and agreeing count quantities to supporting records and assessed the conditions under which inventory including processed green beans are stored.• Review management impairment assessment of inventories by comparing the recent sale price to carrying cost and assessed management's assumptions with respect to the type and age of inventory items based on both historical and current sales records to estimate utilisation of green beans in current production and proposed future production.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SALADA FOODS JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (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 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 Wilbert Spence.

A handwritten signature in blue ink that reads 'KPMG'.

Kingston, Jamaica

December 16, 2022



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 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

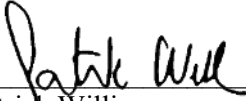
Statement of Financial Position


September 30, 2022

(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	Group		Company	
		<u>2022</u> \$'000	<u>2021</u> \$'000	<u>2022</u> \$'000	<u>2021</u> \$'000
NON-CURRENT ASSETS					
Property, plant and equipment	4	112,054	121,670	108,223	117,839
Intangible asset	5	1,300	1,300	1,300	1,300
Investment in subsidiary companies	6(a)	-	-	881	103,976
Investments	7	82,804	98,128	82,804	98,128
Deferred tax asset	8	<u>17,576</u>	<u>16,081</u>	<u>17,576</u>	<u>15,843</u>
		<u>213,734</u>	<u>237,179</u>	<u>210,784</u>	<u>337,086</u>
CURRENT ASSETS					
Cash and cash equivalents	9	166,876	116,448	166,876	104,552
Investments	7	242,585	158,801	242,585	158,801
Trade and other receivables, net	10	254,740	227,488	254,585	132,077
Due from subsidiary	6(b)	-	-	-	9,904
Inventories, net	11	<u>475,021</u>	<u>528,867</u>	<u>475,021</u>	<u>522,891</u>
		<u>1,139,222</u>	<u>1,031,604</u>	<u>1,139,067</u>	<u>928,225</u>
TOTAL ASSETS		<u>1,352,956</u>	<u>1,268,783</u>	<u>1,349,851</u>	<u>1,265,311</u>
STOCKHOLDERS' EQUITY					
Share capital	12	73,216	73,216	73,216	73,216
Capital reserves	13	16,275	16,275	6,543	6,543
Retained earnings		<u>960,862</u>	<u>915,041</u>	<u>967,489</u>	<u>868,177</u>
		<u>1,050,353</u>	<u>1,004,532</u>	<u>1,047,248</u>	<u>947,936</u>
CURRENT LIABILITIES					
Trade and other payables	14	272,043	246,806	272,043	230,806
Due to subsidiary	6(c)	-	-	-	74,925
Taxation payable		<u>30,560</u>	<u>17,445</u>	<u>30,560</u>	<u>11,644</u>
		<u>302,603</u>	<u>264,251</u>	<u>302,603</u>	<u>317,375</u>
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		<u>1,352,956</u>	<u>1,268,783</u>	<u>1,349,851</u>	<u>1,265,311</u>

The financial statements on pages 9 to 47 were approved for issue by the Board of Directors on December 16, 2022 and signed on its behalf by:


 _____ Chairman
 Patrick Williams


 _____ Director
 Kathryn Lewis-Green

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

SALADA FOODS JAMAICA LIMITED

Statement of Profit or Loss and Other Comprehensive Income
 Year ended September 30, 2022

(Expressed in Jamaica dollars unless otherwise indicated)

	Notes	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue	15	1,336,438	1,189,740	1,336,438	1,068,346
Cost of sales	16(a)	(924,435)	(828,534)	(924,435)	(815,921)
Gross profit		412,003	361,206	412,003	252,425
Other income		746	1,189	746	1,482
Selling and promotion expenses	16(b)	(51,864)	(52,434)	(51,864)	(40)
Administrative expenses	16(c)	(133,005)	(125,718)	(133,005)	(120,421)
Impairment losses on related party balances		-	-	-	(3,512)
Impairment losses on trade receivables, net		(3,921)	(814)	(3,921)	(1,239)
Other expenses		-	(1,300)	-	(1,300)
Operating profit		<u>223,959</u>	<u>182,129</u>	<u>223,959</u>	<u>127,395</u>
Finance income	17	7,981	15,708	7,981	15,478
Finance costs	17	(1,229)	(842)	(1,229)	(808)
Net finance income	17	<u>6,752</u>	<u>14,866</u>	<u>6,752</u>	<u>14,670</u>
Profit before taxation		230,711	196,995	230,711	142,065
Taxation	18	(55,295)	(40,169)	(55,295)	(26,149)
Profit for the year		175,416	156,826	175,416	115,916
Other comprehensive loss:					
Items that will not be reclassified to profit or loss:					
Equity investments at FVOCI - net change in fair value		(15,323)	(1,379)	(15,323)	(1,379)
Total comprehensive income for the year		<u>160,093</u>	<u>155,447</u>	<u>160,093</u>	<u>114,537</u>
Earnings per share:					
Earnings per ordinary stock unit	20	<u>0.17</u>	<u>0.15</u>	<u>0.17</u>	<u>0.15</u>

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

SALADA FOODS JAMAICA LIMITEDGroup Statement of Changes in Stockholders' Equity
Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*

