2022 ANNUAL REPORT

Jamaican Teas LTD.

Mission

We aim to grow our business by producing high quality products that are safe, healthy and economical, while simultaneously being an exemplary corporate citizen, ensuring sustainable returns to our customers, shareholders and staff.

Vision

To become a leading producer of consumer goods within the Latin American and Caribbean region, through innovation, growth in exports and people centred values.

Contents

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of Jamaican Teas Limited (the "Company") will be held at 11:00 a.m. on Tuesday 2nd May 2023 at the Jamaica Pegasus Hotel, Knutsford Boulevard, Kingston 5, for the purpose of transacting the following business:

1. **To receive and approve the Audited Financial Statements for the year ended 30 September 2022 and the reports of the Directors and the Auditors circulated herewith.**

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

   Resolution No. 1

   "THAT the Audited Financial Statements for the year ended 30 September 2022 and the reports of the Directors and the Auditors circulated with the Notice convening the meeting, be and are hereby received."

2. **To appoint Auditors and authorise the Directors to fix remuneration of the Auditors.**

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

   Resolution No. 2

   "THAT Baker Tilly, Chartered Accountants, having signified their willingness to be appointed, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

3. **To declare no dividend for the year ended 30 September 2022.**

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

   Resolution No. 3

   "THAT no dividend be paid in respect of the year ended 30 September 2022."

4. **To approve the remuneration of the Directors.**

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

   Resolution No. 4

   "THAT the amount of $6,313,000 for the year ended 30 September 2022 as fees to the Directors for services as Directors, be and is hereby approved."

5. **To re-elect Directors.**

   i) Suzette Smellie-Tomlinson retires by rotation as a Director in accordance with the Company's Articles of Association, and being eligible, offers herself for re-election.

   ii) Damien King retires by rotation as a Director in accordance with the Company's Articles of Association, and being eligible, offers himself for re-election.

   iii) Nadiya Figueroa, having been appointed since the last Annual General Meeting, retires in accordance with the Company's Articles of Association, and being eligible, offers herself for re-election.

   iv) Kerry-Ann McKoy Tulloch, having been appointed since the last Annual General Meeting, retires in accordance with the Company's Articles of Association, and being eligible, offers herself for re-election.

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

Resolution No. 5

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

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

iii) "That Nadiya Figueroa, who is retiring in accordance with a) iii) above, be and is hereby re-elected a Director of the Company."

iv) "That Kerry-Ann McKoy Tulloch, who is retiring in accordance with a) iv) above, be and is hereby re-elected a Director of the Company."

BY ORDER OF THE BOARD

Dated the 15th day of March 2023.

Cameron Burnet
Company Secretary

*Please see proxy and notes thereto

NOTICE TO ALL MEMBERS:

The following shall apply to this AGM:

(1) Attendance.

All members of the Company and persons entitled to attend the AGM may join the AGM in person or by electronic means.

(2) Electronic Access To AGM

www.jamaicanteas.com/agm

(3) Proxy Forms

The Proxy Forms must be downloaded from
www.jamstockex.com
www.jamaicanteas.com

IMPORTANT NOTE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND:

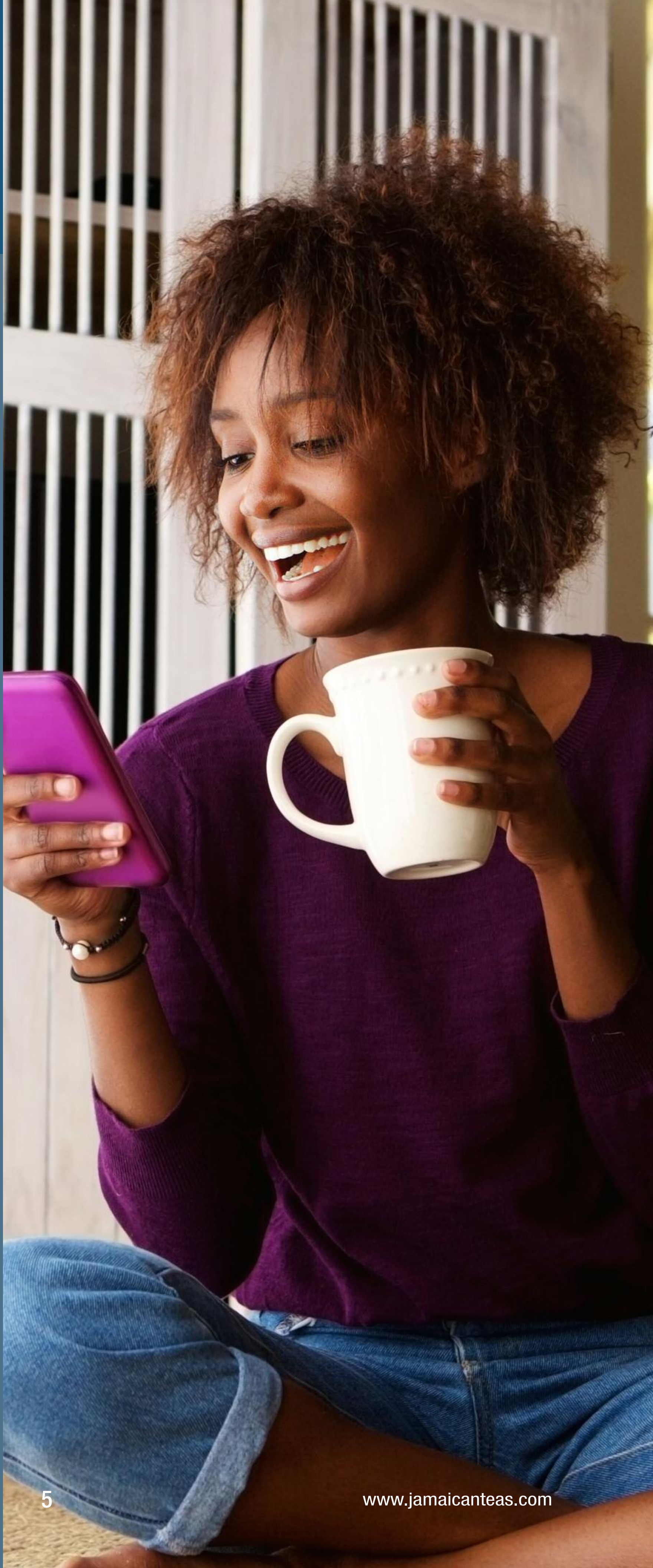
1. A member entitled to attend and vote at the Annual General Meeting can appoint any person they wish to attend and vote on their behalf.

2. The person so authorised as proxy shall be entitled to exercise the same powers as the member whom he/she represents.

3. Enclosed is a Proxy Form for your convenience, which must be lodged at Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston at least forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

4. The Proxy Form shall bear the stamp duty of J$100.00. Adhesive stamp(s) are to be cancelled by the person signing the Proxy.

Corporate Data



BANKERS:

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

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

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

REGISTRAR & PAYING AGENT:

Jamaica Central Securities Depository
40 Harbour Street
Kingston

ATTORNEYS-AT-LAW:

Hart Muirhead Fatta
The Victoria Mutual Building
2nd Floor
53 Knutsford Boulevard
Kingston 5

AUDITORS:

KPMG
Chartered Accountants
6 Duke Street
Kingston

JTL Clipboard

REVENUE
J$2.47B

INVESTMENTS
$1.98B

GROWTH
Export Sales 16%
Local Sales 14%

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

MANUFACTURING & FOOD TRADE
Caribbean Dreams Foods, recently formed, to expand our footprint in the manufacturing & export sectors

DRY PACK DIVISION
Set up to expand soup & spice production, cereals & other instant beverages

NEW PRODUCTS
- Caribbean Dreams Macaroni & Cheese
- Caribbean Dreams Ram Goat Soup Mix
- Caribbean Dreams Vegetable Flavoured Soup Mix

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

JMEA AWARDS
- Best Digital Ad Campaign
- JSE Best Practices (1st Runner-up)
- JMEA/Consular Corp of Ja Next Generation Leadership to Charles Barrett