	Group			
	Share capital	Capital reserves	Retained earnings	Total
	(note 12) \$'000	(note 13) \$'000	\$'000	\$'000
Balances at September 30, 2020	<u>73,216</u>	<u>16,275</u>	<u>867,633</u>	<u>957,124</u>
Profit for the year	-	-	156,826	156,826
Other comprehensive loss for the year	-	-	(1,379)	(1,379)
Total comprehensive income	-	-	<u>155,447</u>	<u>155,447</u>
Transactions with owners of the company:				
Dividends (note 12)	-	-	(108,039)	(108,039)
Balances at September 30, 2021	<u>73,216</u>	<u>16,275</u>	<u>915,041</u>	<u>1,004,532</u>
Profit for the year	-	-	175,416	175,416
Other comprehensive loss for the year	-	-	(15,323)	(15,323)
Total comprehensive income	-	-	<u>160,093</u>	<u>160,093</u>
Transactions with owners of the company:				
Dividends (note 12)	-	-	(114,272)	(114,272)
Balances at September 30, 2022	<u>73,216</u>	<u>16,275</u>	<u>960,862</u>	<u>1,050,353</u>
Retained in the financial statements of:				
The company	73,216	6,543	967,489	1,047,248
The subsidiaries	-	<u>9,732</u>	(6,627)	<u>3,105</u>
Balances at September 30, 2022	<u>73,216</u>	<u>16,275</u>	<u>960,862</u>	<u>1,050,353</u>
Retained in the financial statements of:				
The company	73,216	6,543	868,177	947,936
The subsidiaries	-	<u>9,732</u>	<u>46,864</u>	<u>56,596</u>
Balances at September 30, 2021	<u>73,216</u>	<u>16,275</u>	<u>915,041</u>	<u>1,004,532</u>

	Company			
	Share capital	Capital reserves	Retained earnings	Total
	(note 12) \$'000	(note 13) \$'000	\$'000	\$'000
Balances at September 30, 2020	73,216	6,543	861,679	941,438
Profit for the year	-	-	115,916	115,916
Other comprehensive loss for the year	-	-	(1,379)	(1,379)
Dividend (note 12)	-	-	976,216	1,055,975
Balances at September 30, 2021	73,216	6,543	868,177	947,936
Profit for the year	-	-	175,416	175,416
Other comprehensive loss for the year	-	-	(15,323)	(15,323)
Transactions with owners of the company:				
Dividend (note 12)	-	-	(114,272)	(114,272)
Surplus on closure of subsidiaries	-	-	<u>53,491</u>	<u>53,491</u>
Total transactions with owners of the company	-	-	(60,781)	(60,781)
Balances at September 30, 2022	<u>73,216</u>	<u>6,543</u>	<u>967,489</u>	<u>1,047,248</u>

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

SALADA FOODS JAMAICA LIMITED

Statement of Cash Flows

Year ended September 30, 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		175,416	156,826	175,416	115,916
Adjustments for:					
Depreciation	4	26,030	23,928	26,030	20,848
Tax expense	18(a)	55,295	40,169	55,295	26,149
Foreign exchange gains		(4,200)	(10,152)	(4,200)	(9,930)
Interest income	17	(3,781)	(5,556)	(3,781)	(5,548)
Dividend income		-	(700)	-	(700)
Gains on disposal of property, plant and equipment		-	(140)	-	(140)
		248,760	204,375	248,760	146,595
Changes in:					
Inventories, net		53,846	(127,683)	47,870	(128,137)
Trade and other receivables		(25,461)	(80,978)	(120,717)	(48,461)
Trade and other payables		25,237	98,549	41,238	93,648
Due (to)/from subsidiary		-	-	38,074	63,282
Cash guaranteed from operations		302,382	94,263	255,225	126,927
Taxation paid or deducted at source		(43,675)	(27,425)	(38,112)	(13,566)
Net cash provided by operating activities		<u>258,707</u>	<u>66,838</u>	<u>217,113</u>	<u>113,361</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,990	5,556	1,990	5,548
Dividend received		-	700	-	700
Purchase of property, plant and equipment	4	(16,414)	(19,818)	(16,414)	(19,818)
Net assets transferred from subsidiaries	6(d)	-	-	53,491	-
Proceeds from sale of property, plant and equipment		-	140	-	140
Acquisition of investments		(83,783)	(1,759)	(83,784)	(1,759)
Net cash used in investing activities		<u>(98,207)</u>	<u>(15,181)</u>	<u>(44,717)</u>	<u>(15,189)</u>
Dividends paid, being net cash used in financing activities	12	(114,272)	(108,039)	(114,272)	(108,039)
Net increase (decrease) in cash and cash equivalents		46,228	(56,382)	58,124	(9,867)
Cash and cash equivalents at beginning of year		116,448	170,859	104,552	112,448
Effect of movement in exchange rates on cash held		4,200	1,971	4,200	1,971
Cash and cash equivalents at end of year	9	<u>166,876</u>	<u>116,448</u>	<u>166,876</u>	<u>104,552</u>

The statement of cash flows includes non-cash transaction of \$53,491,000, as set out in note 6(d), which has been adjusted.