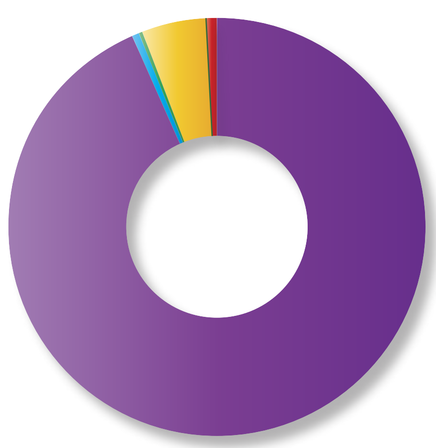
COVID-19 RESPONSE
- Factory and Corporate Office fully compliant with health protocol

Shareholdings of Note

10 LARGEST PRIMARY ACCOUNT HOLDERS

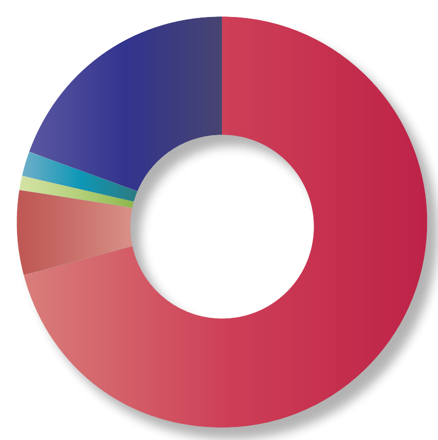
Violet Helen Mahfood	602,378,520
John Mahfood	523,498,839
Jennifer Ann Mahfood	43,642,063
Combined Holdings	567,140,902
Nancy D. Milne	117,750,000
Mayberry Jamaican Equities	82,081,934
SJIML A/C 3119	59,545,070
JCSD Trustee Services Ltd. A/C 76579-02	49,646,940
SJLIC for Scotiabridge Retirement Scheme	43,761,058
JCSD Trustee Services Limited A/c - Barita Unit Trust Capital Growth Fund	38,477,401
PAM - Pooled Equity Fund	32,293,153
Marcos Dabdoub	31,400,000
Total Percentage of Shareholdings	**75.26%**

DIRECTORS AND CONNECTED PARTIES SHAREHOLDINGS



John Mahfood	Chief Executive Officer	579,140,902
John Jackson	Director	2,936,976
	Connected Party Holdings	1,632,089
	Combined Holdings	4,569,065
Marcos Dabdoub	Director	31,400,000
Suzette Smellie-Tomlinson	Director	793,084
Damien King	Director	4,000,000

SENIOR MANAGERS AND CONNECTED PARTIES SHAREHOLDINGS



Dianna Blake-Bennett	Senior Manager	NIL
Cameron Burnet	Senior Manager	11,000,000
	Connected Party Holdings	1,117,537
	Combined Holdings	12,117,537
Jonathan Mahfood	Senior Manager	180,000
Charles Barrett	Senior Manager	302,550
Norman Russell	Senior Manager	3,000,000

Corporate Governance

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

Corporate Governance oversight is also extended to the subsidiaries of the Group, which include, the real estate and property companies— H. Mahfood and Sons Limited and, H. Mahfood and Sons 2020 Limited, Bay City Foods Limited— operators of a supermarket in Kingston, QWI Investments Limited, our investment company and KIW International Limited, now an investment holding company with 18 percent ownership of QWI.

The Board of Directors of Jamaican Teas Limited, entrusted with the responsibility of Corporate Governance, ensures that the Company is set on a solid foundation that supports and fosters:

- Its long-term strategic goals, including that of its shareholders, stakeholders and employees
- Sound and fair business ethics
- Compliance with all legal and regulatory requirements in the operations of the Company's business, according to the Code of Corporate Governance
- Strong relationships with customers and suppliers in the community in which it operates
- Active engagement socially in the local community
- Access to information on the Company's performance, internal changes and other matters of import via strategic media placements and its corporate website
- Participation in protecting the environment

The fulfillment of these objectives is effectively carried out by a management team committed to high standards, which considers the interest of all shareholders, helping them to exercise their rights and encouraging participation in general meetings. Shareholders are also kept well-informed by way of detailed analysis of Quarterly Reports on the Jamaica Stock Exchange (JSE) website, the Company's corporate website, as well as paid advertising in the local newspapers.

The Company is also accountable to other stakeholders in respect of abiding by all legal, contractual and social obligations to non-shareholders, including policy makers, creditors, employees, suppliers, customers and local communities. The Company is also compliant with international regulators in keeping with its US FDA-approved status for exports, and SQF and Kosher certifications.

In its selection of Board members, the Company is guided by a code of conduct, which promotes accountability, integrity, and ethical and responsible decision making. Board members provide management with expertise in areas that facilitate the Company's operations and financial performance.

BOARD COMPOSITION

At the date of writing, the Company's Board of Directors comprised seven members, namely: John Jackson, Chairman, John Mahfood, Marcos Dabdoub, Damien King, Nadiya Figueroa, Kerry-Ann McKoy Tulloch and Suzette Smellie-Tomlinson. Nadiya Figueroa and Kerry-Ann McKoy Tulloch were appointed as Directors on 1 January 2023. Of the seven members, there are six independent/non-executive Directors and one non-independent/executive Director, John Mahfood.

A Director meets the independent criteria when he or she:

- Does not have substantial shareholdings in any of the Group's companies;
- Is not a close relative of a shareholder with significant shareholdings;
- Or, is not in an employment relationship with the Company or its subsidiaries.

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

The Company's Directors who served during 2022 were selected because of their expertise in particular areas required by the Company. The criteria used were as follows:

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

All, but one, of the Company's Directors attended the Company's 2021 Annual General Meeting (AGM) held in July 2022.

BOARD MEMBERS' TERMS OF OFFICE

Jamaican Teas Limited's Articles of Incorporation provide that one third of the members of its Board of Directors are to retire each year. Each retiring member, if eligible, may present themselves for re- election following their retirement.

The Board is required to meet at least 5 times per year to review the budget, Quarterly Reports and whenever else necessary.

COMPANY SECRETARY

The Company Secretary supports the Board of Directors in the timely communication, preparation and dissemination of all Board and Committee documents and ensures compliance with applicable regulatory deadlines and requirements. The appointment and removal of the Company Secretary is determined by the Board. The present Company Secretary for Jamaican Teas Limited is Cameron Burnet.

MENTOR

Jamaican Teas (JTL) is mandated by the Jamaica Stock Exchange (JSE) Junior Market Rules to have a Mentor on its Board throughout its tenure as a Junior Market company. The Chairman of the Company is John Jackson who has held this position since 2010.

The Mentor, whose competency is approved by the JSE, has the relevant skills, knowledge and expertise required to carry out the responsibilities and functions as set out in Rule 503(2) of the Junior Market Rules, having gained such skills, knowledge and expertise through professional qualifications, work for companies that are listed on the JSE or other stock exchanges, or other relevant experience.

The Mentor is a key adviser to the Board, ensuring that the Company has in place the framework, procedures, systems and policies for good fiscal discipline and corporate governance. The Mentor's responsibilities are administered at all times in the best interest of the Company, its shareholders and stakeholders.

BOARD COMMITTEES

There are three (3) established committees, namely:

- Compensation
- Marketing and
- Audit & Finance

Role of the Compensation Committee (CC)

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

The main responsibilities of the CC are to:

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

During the year, the CC reviewed two employee profit-sharing distributions, as well as the Directors' fees payable for the financial year and the compensation arrangements for members of QWI Investments Limited's Investment Committee. The Committee also reviewed and made recommendations regarding the remuneration and terms of employment for new management staff.

Role of the Marketing Committee (MC)

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

The main responsibilities of the MC are to:

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

The Committee also:

- Assessed the performance of the 2022-2023 annual marketing plan and marketing expenditure.
- Reviewed and provided feedback on different activities in progress from the Knowledge Management Framework Plan.
- Reviewed the 2022-2026 Strategic Marketing Plan to provide insight and approve same, and the marketing budget, which provides strategic direction for the next four years with a focus on increasing sales volumes and the number of channel partners, market intelligence, market and product development and market penetration strategies, as well as attendant programmes.
- Reviewed market research strategies for instruments to be designed to conduct field research on top of mind, consumers' perceptions and feedback on various products.
- Held separate meetings outside of the Committee meetings to review documents and provide individual feedback or approval, for example: on the website upgrade, social media opportunities and launch of the Caribbean Dreams Select brand of teas.

Role of the Audit & Finance Committee (AFC)

The Audit & Finance Committee seeks to ensure the integrity of the Company's financial statements and adherence by the Group member companies to applicable accounting standards and applicable governance codes, in the preparation of the quarterly and annual financial statements. Additionally, internal controls are monitored so as to identify and control any operational risks.