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements

Year ended September 30, 2022

(Expressed in Jamaican dollars unless otherwise indicated)

1. Reporting entity

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” [see note 2(c)]. The company’s registered office is located at 20 Bell Road, Kingston 11, Jamaica West Indies. Effective October 1, 2021, the company closed the operations of its subsidiary Mountain Peak Food Processors Limited that was the distribution arm of the group and reverted this function solely to the parent company. The operations of the other subsidiaries were discontinued in previous years [see also note 2(c)(i)].

The company is listed on the Jamaica Stock Exchange.

Resource in Motion, incorporated in St. Lucia, controls 65% of the voting rights in the company.

2. Basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

Amended standards that came into effect during the current financial year

Certain amended standards came into effect during the current financial year. The adoption of the amended standards did not result in any changes to amounts recognized or disclosed in the financial statements.

Amended standards that are not yet effective

At the date of authorisation of these financial statements, certain new and amended standards have been issued which were not effective for the current year and which the group has not early-adopted. The group has assessed them with respect to its operations and has determined that the following may be relevant to the group:

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

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*2. Basis of preparation (continued)

(a) Statement of compliance (continued):

Amended standards that are not yet effective (continued):

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

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

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

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are consistent with the refined definition of material:

“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*2. Basis of preparation (continued)

(a) Statement of compliance (continued):

Amended standards that are not yet effective (continued):

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The group does not expect the amendments to have a significant impact on its financial statements when they become effective.

(b) Basis of measurement and function currency:

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*2. Basis of preparation (continued)(c) Basis of consolidation:

- (i) A “subsidiary” is an entity controlled by the company. The company controls an entity when it is exposed, 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 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%	Dormant entity	Jamaica
Pimora Company Limited	100%	Dormant entity	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) Transactions eliminated on consolidation

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

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*2. Basis of preparation (continued)

(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 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.

(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).

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*2. Basis of preparation (continued)

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

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

Allowance for impairment losses on financial assets (continued):

Measurement of the expected credit loss allowance (continued)

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3(t), which also sets out key sensitivities of the ECL to changes in these elements.

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

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

(iii) Inventories:

(a) Net realisable value:

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.

(b) Costing

Inventory includes finished goods and work-in-progress, which consist of raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. The determination of other direct costs and proportion of related production overheads allocated to finished goods and work-in-progress requires significant judgements.

3. Significant accounting policies

(a) Investment in subsidiary companies:

Investments in subsidiary companies are measured at cost less impairment losses, if any.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(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 reporting 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.

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.

Fuel, spares and consumables comprise items used in the regular maintenance and servicing of plant and machinery, and normally consumed in less than one period.

(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. Cash and cash equivalents are measured at amortised cost.

(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.

Items classified at fair value other comprehensive income are initially recognised at cost and subsequently at fair value. Fair value is determined by reference to 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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(h) Provisions:

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 and capital work-in-program. 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.

(j) Revenue:

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 and the customer has accepted the good or services.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022

*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(j) Revenue (continued):

Performance obligations and revenue recognition policies (continued):

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>	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. Invoices are usually payable within 45 days.
<i>Revenue recognition under IFRS 15</i>	Revenue is recognised at a point in time when the goods are delivered and have been accepted by the customers.

(k) Net finance income:

Net finance income, calculated using the effective interest rate method, comprises 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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(l) Income tax (continued):

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) 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.

(o) Intangible assets - brands:

Salada Group has three main brands that its sales revenue is derived from. Two of these brands are through acquisition, namely Roberts and Mountain Bliss. The other brand is Mountain Peak which is a developed brand.

There has been no impairment of the brands as the products continue to generate revenue as a part of the Salada product portfolio.

Intangibles are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate cost over five years.

(p) 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 group'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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(p) Segment reporting (continued):

Based on the information presented to and reviewed by the CODM, management has determined that there two geographical segments.

(q) 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.
- (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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(r) 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, and due from subsidiary. Financial liabilities comprise accounts payable and due to subsidiary.

(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 group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(r) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets

In making this assessment, the group considers:

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

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:

- Short-term 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 if any. 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, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(r) 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.

(s) 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.

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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(s) Impairment (continued):

*Financial assets (continued)**Measurement of ECLs (continued)*

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.

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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*3. Significant accounting policies (continued)

(s) Impairment (continued):

*Financial assets (continued)**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.

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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022

*(Expressed in Jamaican dollars unless otherwise indicated)*4. Property, plant and equipment

Group:

	<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, 2020	9,975	88,111	393,712	15,153	506,951
Additions	-	2,872	16,946	-	19,818
Transfers	<u>-</u>	<u>-</u>	<u>8,248</u>	<u>(8,248)</u>	<u>-</u>
September 30, 2021	9,975	90,983	418,906	6,905	526,769
Additions	-	-	9,854	6,560	16,414
Transfers	<u>-</u>	<u>-</u>	<u>7,180</u>	<u>(7,180)</u>	<u>-</u>
September 30, 2022	<u>9,975</u>	<u>90,983</u>	<u>435,940</u>	<u>6,285</u>	<u>543,183</u>
Depreciation:					
September 30, 2020	-	47,681	333,490	-	381,171
Charge for the year	<u>-</u>	<u>1,971</u>	<u>21,957</u>	<u>-</u>	<u>23,928</u>
September 30, 2021	-	49,652	355,447	-	405,099
Charge for the year	<u>-</u>	<u>1,833</u>	<u>24,197</u>	<u>-</u>	<u>26,030</u>
September 30, 2022	<u>-</u>	<u>51,485</u>	<u>379,644</u>	<u>-</u>	<u>431,129</u>
Net book values:					
September 30, 2022	<u>9,975</u>	<u>39,498</u>	<u>56,296</u>	<u>6,285</u>	<u>112,054</u>
September 30, 2021	<u>9,975</u>	<u>41,331</u>	<u>63,459</u>	<u>6,905</u>	<u>121,670</u>

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, 2020	6,144	70,546	339,135	15,153	430,978
Additions	-	2,872	16,946	-	19,818
Transfers	<u>-</u>	<u>-</u>	<u>8,248</u>	<u>(8,248)</u>	<u>-</u>
September 30, 2021	6,144	73,418	364,329	6,905	450,796
Additions	-	-	9,854	6,560	16,414
Transfers	<u>-</u>	<u>-</u>	<u>7,180</u>	<u>(7,180)</u>	<u>-</u>
September 30, 2022	<u>6,144</u>	<u>73,418</u>	<u>381,363</u>	<u>6,285</u>	<u>467,210</u>
Depreciation:					
September 30, 2020	-	31,202	280,907	-	312,109
Charge for the year	-	1,971	18,877	-	20,848
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
September 30, 2021	-	33,173	299,784	-	332,957
Charge for the year	<u>-</u>	<u>1,833</u>	<u>24,197</u>	<u>-</u>	<u>26,030</u>
September 30, 2022	<u>-</u>	<u>35,006</u>	<u>323,981</u>	<u>-</u>	<u>358,987</u>
Net book values:					
September 30, 2022	<u>6,144</u>	<u>38,412</u>	<u>57,382</u>	<u>6,285</u>	<u>108,223</u>
September 30, 2021	<u>6,144</u>	<u>40,245</u>	<u>64,545</u>	<u>6,905</u>	<u>117,839</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*4. Property, plant and equipment (continued)

Work-In-Progress includes a fire alarm system, spray dryer and image printer which will be fully commissioned within the next financial year.

5. Intangible asset

This represents costs of the Mountain Bliss Brand for group and company.

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

(a) Investment in subsidiary companies comprises:

	<u>Company</u>	
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Shares at cost:		
Coffee Company of Jamaica Limited	790	790
Shirriff's (Jamaica) Limited	91	91
Mountain Peak Food Processors Limited	-	102,595
Pimora Company Limited	<u>-</u>	<u>500</u>
	<u>881</u>	<u>103,976</u>

The investment in subsidiary accounts for Mountain Peak Foods Processors Limited and Pimora company Limited are nil for 2022 as these subsidiaries are not operational effective October 1, 2021.

(b) Due from subsidiary (due within twelve months):

Mountain Peak Food Processors Limited - trading	<u>-</u>	<u>9,904</u>
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(c) Due to subsidiary (due within twelve months):

Mountain Peak Food Processors Limited – other	<u>-</u>	<u>74,925</u>
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Balances with subsidiary are unsecured and interest free.

(d) During the year, as part of its organization of its operations, the company took over the assets and liabilities of Mountain Peak Food Processors Limited and Pimora Company Limited effective October 1, 2021. The carrying amounts were as follows:

	<u>2022</u>
	\$'000
Assets:	
Cash and bank balances	11,896
Accounts receivables	95,411
Inventories	5,975
Due from parent	65,019
Taxation recoverable	6
Deferred tax asset	238
Liabilities:	
Accounts payable	(15,817)
Taxation Payable	(6,111)
Total net assets	156,617
Less investment in subsidiaries	(103,126)
Net gains recognized in equity	<u>53,491</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*7. Investments

	<u>2022</u>		
	<u>Group and Company</u>		
	(Non-Current) Fair value through other <u>comprehensive income</u> \$'000	(Current) Amortised <u>cost</u> \$'000	<u>Total</u> \$'000
Resale agreements	-	175,426	175,426
Deposits	-	68,404	68,404
Quoted Jamaican equities	<u>82,804</u>	<u>-</u>	<u>82,804</u>
	82,804	243,830	326,634
Less: impairment loss	<u>-</u>	<u>(1,245)</u>	<u>(1,245)</u>
	<u>82,804</u>	<u>242,585</u>	<u>325,389</u>
	<u>2021</u>		
	<u>Group and Company</u>		
	(Non-Current) Fair value through other <u>comprehensive income</u> \$'000	(Current) Amortised <u>cost</u> \$'000	<u>Total</u> \$'000
Resale agreements	-	108,440	108,440
Deposits	-	52,146	52,146
Quoted Jamaican equities	<u>98,128</u>	<u>-</u>	<u>98,128</u>
	98,128	160,586	258,714
Less: impairment loss	<u>-</u>	<u>(1,785)</u>	<u>(1,785)</u>
	<u>98,128</u>	<u>158,801</u>	<u>256,929</u>

The fair value of the securities under resale agreements approximates the carrying value of the agreements. The resale agreements include US\$961,691* (2021: US\$745,557*) which earns interest at a rate 2.70% to 4.2% (2021: 2.6% to 3.0%) per annum. Deposits include \$Nil (2021: US\$306,138*) and earns interest at Nil (2021: 3%) per annum.