The members of the Audit & Finance Committee are all independent. Damien King is Chairman, along with Suzette Tomlinson-Smellie and Joan Brown, a Chartered Accountant, who joined the Committee in July 2019.

Board & Committee Meetings/Attendance

During the year, there were approximately eight (8) combined Marketing and Compensation Committee meetings, five (5) Audit & Finance meetings and eleven (11) Board meetings. Attendance at these meetings is shown below:

Directors/Members	Board Meetings	Audit & Finance Committee	Compensation Marketing Committee
John Jackson	11		
Suzette Smellie-Tomlinson	11	4	8
John Mahfood	8		
Damien King -appointed Jan 2021	11	4	
Marcos Dabdoub	7		8
Joan Brown		5	

Regulatory Responsibilities

During the last 12 months, there were no reports of any regulatory breach, including:

- The Securities Act or its insider trading regulations
- Regulations relating to the disclosure of transactions with any related party
- The listing Rules of the Jamaica Stock Exchange

All of the Company's unaudited Quarterly Reports and Audited Financial Statements were filed within the periods required by the listing rules of the Jamaica Stock Exchange (JSE) and with the Financial Services Commission, EXCEPT for the 2022 Audited Financial Statements for which a 45 day filing extension was granted by the JSE.

On 26 January 2023, KPMG, Independent Auditors of the Company, issued an unqualified audit opinion on the Company's 2022 annual financial statements.

Compensation of Directors

Each Director of the Company is paid an annual fee for his or her membership of the Board of Directors, and each member of a Committee of the Board is paid an annual fee for his or her membership of such Committee. Directors who perform the functions of Chairperson, whether of the Board or a Committee, are paid additional fees.

For the year ended 30 September 2022, the total fees paid by the Company to its Directors totalled $6,313,000 (2021 - $6,950,000). This included fees for Duncan Davidson who retired from the Board in October 2021 and for Damien King who was appointed to the Board in January 2021.These are subject to the approval of the shareholders of the Company at the Annual General Meeting (AGM). The fees proposed for 2023 will be put to the shareholders for approval at the said AGM.

In addition to an annual fee, each Director of the Company is entitled to participate in the Company's share option schemes, which are described in detail in Note 13 of the Company's Audited Financial Statements. The share option schemes were approved by the Company's shareholders at the 2016 Annual General Meeting.

Share Options for Employees

The Company, at its 2011 AGM, approved a stock option plan for its employees, which is described in Note 13 of the Company's Annual Financial Statements. In 2022, there were 5,055,000 shares issued to staff, pursuant to this scheme.

Evaluation and Training of Directors

The Company does not presently have procedures pursuant to which the Directors evaluate either their own performance or the performance of their fellow Directors. The Directors recognise that the absence of such procedures is undesirable and plan to engage external consultants to establish such procedures, and to perform an external evaluation of the Board's performance.

In 2022, the Directors did not participate collectively in any specific training programme relating to their functions as Directors of the Company.

Role of Subsidiary Company Directors

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

The Directors of H. Mahfood and Sons Limited are John Mahfood, John Jackson, Duncan Davidson and Cameron Burnet. The Directors of H. Mahfood and Sons 2020 Limited are John Mahfood, John Jackson and Cameron Burnet. Messrs. Jackson and Davidson are considered to be independent. The Directors do not consider it necessary to have committees, as the company's management functions are carried out by the JTL Board. The Directors of both companies serve without remuneration.

The Directors of KIW International Limited, during 2022, were John Mahfood, John Jackson (Chairman) and Kemilee McLymont. All Directors, except John Mahfood, are considered to be independent. Since KIW disposed of its investment portfolio to QWI, the services of the sub-committees were discontinued.

Each KIW Director is paid an annual fee. The total fees paid to KIW Directors for 2022 was $850,000 (2021-$1,100,000). These fees are subject to the approval of the shareholders of the company at the Annual General Meeting, and the fees proposed for 2023 will be put to the shareholders for approval at the company's next AGM.

The Directors of QWI Investments Limited (QWI), during 2022, were John Jackson (Chairman), John Mahfood, Cameron Burnet, David Stephens, Carl Carby, Evan Thwaites and Malcolm McDonald. Evan Thwaites joined the Board in January 2021. Carl Carby retired from the Board in July 2022. Messrs. Thwaites, Carby, McDonald and Stephens are considered to be independent Directors of this company.

QWI has an Audit Committee presently chaired by Evan Thwaites. The other members are Malcolm McDonald and David Stephens. The Audit Committee is therefore independent. QWI also has an Investment Committee responsible for the management of the company's investments, and is comprised of John Jackson (Chairman), Cameron Burnet, and David Stephens who is the only independent.

The total fees paid to QWI's Directors in 2022 was $7,500,000 (2020-$7,760,000). These fees are subject to the approval of the shareholders of QWI at the Annual General Meeting, and the fees proposed for 2023 will be put forward for approval at the company's next AGM.

Directors' Report

Jamaican Teas completed another successful year to September 2022. Your Directors present to you, our shareholders, our report for the financial year.

We encourage you to attend our next Annual General Meeting scheduled for May 2023, which will be held in person with simultaneous electronic streaming for those who prefer a virtual format.

BACKGROUND

The Jamaican economy continued its recovery over the last twelve months. Overall, economic conditions were relatively favourable for your Group.

2022 OPERATING RESULTS

Total Comprehensive Income attributable to the owners of Jamaican Teas increased from $392 million in 2021 to $449 million. Much of which resulted from surpluses on the revaluation of our land and buildings at Bell Road and Chancery Street in St. Andrew - the locations of our main factory and retail operations. The

DIRECTORS (l to r): John Mahfood - Group Chief Executive, John Jackson, Dr. Damien King, Marcos Dabdoub and Suzette Smellie-Tomlinson profitability of our underlying manufacturing and investment operations declined in 2022 and is discussed in more detail in our Management Discussion and Analysis report.

CORPORATE DEVELOPMENTS

During the year, the Group increased its shareholding in QWI Investments from approximately 32 percent to 44 percent for an investment well below the Net Asset Value of QWI's shares.

The Group continued to invest heavily in its real estate project at Belvedere Road, St. Andrew and in 2023, we look forward to the completion and sale of the units, which will release cash resources to the rest of the Group.

DISTRIBUTIONS

For 2022, the Company is not recommending a dividend to shareholders. In April 2022, shareholders in QWI Investments Limited, including Jamaican Teas, received a 3.5 cents distribution.

NEW DIRECTORS

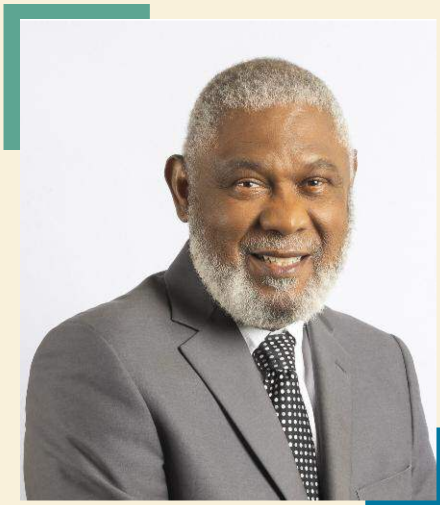
We welcome non-executive Directors, Kerry-Ann Mckoy Tulloch, Attorney-at-Law and Dr. Nadiya Figueroa, Development Scholar and Educator, to the Board of Directors and look forward to their contribution.

THANKS

We extend our thanks to all our customers and distributors to whom we entrust the delivery of our products to the shops and supermarkets locally and across the Caribbean region.

Finally, we extend our gratitude to our employees whose service and dedication to the Group's member companies undergird the successful operations we enjoyed in 2022.

Directors' Profiles



John Jackson

Non Executive Director
Mentor to the Board

John serves the Company as Chairman of the Board, Chairman of the Audit and Finance Committee, and Mentor to the Board. As a Chartered Accountant and Financial Analyst, he brings to the Board his experience in the financial industry.

He chairs the boards of QWI Investments Limited and Jetcon Corporation Limited, and is a former Chairman of Jamaica Deposit Insurance Corporation (JDIC). He was a Director of the Development Bank of Jamaica (DBJ) and is involved in other private entities.