*These amounts are represented in absolute numbers.

Movement in impairment losses for investments is as follows:

	<u>Group and Company</u>	
	<u>2022</u> \$'000	<u>2021</u> \$'000
Balance at beginning of year	1,785	485
Impairment (recovered)/loss recognised	<u>(540)</u>	<u>1,300</u>
Balance at end of year	<u>1,245</u>	<u>1,785</u>

At the reporting date, the group and the company had investments of \$107,568,055 (2021: \$121,472,799) with companies owned by a Director.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*8. Deferred taxation (continued)

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

	<u>2022</u>		
	<u>Company</u>		
	October 1, <u>2021</u> \$'000	Recognised in <u>income</u> \$'000 (note 18)	September 30, <u>2022</u> \$'000
Vacation pay accrual	1,594	(586)	1,008
Property, plant and equipment	14,207	126	14,333
Unrealised gain on foreign exchange	(278)	242	(36)
Accrued interest receivable	(1,252)	804	(448)
Impairment losses on inventory	-	300	300
Impairment losses on investments	447	(135)	312
Impairment losses on trade receivables	<u>1,125</u>	<u>982</u>	<u>2,107</u>
	<u>15,843</u>	<u>1,733</u>	<u>17,576</u>
	<u>2021</u>		
	<u>The Company</u>		
	October 1, <u>2020</u> \$'000	Recognised in <u>income</u> \$'000 (note 18)	September 30, <u>2021</u> \$'000
Vacation pay accrual	1,347	247	1,594
Property, plant and equipment	16,331	(2,124)	14,207
Unrealised gain on foreign exchange	627	(905)	(278)
Accrued interest receivable	(1,076)	(176)	(1,252)
Impairment losses on investments	(88)	535	447
Impairment losses on trade receivables	<u>142</u>	<u>983</u>	<u>1,125</u>
	<u>17,283</u>	<u>(1,440)</u>	<u>15,843</u>

9. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	<u>2022</u> \$'000	<u>2021</u> \$'000	<u>2022</u> \$'000	<u>2021</u> \$'000
Cash in hand and bank	164,165	113,771	164,165	101,875
Short-term deposits	<u>2,711</u>	<u>2,677</u>	<u>2,711</u>	<u>2,677</u>
	<u>166,876</u>	<u>116,448</u>	<u>166,876</u>	<u>104,552</u>

At the reporting date, cash in hand and bank include US\$466,037 (2021: US\$66,030).

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*10. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	200,533	175,218	200,533	87,933
Prepayments	23,765	41,727	23,765	41,218
Other receivables	<u>38,868</u>	<u>15,374</u>	<u>38,713</u>	<u>7,431</u>
	263,166	232,319	263,011	136,582
Less: impairment losses	<u>(8,426)</u>	<u>(4,831)</u>	<u>(8,426)</u>	<u>(4,505)</u>
	<u>254,740</u>	<u>227,488</u>	<u>254,585</u>	<u>132,077</u>

(i) Impairment

Allowances 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.

Information on impairment losses for trade receivables is included in note 21(a)(i).

Movement in impairment losses for trade receivables is as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	4,831	4,018	4,505	3,293
Movement on transfer of subsidiary	<u>(326)</u>	-	-	-
Impairment loss recognised net of recoveries	<u>3,921</u>	<u>813</u>	<u>3,921</u>	<u>1,212</u>
Balance at end of year	<u>8,426</u>	<u>4,831</u>	<u>8,426</u>	<u>4,505</u>

11. Inventories

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Raw and packaging materials	243,559	283,120	243,559	281,709
Finished goods held for sale	62,132	67,953	62,132	62,116
Work-in-progress	95,406	135,292	95,406	135,292
Fuel, spares and consumables	<u>81,752</u>	<u>48,744</u>	<u>81,752</u>	<u>48,744</u>
	482,849	535,109	482,849	527,861
Provision for obsolescence	<u>(7,828)</u>	<u>(6,242)</u>	<u>(7,828)</u>	<u>(4,970)</u>
	<u>475,021</u>	<u>528,867</u>	<u>475,021</u>	<u>522,891</u>

During the year, inventory write-offs aggregating \$4,704,047 (2021: \$611,632) for the group and company were recognised in profit or loss.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022

*(Expressed in Jamaican dollars unless otherwise indicated)*12. Share capital

	<u>Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Authorised:		
500,000,000 ordinary units of no par value		
Stated:		
Issued and fully paid:		
1,038,832,900 (2021: 1,038,832,900)		
ordinary stock units of no par value	<u>73,216</u>	<u>73,216</u>

In a meeting of the Board of Directors held on November 18, 2021 and May 19, 2022 a dividend of \$0.055c/share and \$0.055c/share respectively per stock unit was declared (on November 19, 2020 and May 20, 2021: a dividend of \$0.50 and \$0.054 respectively per stock unit was declared).

Holders of the ordinary stock units are entitled to dividends as declared from time to time and are entitled to one vote but upon a poll being taken at general meetings of the company, have one vote for every stock unit held.

13. Capital reserves

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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>

14. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Trade payables	100,861	92,772	100,861	92,568
Accrued charges	123,647	121,015	123,647	105,219
Dividends payable	33,283	32,536	33,283	32,536
Other payables	<u>14,252</u>	<u>483</u>	<u>14,252</u>	<u>483</u>
	<u>272,043</u>	<u>246,806</u>	<u>272,043</u>	<u>230,806</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*15. Revenue

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

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Local sales	1,053,393	925,051	1,053,393	803,657
Export sales	<u>283,045</u>	<u>264,689</u>	<u>283,045</u>	<u>264,689</u>
	<u>1,336,438</u>	<u>1,189,740</u>	<u>1,336,438</u>	<u>1,068,346</u>

16. Nature of expenses

(a) Cost of goods sold:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Gas and fuel	35,273	31,194	35,273	31,194
Depreciation	18,773	20,904	18,773	17,824
Insurance	9,569	8,977	9,569	8,977
Outsourcing	77,980	80,980	77,980	80,980
Coffee cess	501	7,425	501	7,425
Travel and subsistence	7,897	7,108	7,897	7,108
Plant management				
technical services	13,028	18,092	13,028	18,092
Other	8,744	8,057	8,744	8,057
Repairs and maintenance	24,202	20,913	24,202	20,913
Security	8,238	8,129	8,238	8,129
Utilities	64,581	56,759	64,581	56,759
Salaries and other related costs	42,506	32,131	42,506	32,131
Raw material and consumables	<u>613,143</u>	<u>527,865</u>	<u>613,143</u>	<u>518,332</u>
	<u>924,435</u>	<u>828,534</u>	<u>924,435</u>	<u>815,921</u>

(b) Selling and promotion expenses:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Advertising and promotions	31,004	30,153	31,004	40
Other	4,623	6,141	4,623	-
Delivery and handling charges	1,949	3,813	1,949	-
Salaries and other related costs	<u>14,288</u>	<u>12,327</u>	<u>14,288</u>	<u>-</u>
	<u>51,864</u>	<u>52,434</u>	<u>51,864</u>	<u>40</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*16. Nature of expenses (continued)

(c) Administrative expenses:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Audit fees	9,643	4,517	9,643	2,590
Computer expenses	3,017	2,502	3,017	2,490
Depreciation	7,257	7,098	7,257	7,098
Director fees	11,680	11,763	11,680	11,763
Outsourcing	18,160	17,617	18,160	17,617
Other *	25,703	27,687	25,703	26,888
Legal and professional fees	6,094	11,356	6,094	8,797
Registrar and AGM expenses	3,151	3,458	3,151	3,458
Salaries and other related costs	46,956	38,376	46,956	38,376
Utilities	<u>1,344</u>	<u>1,344</u>	<u>1,344</u>	<u>1,344</u>
	<u>133,005</u>	<u>125,718</u>	<u>133,005</u>	<u>120,421</u>

* Other administrative expenses represent amounts for office supplies, consultancy services, telephone and internet.

(d) Salaries and other related costs:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	84,942	72,515	84,942	60,188
Statutory deductions	8,086	3,039	8,086	3,039
Staff welfare	5,842	4,905	5,842	4,905
Pension contributions	<u>3,710</u>	<u>2,375</u>	<u>3,710</u>	<u>2,375</u>
	<u>102,580</u>	<u>82,834</u>	<u>102,580</u>	<u>70,507</u>

17. Net finance income

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	\$'000	\$'000	\$'000	\$'000
Finance income:				
Interest income	3,781	5,556	3,781	5,548
Foreign exchange gain	<u>4,200</u>	<u>10,152</u>	<u>4,200</u>	<u>9,930</u>
	7,981	15,708	7,981	15,478
Finance costs:				
Bank charges	(1,229)	(842)	(1,229)	(808)
	<u>6,752</u>	<u>14,866</u>	<u>6,752</u>	<u>14,670</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*18. Taxation

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

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Current tax expense:				
Income tax	59,942	48,709	59,942	34,689
Prior year under provision	751	-	751	-
Employment tax credit	(7,131)	(9,980)	(7,131)	(9,980)
	<u>53,562</u>	<u>38,729</u>	<u>53,562</u>	<u>24,709</u>
Deferred taxation:				
Originating and reversal of other timing differences, net	<u>1,733</u>	<u>1,440</u>	<u>1,733</u>	<u>1,440</u>
	<u>55,295</u>	<u>40,169</u>	<u>55,295</u>	<u>26,149</u>

- (b) Reconciliation of effective tax rate:

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Profit before tax	<u>230,712</u>	<u>196,995</u>	<u>230,712</u>	<u>142,065</u>
Computed "expected" tax expense @ 25%	57,678	49,249	57,678	35,516
Difference between profits for financial statements and tax reporting purposes on:				
Employment tax credit	(7,131)	(9,980)	(7,131)	(9,980)
Prior year under provision	751	-	751	-
Disallowed expenses, impairment and capital items	3,760	1,923	3,760	2,499
Foreign exchange differences and other capital items	<u>237</u>	<u>(1,023)</u>	<u>237</u>	<u>(1,886)</u>
Actual expense	<u>55,295</u>	<u>40,169</u>	<u>55,295</u>	<u>26,149</u>