John was a founder of the chartered accounting firm, Jackson Burnett Parkinson Jackson. Since 1974, he has been a Director of Bridgeton Management Services Limited, a private investment and management company, and also publisher of the financial website— ICinsider.com.

John Mahfood

Group Chief Executive

John Mahfood heads the Management Team, leading the strategic initiatives across the Group. He also oversees the development and implementation of the Group's guidelines, internal controls and human resource procedures.

His experience spans local and international retail and trading, mergers, expansions and turnarounds, all capacities in which he served several corporate entities.

He is President of the Jamaica Manufacturers and Exporters Association.

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

Marcos Dabdoub

Non Executive Director

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

Having garnered 45 years of experience in the distributive trade, he is the exclusive Jamaican distributor of the Jamaican Teas' Tetley and Caribbean Dreams brands, which generate approximately 50 percent of the Company's overall sales.

In 1963, he was a salesman at J&J Dabdoub Limited, and in 1967, he opened Marc's Department Store in Kingston.

Marcos' alma mater is St. George's College and he is a graduate of St. Mary's College in St. Andrew.

Suzette Smellie-Tomlinson

Non Executive Director

Suzette heads the Compensation and Marketing Committee. She brings to Jamaican Teas more than two decades of experience in the fields of banking and insurance; retail and distribution; media; education; cold storage and shipping, among others.

She has served in senior positions in corporate entities, namely Scotiabank, AIC Limited, National Commercial Bank Limited and Supreme Ventures Limited.

Suzette holds an MBA in Finance and Marketing from the Manchester Business School and University of Wales, and a B.Sc. in Economics and Management.

Dr. Damien King

Non Executive Director

Damien joined the Board on 1 January 2021. He is the Executive Director of the Caribbean Policy Research Institute (CAPRI), experienced in fiscal analysis, good governance practices, analysing and formulating public policy, and in communicating these ideas to specialist and large audiences.

Most of his professional life has been spent as a lecturer in the Department of Economics at the University of the West Indies, and he has authored and contributed to various publications. He was Economic Affairs Officer in the Department of Economic and Social Affairs at the United Nations, and Economic Specialist in the Economic and Commercial Section of the United States Embassy locally.

Damien sits on the boards of a number of entities in both the public and private sector, including Recycling Partners of Jamaica from 2019 to present.

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

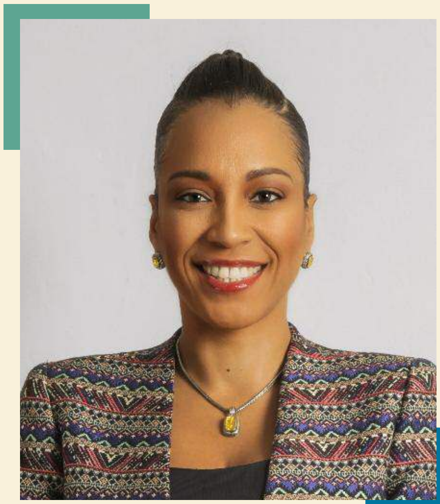
Kerry-Ann McKoy Tulloch

Non Executive Director

Kerry-Ann joined the Board on 1 January 2023. She is an Attorney-at-Law in private practice in Jamaica and Barbados, and formerly, an Associate Attorney-at-Law at Hart Muirhead Fatta. She is experienced in conveyancing, commercial and maritime law, financial analysis and at the international level, the logistics management industry.

She has been a director at Development Bank of Jamaica since 2016 and a Council Member at Caribbean Maritime University from February 2020. She is also a director at M/VL Stockbrokers Ltd., the Jamaica Stock Exchange, and Port Security Corps' and was formerly a director at Port Authority of Jamaica and Kingston Container Terminal.

She holds an MSc. in Maritime Safety and Environmental Protection (Administration), World Maritime University, Malmo, Sweden; Master of Laws in International Maritime Law, the International Maritime Law Institute, Msidia, Malta and Bachelor of Laws, U.W.I, Cave Hill, Barbados.



Dr. Nadiya Figueroa

Non Executive Director

Nadiya joined the Board on 1 January 2023. She is a Development Scholar, Educator, Facilitator and Strategist.

She advises global philanthropies and educational institutions: Schmidt Futures, Knight-Hennessy at Stanford University, Schwarzman Scholars at Tsinghua University and the Rhodes Trust at Oxford. At Rhodes, she was the first Dean and Director of Leadership & Change. She is a board director at the Jamaica Accountability Meter Portal.

Nadiya's experience in Jamaica spans the private, public and social sectors. She was on the team that founded CAPRI; served as policy associate on the Partnership for Transformation at OPM and was in the first consultant cohort at then JEA's Competitiveness Company.

She holds a DPhil and MPhil in Development Studies from Oxford University, Masters in Government, U.W.I. and B.A. in History and Cultural & Social Anthropology from Stanford University.

CEO - Manufacturing Report

Dianna Blake-Bennett

Chief Executive Officer
Manufacturing Division

Despite challenges during the financial year, revenue in manufacturing operations grew to $1.86 billion, a 15 percent increase over the previous year.

As was the case with many companies in the manufacturing industry, operations were fraught with supply chain issues that impacted margins and profitability.

Net profit declined 34 percent to $178.72 million and was attributable to the increased freight rates within the first half of the year, coupled with higher prices from suppliers as global demand grew with countries resuming full economic activity. Supply chain unreliability forced the raising of inventory levels of key manufacturing inputs to mitigate shortages of products to our customers.

A significant operational issue faced in the year was low fulfillment across both factories. The reduced level of the workforce affected productivity, as with growing changes in the labour market, there was an inordinately high turnover of staff.

Products packed by other manufacturers under the Caribbean Dreams brand also affected revenue. Additionally, water supplies under our brand Jamaica Blue Water packed by our partner was significant to revenue loss.

RETOOLING FOR EFFICIENCY

In March 2022, the Dry Pack Division housed at Bell Road moved to 71 Montgomery Avenue. The factory produces dry packed soups and spices the Caribbean Dreams brand and several other local and overseas companies. This division is experiencing rapid growth and is already nearing its space capacity of 10,000 sq. ft.

Retooling for efficiency is a priority as the Company prepares to offload its manufacturing assets to its spin-off company Caribbean Dreams Foods Limited. As such, in the last quarter of the year, $48.9 million was invested in acquiring new machines for the purposes of expanding the spice production line, implementation of a new beverage line to support the growth and profitability of an existing product, as well as to replace an existing machine used to manufacture our flagship products – Tetley Peppermint and Black Tea. New machines will be commissioned by April 2023.

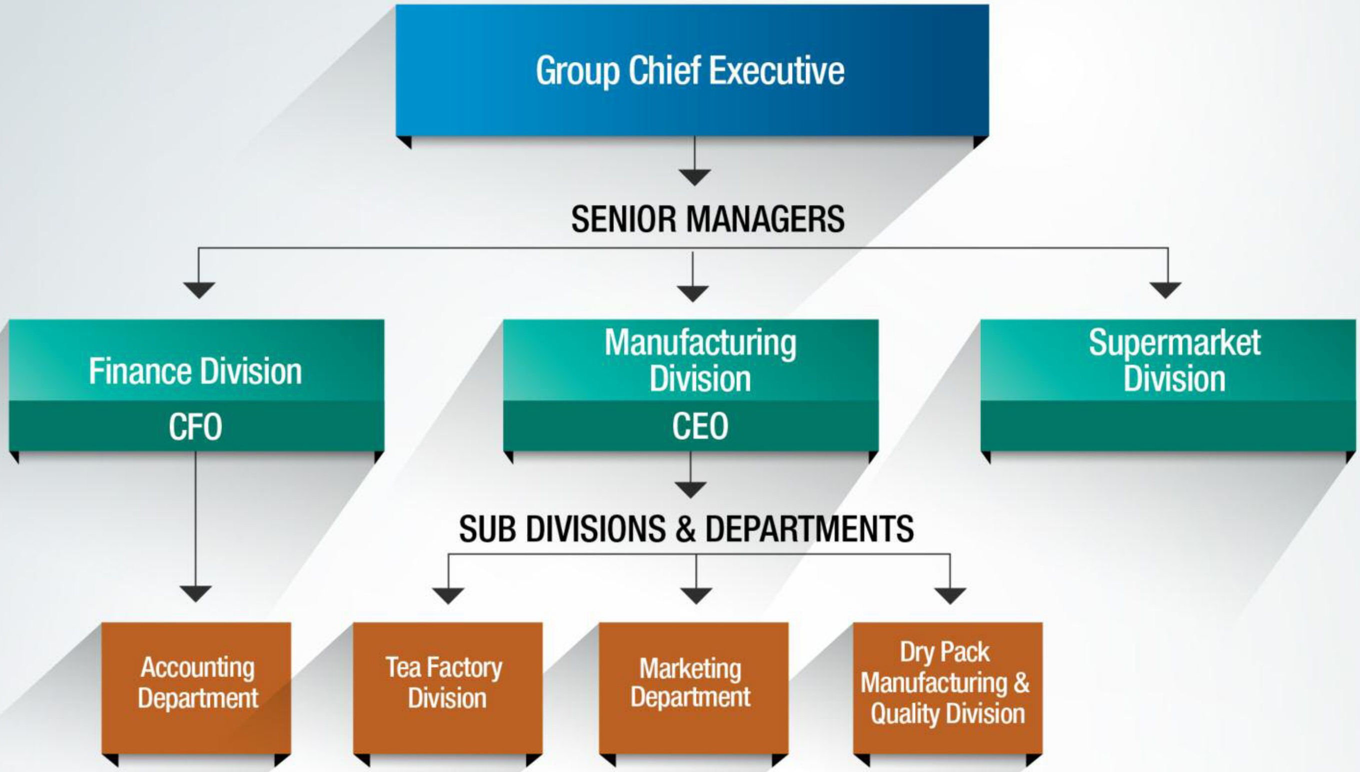
The implementation of a full 8-hour second shift in the tea manufacturing factory, along with streamlining of logistics planning and coordination to improve operational efficiency, are already afoot to bring about improved fulfillment rates and ultimately improve revenue. Acquisition of manufacturing software and data management systems is planned for this financial year to round out the first phase of operational improvement.

Other areas of focus include rationalising costs of raw and packing materials to improve margin positions.

Reintroduction of cerasse to North America is also high on the agenda. Local sales performance is expected to improve as we collaborate on targeted activities to increase brand awareness and distribution. A similar approach to improve tea sales in Northeast USA is already in progress.

We remain optimistic that our business will continue to experience growth in the coming year, juxtaposed against vagaries in the global economy.

Operations Management Team



Senior Managers

Dianna Blake-Bennett
Chief Executive, Manufacturing Division

Dianna is CEO of Caribbean Dreams Foods Limited, the Manufacturing Division of JamaicanTeas Limited (JTL).

She is a seasoned professional in the food manufacturing industry with management, product development, branding and marketing experience in the local and overseas markets. She is goal oriented and strategic in building initiatives to enhance staff development and empower-ment, which in turn drives production.

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

Dianna holds an EMBA, Post Graduate Diploma in Management Studies and a Certificate in Project Management from the Mona School of Business & Management. She is also certified by the Jamaica Stock Exchange in Corporate Governance practices.

Cameron Burnet
Chief Financial Officer

Cameron Burnet joined the Group in July 2017 and oversees its member companies and the accounting and financial operations.

He is a Chartered Accountant with over 30 years' experience with other food processing and hotel groups in Jamaica and overseas, and with two well-known public accounting firms. He is a registered Investment Advisor licensed by the Financial Services Commission (FSC).

Jonathan Mahfood
Export Manager

Jonathan Mahfood works closely with the Chief Executive to realize the scope and vision of the Company. His portfolio of responsibilities includes export manag-ement, maintaining and growing sales relationships with the Company's Caribbean and North American export customers. He also undertakes other projects associated with new business and commercial developments, and the expansion of the customer base.

He holds a B.A. in International Hospitality & Tourism Management, St. Leo University, Florida.

Accounting Department

Robert Bignall
Financial Controller (Acting)

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

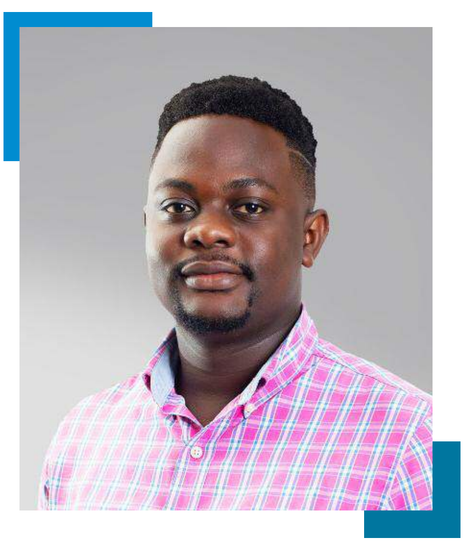
Tamarley Walters Grey
Accountant

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

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

Rachelle Bloomfield
Accounting Clerk

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



Omar Simpson
Accounting Clerk

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

Marketing Department

Kimone Meikle

Marketing Manager

Kimone joined JTL's Marketing and Food Safety Department in 2020 as Marketing Officer. In July 2022, she was promoted to Marketing Manager charged with the planning, organization, implementation and analysis of the performance of JTL's Marketing Strategies for the Manufacturing and Retail Divisions.

Kimone also participates in new product development and is a member of the Company's Quality Team.

She has almost a decade of experience in marketing in the tertiary education book industry where she specialized in marketing strategy, event management, digital marketing and purchasing.

Kimone holds a B.Sc. in Management Studies and an MBA, both from U.W.I, Mona.

Quality Department

Stephanie Johnson

Quality Assurance Officer

Stephanie joined the Company in January 2019, after two and a half years at Jam-Mar Processing Ltd. She is responsible for conducting daily tests/checks and completing various records to support the maintenance of the Company's Food Safety and Quality Systems.

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

Tea Factory

Norman Russell

Factory Manager

Norman's tenure with the Company began in 1995, prior to which he served as a Factory Supervisor in a major manufacturing company. He is responsible for all aspects of the Company's factory and warehouse operations.

Omar Duval

Assistant Factory Manager

In 2016, Omar joined the Company in the production department with added responsibility for our food safety system. He has over 20 years' retail management experience with specialized training in warehousing and inventory management.

Conrad Bryan

Chief Technician

Cebert Givans

Line Leader

Supermarket - Bay City Foods Ltd.

Althea Morgan

Manager

Althea began her career with the Company in 2005, before she was transferred to JRG Shoppers, operated by Bay City Foods Ltd. Prior to this appointment, she held the position of Chief Cashier in the Administrative Office and was later promoted to Assistant Manager in 2012 and Manager in 2018.

Michael Mahfood

Assistant Manager

Michael worked in the retail industry for over 20 years before joining JRG Shoppers, operated by Bay City Foods Ltd. as an Assistant Manager in 2015. Throughout his 20 years' retail career, Michael has managed several stores, in addition to operating a store in the retail industry.

Dry Pack Division

Charles Barrett

Head, Dry Pack Manufacturing & Quality Division

Charles was appointed Head of JTL's newly formed Dry Pack Manufacturing and Quality Division in June 2022.

He is responsible for planning, organising, and controlling the Division's operations and the implementation of programmes to promote growth, in accordance with the Company's strategic goals and objectives. He is also responsible for ensuring that both the Tea and Dry Pack Manufacturing operations meet all local and international regulatory practices and legislative requirements.

Prior to his appointment, Charles served as Marketing & Food Safety Manager. He has over 12 years' experience in marketing, regional retail trade, new product development, exports and food safety management.

Charles holds a B.Sc. in Botany and Zoology, an MBA, and a certificate in Sales Management, Mona School of Business and Management, U.W.I., Mona. He also holds a certificate in Applied HAACP Principles, Royal Society for Public Health, UK and is a Preventive Controls Qualified Individual (PCQI). He is a member of the Board of Directors of Bay City Foods Ltd. and the Vi and Adeeb Foundation.

Charles is the recipient of the 2022 inaugural JMEA/Consular Corp of Jamaica Next Generation Leadership Award, which recognises an influential leader under 45 years old who is impacting the growth and development of Jamaica's manufacturing and exporting landscape.

Charles Barrett, Head of the Dry Pack Manufacturing & Quality Division on the production line with his team.

Women Stalwarts at Jamaican Teas

This year we introduce two women stalwarts who are positioned to further advance in the Company. They are Nyoka Rogers and Deborah Duckworth.