19. Transactions with related parties

	<u>Group</u>		<u>Company</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
(i) Directors emoluments:				
Fees	<u>11,680</u>	<u>11,763</u>	<u>11,680</u>	<u>11,763</u>

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*19. Transactions with related parties (continued)

(i) Directors emoluments (continued):

Key management personnel compensation is as follows:

	<u>Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Salaries and wages	24,645	22,517
Staff welfare	1,170	955
Pension contributions	<u>1,105</u>	<u>1,126</u>
	<u>26,920</u>	<u>24,598</u>

(ii) Key management personnel transactions:

During the year a Director and relatives purchased shares totalling 170,000 units (2021: 82,758 units).

(iii) Other related party transactions:

Sales to Mountain Peak Food Processor Limited amounted to Nil (2021: \$635,769,210).

See note 7 for investments held with related parties.

20. Earnings per ordinary stock unit

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

	<u>2022</u>	<u>2021</u>
Net profit attributable to shareholders (\$'000)	<u>175,416</u>	<u>156,826</u>
Number of stock units in issue (see note 12)	<u>1,038,832,900</u>	<u>1,038,832,900</u>
Basic earnings per stock unit (\$)	<u>0.17</u>	<u>0.15</u>

(a) Financial risk management:

The group 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.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*21. Financial instruments

(a) Financial risk management:

(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 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. The ECL on cash and cash equivalents was assessed to be insignificant.

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.

Trade receivables mainly consist of balances due from retail and hospitality customers across Jamaica. The company has concentration of credit risk, with four (4) of its customers, accounting for 91% (2021:55%) of trade receivables.

Expected credit loss assessment

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, 2022 (see also note 10).

	<u>Group</u>			
	<u>2022</u>			
	<u>Weighted</u> <u>average</u> <u>loss rate</u>	<u>Gross</u> <u>carrying</u> <u>amount</u> \$'000	<u>Loss</u> <u>allowance</u> \$'000	<u>Credit</u> <u>impaired</u>
Current (not past due)	2.51%	145,041	4,152	No
31-60 days past due	3.77%	40,054	1,720	No
61-90 days past due	13.21%	15,438	2,554	No
91-180 days past due	100%	-	-	yes
		<u>200,533</u>	<u>8,426</u>	

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*21. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Expected credit loss assessment (continued)

	<u>Group</u>			
	<u>2021</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)	1.8%	148,859	2,635	No
31-60 days past due	6.5%	23,648	1,536	No
61-90 days past due	2.2%	2,613	562	No
91-180 days past due	100%	<u>98</u>	<u>98</u>	No
		<u>175,218</u>	<u>4,831</u>	

	<u>Company</u>			
	<u>2022</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)	2.51%	145,041	4,152	No
31-60 days past due	3.77%	40,054	1,720	No
61-90 days past due	13.21%	15,438	2,554	No
91-180 days past due	100%	<u>-</u>	<u>-</u>	yes
		<u>200,533</u>	<u>8,426</u>	

	<u>Company</u>			
	<u>2021</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)	3.3%	62,499	2,548	No
31-60 days past due	5.0%	22,824	1,397	No
61-90 days past due	17.6%	2,610	560	No
91-180 days past due	100%	<u>-</u>	<u>-</u>	yes
		<u>87,933</u>	<u>4,505</u>	

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*21. Financial instruments (continued)

(a) Financial risk management (continued):

(i) Credit risk (continued):

Investments

The group 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 group 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 group 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>Group and Company</u>	
	<u>2022</u>	<u>2021</u>
	Stage 1	Stage 1
	<u>12-month ECL</u>	<u>12-month ECL</u>
	\$'000	\$'000
Debt investment securities at amortised cost, being total gross carrying amount	243,830	160,586
Loss allowance	(1,245)	(1,785)
	<u>242,585</u>	<u>158,801</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 group reputation.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*21. 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 2022 and 2021 for trade and other payables and due to subsidiary are represented by their carrying amounts in the statement of financial position, and require settlements within 12 months of the reporting date. Based on the liquid assets held and the positive operating cashflows, the group's has adequate available funding to settle these commitments when due.

There is no change from the prior year in the nature of the group'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, 2022 and 2021, 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>Group and Company</u>	
	<u>Carrying amount</u>	
	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Variable rate:		
Financial assets	<u>246,541</u>	<u>152,958</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, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*21. 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 2% (2021: 3%) at the reporting date would have increased profit or loss by \$4,903,800 (2021: \$4,588,762), while a 0.50% (2021: 0.50%) decline in interest rate at reporting date would have decreased profit by \$1,232,700 (2021: \$764,794).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2021.

• 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 foreign currency risk, primarily on purchases that are denominated in a currency other than the Jamaica dollar. The main foreign currency risks of the group are denominated in United States dollars (US\$), which is the principal intervening currency for the group.