Nyoka Rogers

Supervisor

Nyoka joined the team at Jamaican Teas on 12 December 2008. At that time, the factory was situated at Norman Road. Her first position was that of a machine operator. In April 2014, she was promoted to the position of receptionist and on 1 July 2022, she was upgraded to supervisor of the Dry Pack Division.

She recalls that when she just started working with the Company it was challenging as it was her first time working on a tea machine. But within three months she had mastered the Maisa tea machine, of which the Company had six. Nyoka also expertly mastered the big line, which is the Universal pack machine that produces the Company's flagship products - Tetley Peppermint and Black Tea.

The promotion to receptionist afforded her the opportunity to hone her skills in customer service as a pivotal link, ensuring a positive experience for persons calling or visiting the Company on a daily basis. She also acquired supervisory knowledge in having to work closely with Group CEO, John Mahfood on Human Resource (HR) related matters, such as learning how to engage with staff.

Additionally, she attained marketing skills whilst working with then Marketing Manager, Charles Barrett, doing promotions and tastings on location - a role she continues to perform for the Company. She has dabbled in all the key areas of the Company's operations - production, marketing, HR and customer service.

Nyoka has her eyes set on becoming either the Head of the Dry Pack Manufacturing and Quality Division or Production Manager for the Company within five years. She maintains that the greatest benefit from working with the Company, so far, has been the knowledge gained, as no one can take that from her.

Deborah Duckworth

Supervisor

Deborah began her journey with Jamaican Teas on 8 June 2012 as a packer on the tea line. Within a few months, Debbie, as she is affectionately called, was promoted to a machine operator. Her ability and leadership qualities became evident and in 2018, she was assisting the Quality Officer in conducting quality checks on the production lines.

In 2020, Debbie was promoted to line leader for the envelope tea line, and as the Company prepared for HACCP certification, she was asked to be a part of the Team. This also made way for her to be given added responsibility of supporting the Quality Officer as her assistant.

In April 2022, as the Company prepared to set up another manufacturing facility for dry packed products – soups and spices, Debbie received another promotion, this time to Quality Officer in the Dry Pack Manufacturing and Quality Division.

Debbie is a go-getter. She shared that when she joined the Company in 2012, she was determined to complete her CXC's and was successful in the business subjects - Principle of Business (POB), Office Administration and Accounts (AO).

She is grateful to Jamaican Teas and John Mahfood for the support over the years, as she not only attained her academic qualifications but also benefited from on the job training. In 2019, she was formally trained in supervisory management and is a certified Preventative Control Qualified Individual (PCQI). To top it all, Debbie is a trained practitioner in Good Manufacturing Practices (GMP) and Hazard Analysis Critical Control Point (HACCP).

In five years, Deborah Duckworth sees herself as the Head of the Dry Pack Manufacturing and Quality Division.

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) is presented to assist shareholders and the public in evaluating the operational results of the Group for the financial year to 30 September 2022. The MD&A also serves to clarify some of the information reported in our Financial Statements, and to share the Group's prospects and plans.

The MD&A should be read in conjunction with the Historical Financial Data set out elsewhere in this Annual Report.

THE GROUP

The Group comprises:

MANUFACTURING I Jamaican Teas Limited (JTL) and its Manufacturing Division – Caribbean Dreams Foods Limited (CDFL), manufacturers of Tetley and Caribbean Dreams teas and groceries, which includes packing and processing teas for other companies under third-party brand names locally and overseas, and also purchasing grocery products manufactured by third-party manufacturers for sale to our customers.

INVESTMENTS I QWI Investments Limited (QWI), a 44 percent owned subsidiary company managed and controlled by JTL and KIW International Limited (KIW), owners of an investment portfolio of companies listed on the Jamaica Stock Exchange (JSE) and other overseas stock exchanges.

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

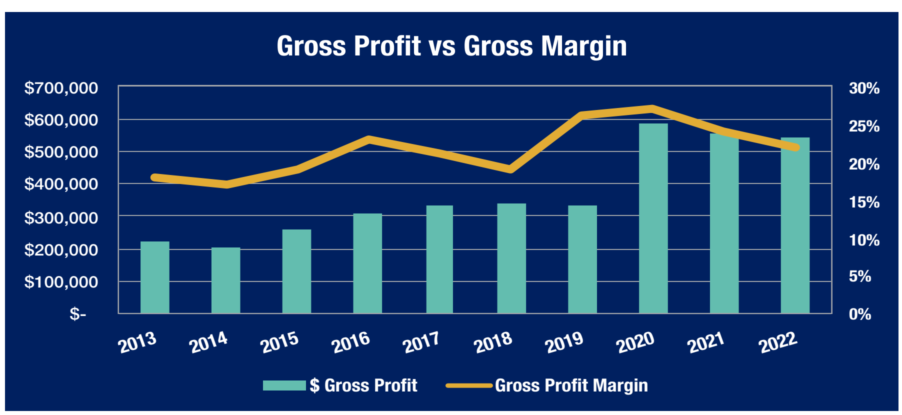
SUPERMARKET I Bay City Foods Limited (BCF), operators of the Shoppers Delite supermarket in Kingston since February 2019.

LTJ Managers Limited (LTJ), formerly JRG Shoppers Delite Enterprise Limited (JRG). In 2022, LTJ purchased a parcel of land in St. Andrew on which it intends to develop homes for resale.

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

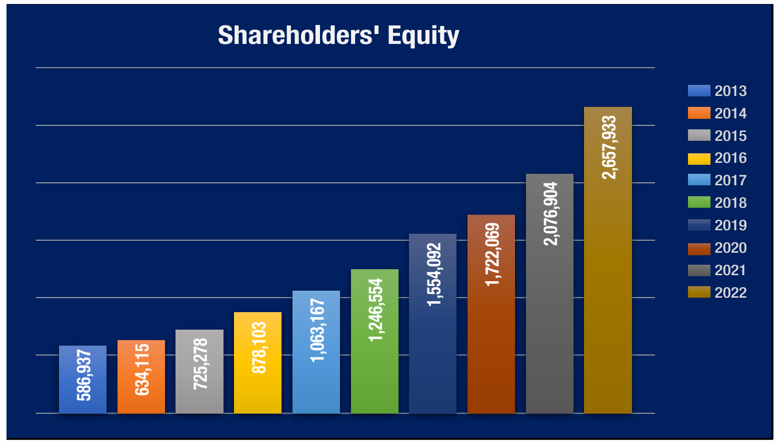
GROUP REVENUES AND PROFIT

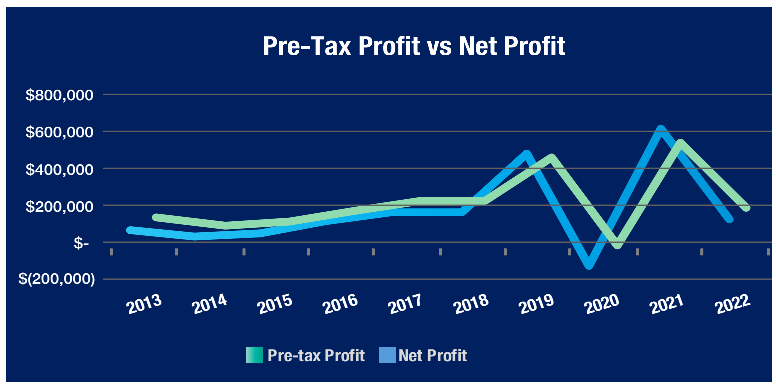
Group Operating Revenues increased from almost $2.27 billion in 2020/21 to $2.47 billion this year.



This was primarily the result of:

- a 16 percent increase in export manufacturing sales
- a 14 percent increase in domestic manufacturing
- a 17 percent increase in supermarket sales, offset in part by
- the completion of no real estate sales versus the sale of six Manor Park studios in the prior year.





The change in Cost of Sales matched and exceeded the changes in revenues as a result of continued increases in raw materials and sea freight costs, which began in 2021 and into the first half of calendar 2022. Ocean freight rates began to decline in the summer of 2022 and some routes are now back at levels similar to 2020. As the Manufacturing Division expends the higher cost inventories purchased in 2022, we will reap the benefit of lower ocean freight rates in our 2022/23 cost of sales.

The decline in Other Income was due in the main to the non-recurrence of realized investment gains of $96 million at QWI in 2020/21. This was partly offset by $30 million in fair value gains on our investment properties compared to a $4 million fair value loss in the prior year.