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

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

	<u>Group and Company</u>			
	<u>2022</u>		<u>2021</u>	
	<u>US\$</u>	<u>J\$</u>	<u>US\$</u>	<u>J\$</u>
Cash and cash equivalents	466,037	71,122,373	66,003	9,599,476
Investments	961,690	146,764,442	1,051,696	152,958,722
Trade and other receivables	848,515	129,492,787	774,265	112,609,131
Trade and other payables	(499,688)	(76,257,885)	(492,041)	(71,562,395)
Net exposure	<u>1,776,554</u>	<u>271,121,717</u>	<u>1,399,923</u>	<u>203,604,934</u>

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

September 30, 2022	152.611
September 30, 2021	145.44

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*21. Financial instruments (continued)

(a) Financial risk management (continued):

(iii) Market risk (continued):

- Foreign currency risk (continued):

Sensitivity analysis

A 1% (2021: 2%) strengthening of the Jamaica dollar against the US\$ would have decreased profit for the year by \$5,242,239 (2021: \$4,072,099).

A 4% (2021: 8%) weakening of the Jamaica dollar against the US\$ would have increased profits for the year by \$10,484,478 (2021: \$16,288,395).

This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2021.

There is no change from the prior year in the nature of the group'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 stakeholders' confidence, and to sustain future development of the business. The Board monitor's the return on capital, which is defined as total shareholders' equity and the level of dividends to shareholders. The group is not subject to any externally imposed capital requirements and there was no change in how the group measures and manages capital.

(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. Market price is used to determine fair value where an active market exists, as it is the best evidence of the fair value of a financial instrument. The group's equities are the only financial instrument that is carried at fair value. Where fair value of financial instruments approximates carrying value, no fair value computation is done and disclosed. The fair value of cash and cash equivalents, investments, accounts receivable, due to subsidiary/due from subsidiary and accounts payable approximates their carrying value due to their short-term nature.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*21. Financial instruments (continued)

(c) Fair value disclosure (continued):

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

The fair values quoted equities is based on the mid and closing prices published by the Jamaican Stock Exchanges.

Determination of fair value and fair values hierarchy

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. These types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

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

Equity investments are classified as Level 1.

22. Segment Reporting

Segment information is presented in respect of the group's strategic business segments. The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Segment information below represents segment revenue based on the market receiving the benefit of the products/services.

SALADA FOODS JAMAICA LIMITED

Notes to the Financial Statements (Continued)

Year ended September 30, 2022*(Expressed in Jamaican dollars unless otherwise indicated)*22. Segment Reporting (continued)

Geographical information:

	2022		
	Local	Export	Total
Revenue from external customers	<u>1,053,393</u>	<u>283,045</u>	<u>1,336,438</u>
Segment non-current assets	213,734	-	213,734
Segment current assets	<u>1,139,222</u>	<u>-</u>	<u>1,139,222</u>
Segment total assets	<u>1,352,956</u>	<u>-</u>	<u>1,352,956</u>

	2021		
	Local	Export	Total
Revenue from external customers	<u>925,051</u>	<u>264,689</u>	<u>1,189,740</u>
Segment non-current assets	237,179	-	237,179
Segment current assets	<u>1,031,604</u>	<u>-</u>	<u>1,031,604</u>
Segment total assets	<u>1,268,783</u>	<u>-</u>	<u>1,268,783</u>

Management does not assess profits per segment, neither do they allocate for current or non-current assets.

23. Ukraine/Russia Conflict

Management continues to monitor the ongoing situation in relation to the Ukraine conflict. Eastern Europe is not a key market for the sale of the group's products or sourcing of raw materials. Nonetheless, related increases in energy and food prices may negatively impact disposable income. Whilst there is still uncertainty of the implications of these events and conditions over the global economy's recovery from COVID-19, management believes that the group is in a position to withstand such economic shocks.

SALADA FOODS JAMAICA LIMITED
QUARTERLY REPORT
AS AT 30 SEPTEMBER 2022

10 LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING
RESOURCE IN MOTION LIMITED	602,367,000
AIC (JAMAICA) LIMITED	89,881,200
DONWIS LIMITED	75,042,800
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	39,501,545
IDEAL BETTING COMPANY LIMITED	27,553,100
IDEAL GROUP CORPORATION LIMITED	27,260,000
IDEAL FINANCE CORPORATION LIMITED	26,200,000
DONOVAN A. LEWIS	16,774,000
PAM - POOLED EQUITY FUND	10,880,450
CARIBBEAN TRUST & MERCHANT BANK	10,307,600
	925,767,695

SHAREHOLDINGS OF DIRECTORS & CONNECTED PARTIES

DIRECTORS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
BERNARD, MICHAEL	0	0	0
LEWIS, KATHRYN	824,534,775	10,000	824,524,775
STULTZ, ERIC*	2,720,000	0	2,720,000
WILLIAMS, PATRICK*	3,666,608	0	3,666,608

SENIOR MANAGEMENT HOLDINGS

SENIOR MANAGERS	TOTAL SHAREHOLDING	DIRECT	CONNECTED
BROWN, TAMII	0	0	0
HAMILTON, ZAYOUS	0	0	0
LLOYD, STEVEN	0	0	0

COMPANY SECRETARY	TOTAL SHAREHOLDING	DIRECT	CONNECTED
SMITH, MICHELLE	0	0	0

Notes

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