The reversal in Fair Value Gains on Investments of $338 million to Gains of $10 million arose from the significant reversal QWI experienced in its overseas shareholdings during the year. The reduction in share prices in its US holdings resulted from higher inflation and interest rates, which led to significant declines in US share prices. While inflation and interest rates also rose in Jamaica, QWI was able to offset the effects by repositioning a major portion of its Jamaican holdings into fast growing Junior Market companies benefitting from the recovery of the local tourism industry.

Administration costs grew by $101 million or 40 percent in the period while selling and distribution costs changed minimally. The increase in administration expenses was primarily due to higher investment management costs at QWI and higher professional fees of all types across the Group. Finance costs increased $12 million attributable to higher interest rates and borrowings within the Manufacturing Division.

The combination of lower fair value gains and higher expenses noted above resulted in a significant decline in pre-tax profit and tax charge for the period. This in turn resulted in a lower net profit attributable to the owners of Jamaican Teas.

A revaluation surplus of $255 million, net of tax, arose from the revaluation of the Group's land and buildings in 2022. Consequently, total comprehensive income attributable to the owners of Jamaican Teas climbed from $393 million in 2020/21 to $449 million in 2022. This favourable outturn arose because of the surplus from the revaluation of the land and buildings belonging to Jamaican Teas' share- holders, while the majority of the loss QWI experienced in the year is attributable to the non-controlling interests in QWI.

MANUFACTURING AND FOOD TRADING

In 2021/22, Jamaican Teas' export sales increased 16 percent as compared with 2020/21 and local sales grew 14 percent in 2022.

In March 2022, the Manufacturing Division relocated its soup and spices activities from Bell Road to a new location at Montgomery Avenue in the Richmond Park area of Kingston. The relocation was important for the Group as it facilitated expanded production of spices and provided the space for a planned entry to the production of packaged cereals and other instant beverages.

Caribbean Dreams Foods Limited

In August 2021, Caribbean Dreams Foods Limited (CDFL) was formed to focus on manufacturing and export - a move which further consolidated the renowned Caribbean Dreams profile and its preparation for listing on the Main Market of the JSE.

Caribbean Dreams Foods will manufacture and export the Caribbean Dreams brand to the Caribbean, USA, Canada, and the UK. The Company will also manufacture the Tetley brand, under license, for Jamaica and the Caribbean.

In November 2021, Dianna Blake-Bennett joined the Company and assumed full responsibility for the Group's manufacturing activities in her position as CEO of the Manufacturing Division.

Post year end into January 2023, Caribbean Dreams Foods expanded its existing Board of Directors comprising John Mahfood, Chairman, Damien King, Deputy Chairman and Dianna Blake-Bennett, to welcome new Directors, Peter John Thwaites and Lisa Lewis.

AWARDS

In October 2022, Jamaican Teas received the following awards from the Jamaica Manufacturers and Exporters Association (JMEA):

Best Digital Ad Campaign

The Award was based on inter alia revenue earned, input cost, and the object and impact of the campaign.

The Caribbean Dreams Digital Ad campaign introduced two new products to the market – Caribbean Dreams Condensed Coconut Milk and Caribbean Dreams Evaporated Coconut Milk, which are non dairy and gluten free.

Implemented throughout the Christmas season and extended to Valentine's Day across television and online platforms, including social media, the campaign served to:

- increase Brand Awareness for Caribbean Dreams
- satisfy a need within the market for non dairy products
- positively impact sales and distribution.

JMEA Awards - Kimone Meikle accepts JTL Award for Best Digital Ad Campaign

JSE Best Practices Award - Best Performing Company (Junior Market) 1st Runner-up

This award seeks to identify and recognise outstanding performance by listed companies that enhance shareholders' value in the areas of capital efficiency, profitability and direct return on shareholdings.

Inaugural Consular Corp
Next Generation Leadership Award

Bestowed to Charles Barrett, Head of the Dry Pack Manufacturing & Quality Division - the award recognizes an influential leader under 45 years old impacting the growth and development of Jamaica's manufacturing and exporting landscape, through innovative, transformative, and inspiring leadership.

JMEA Awards - Charles Barrett accepts Consular Corp Award

REAL ESTATE

Sales of our last six super studios in the Manor Park area were completed in 2021 and sale of the Belvedere apartments will not be completed until after March 2023, due to construction delays.

Belvedere Apartments

The Group's rental properties in Kingston and land holdings were revalued during the year, resulting in over $30 million in fair value gains on our investment properties as reflected in the Profit & Loss Statement.

In the new financial year 2022/23, the Group's operating revenues will be higher than in the prior year, due to the commencement of real estate sales at our Belvedere development in Red Hills, St. Andrew, which has now been expanded to 30 units to be completed in March 2023.

INVESTMENTS

The financial year 2021/22 began positively for QWI Investments and by March 2022, the company had recorded pre-tax profit of of $154 million, mainly as a result of $156 million in unrealised gains on its Jamaican portfolio. In the second half of the year, share prices in Jamaica declined as the Bank of Jamaica increased its policy interest rate steadily from 4.6 percent in March to 6.5 percent in September 2022. This was reflected in a reduction in Jamaican share prices and in the unrealised gains QWI had accrued in the first half.

In the US, there was a similar upturn in interest rates by the Federal Reserve and US share prices fell even more sharply than in Jamaica, resulting in unrealised investment losses in QWI's US share portfolio during the second half.

By the end of September, QWI's total share portfolios showed gains for the year of just $5 million compared to over $500 million in the prior year. The decline in the Group's investments from $2.14 billion in 2020/21 to $1.98 billion in 2021/22 was largely a result of planned sales of US shares during the period.

Between September 2021 and March 2022, QWI's net assets per share increased from $1.34 to $1.43. During the same period, the share price moved from $0.79 to $0.91. Against this background, Jamaican Teas took the opportunity to buy an additional 51 million shares in QWI in the open market at around 88 cents per share. In this way, Jamaican Teas increased their shareholders stake in QWI's assets at well below their actual value, which is expected to increase the value of Jamaican Teas' shares over time.

STATEMENT OF FINANCIAL CONDITION

In 2021/22, the Group completed several improvements in its investment property portfolio. These were all at premises in Kingston, included:

- Expansion of the first floor space at the Chancery Street supermarket premises
- Re roofing of part of 132 Harbour Street to create additional covered space
- Construction of perimeter wall and renovations at Sunrise Crescent rental apartments

The Group's portfolio of listed investments declined, due in the main to the planned sale of shares in QWI's US portfolio. The investment properties portfolio also declined, as a result of the sale of premises in the Barbican Area.

The increase in inventories during the year largely reflected the additions relating to H. Mahfood's Belvedere real estate project and raw material purchases by the Manufacturing Division.

Current liabilities increased in all the operating divisions, except for real estate.

Consolidated shareholders' equity attributable to the members of Jamaican Teas grew from $2 billion to almost $2.7 billion, excluding non-controlling interest. The growth arose primarily from the surplus on the revaluation of land and buildings and the Group's profit for the year discussed above.

OUTLOOK

The Jamaican economy is heavily dependent on tourism for foreign exchange and employment as the industry impacts the wider economy with its linkages to locally produced goods and services. The steady growth in stopover arrivals and reopening of cruise shipping routes to Jamaica over the last few months, therefore, bodes well for the local economy in 2023.

Preliminary results for the first quarter of 2022/23 show that manufacturing and retail revenues have grown steadily. However, the Manufacturing Division was not able to fill all its sales orders, due to the shortage of packaging materials at some of its manufacturing sub-contractors. This was worsened by unscheduled machinery malfunctions and unusually high staff turnover that limited manufacturing production rates and sales order fulfilment.

Many of these issues have been successfully addressed and improvements in manufacturing production are anticipated as the year progresses. The cost of operating two factory locations rather than one will take longer to overcome, but increased output is planned for Montgomery Avenue and the benefits from this are expected to be reflected in the second half of 2022/23.

The possibilities of further increases in interest rates in Jamaica and the USA seem to be receding. If this is realised, a recovery in stock prices may follow and present possibilities for portfolio growth at QWI.

We will carefully monitor the available opportunities for our real estate and financial investments, so as to strengthen and diversify our revenue streams to the benefit of our shareholders.

Export Manager Jonathan Mahfood on a trade visit to Trinidad.

Growing Business Through Exports

Introducing our Regional Export Partners

Jamaican Teas (JTL) takes pride in the fact that our premium brand - Caribbean Dreams - is virtually a household name in all of our export sectors and beyond.

The Company's long-term objective is the continued expansion of our export markets. Pivotal to this, and the success already achieved, have been our partners in the Caribbean, USA, Canada and the UK with whom we share a mutual relationship.

During the financial year, our export manufacturing sales grew to $1.17 billion or 16 percent over the previous year, and projections going forward remain positive.

To this end, the Company has prioritised the retooling of our Manufacturing Division. Consequently, we have installed new machinery and additional equipment has been commissioned for the current year.

Also high on our agenda are strategies to grow tea sales in Northeast USA as well as re-establish export of the highly sought-after cerasse tea to the North American market.

This year marks the third instalment of our annual feature showcasing our regional export partners. To date, we have presented: **Value4U Inc.** in Guyana, **Kelvin Ghany Enterprises Limited** in Trinidad, **Massy Distribution** (Barbados) Ltd. and **Massy Stores** St. Lucia.

We now introduce **Food Brokerage Services Limited**, Antigua and Barbuda and **Iberia Foods LLC**.

Food Brokerage Services Ltd.

Food Brokerage Services Ltd. was established in 1977 by founder Charlesworth "Billy" Allison Salmon, and forty-six years later the company still remains true to his legacy.

From its inception of one wholesale distribution, the company now has two wholesale distributions, two retail locations, a service station and convenience store.

Food Brokerage Services prioritises product promotion.

An Established Partnership

The Tetley and Caribbean Dreams brands were introduced to Antigua twenty-one years ago and have now become household names on the island. They are among the company's leading brands that are promoted by way of weekly sampling on Fridays at major supermarkets with free give-aways to further motivate customers. As a result, these products have become established necessities. Tetley and Caribbean Dreams have not only served as two of our leading brands in our portfolio but they also add credence to our stock of other brand names.

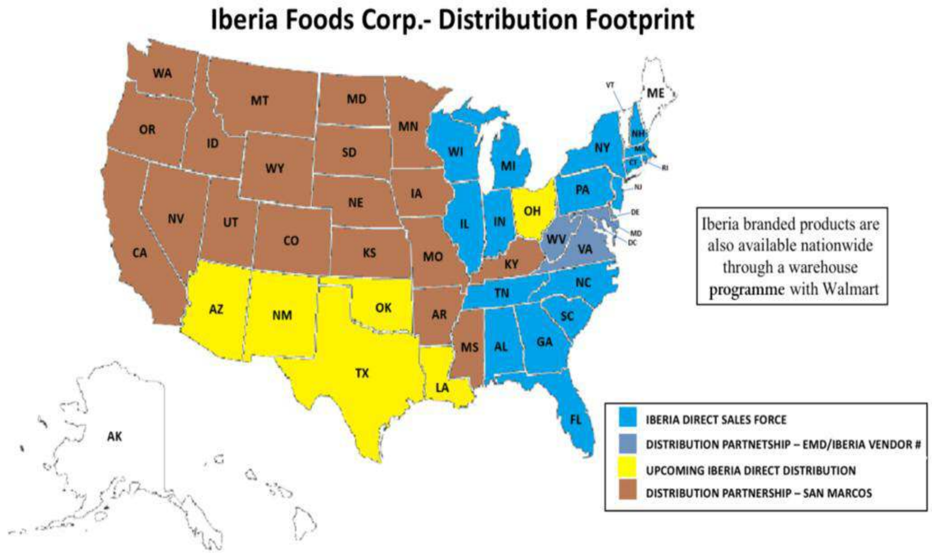
Presently, the company has seventy-five employees with a range and wealth of skills suited to promote the brands we offer. Our Sales and Marketing Team merchandises the products in an effective way that establishes highly visible in store points coupled with promotional events that push our products.

We currently own two large warehouse spaces, which has given us the ability to provide a wider range of products that are healthy and affordable. The company's ability to receive large intakes is used to offer discounts on bulk purchases to customers. Our goal is to reduce the cost as best we can. With six branded trucks traversing the island with timely and efficient delivery, the products can be in almost every grocery store and other outlets. We strive to meet the company's commitment to customer focus, quality products and value for one's money.

Outlook

As the Antiguan populace continues to pursue healthier options, our goal is to increase sales year over year; branding more store fronts; increasing our sampling at social events and widening the range of products we offer in Tetley and Caribbean Dreams. We also aspire to be the official hub for not only our sister island Barbuda but also Montserrat and further afield.

Iberia Foods LLC - USA



Iberia Foods LLC is a leading food and beverage distributor within the US Hispanic and Caribbean markets. The Iberia brand has a rich and established history with over 70 years in the US market and is known and trusted by consumers for its quality and innovative portfolio.

Iberia Foods understands the unique and differentiated needs of each community. The company is the second most recognised brand in the US Hispanic food market and sells, distributes, and promotes a complete and diverse portfolio of leading brands from the Caribbean, Latin America and Spain.

With its Corporate Offices in Brooklyn, NY, Iberia Foods has offices and distribution centres in New York, New Jersey, Massachusetts, Illinois, Georgia and Florida and soon in North Carolina. Its recent exclusive distribution agreement with San Marcos, USA for the East Coast and Midwest has furthered Iberia's reach into the largest Hispanic (Mexican/American) consumer group.

Today, the company has a growing national footprint through its own sales force of almost 400 employees, supported by third-party wholesalers and national chain accounts. Sales growth has been generated by in store presence and a dedicated merchandising team activating strong promotional efforts to the right stores and neighbourhoods.

With its full service Direct Store Delivery (DSD) capabilities, Iberia Food Corp. has grown to become the second largest Hispanic and Caribbean distributor in Eastern USA, reaching over 20,000 accounts and visiting several of them from one to seven days a week, based on demand.

Solid Partnership

Jamaican Teas and Iberia Foods are entering seven years of a solid partnership, forged in 2016 to facilitate the distribution of JTL's Caribbean Dreams' teas and certain grocery items. As a premium brand, Caribbean Dreams is a key part of Iberia's Caribbean portfolio and is positioned as competition to the GraceKennedy brand in the soup and tea categories.

Iberia Foods is committed to continue investing in manpower and strong trade initiatives to reinforce in store merchandising, product quality and price affordability (quality and value for money for consumers), while increasing its Social Media presence to maintain its solid position as one of the most recognised brands in the US Hispanic Food Market.

Through a direct partnership with Amazon.com, the company has maintained an enviable online presence with prominent placement in the International Foods section within Amazon's Grocery and Gourmet Foods Category and have:

- Maintained a positive ranking above 4.5 stars with over 20,000 combined reviews.
- Consistently been among the top sellers in sub-categories including the Caribbean Dreams Ginger Teas

As the Leading Ethnic Food, Beverage Manufacturer/ Distributor and with its Kosher portfolio, Iberia Foods is also focused on:

- Strengthening its leadership position throughout the East Coast and Midwest USA
- Further expansion into the West and South West region through strategic trading relationships
- Expanding operations nationally and internationally
- Developing the Iberia brand internationally through existing and new trading partners
- Prioritising key markets with volume opportunities for all their distributed third-party brands

Post Pandemic forecast – Florida and New York

Florida experienced a boom in domestic migration from several states, especially from Northeastern states such as New York, due to the rise of remote work, the favourable climate, lower cost of living and real estate. With the population boom, consumption has grown exponentially as vaccinations have facilitated a gradual return to normality.

New York, having experienced a significantly more serious and dramatic shut-down at the peak of the pandemic, is also gradually recovering, despite the fact that businesses related to commercial real estate are still far from being back to normal and probably will never be, since hybrid work from home and office dynamics have changed companies presumably forever.

Regardless, food consumption, from all indications, continues to be very strong and will remain so, despite prevailing economic conditions.

Outlook

Ethnic markets in the US will continue to experience robust growth in the food and beverage category, which is a core passion and interest, especially in Latin/Hispanic and Caribbean households. Consumers will continue to evolve to more practical and healthier products; therefore, innovation at all levels will be key.

Caribbean Dreams ginger tea is a top seller in Iberia Foods' portfolio.

Corporate Social Responsibility

While the nation and the rest of the world began to return to pre pandemic life in 2022, so did Jamaican Teas (JTL). We were able to resume face to face interaction as well as larger projects, and continue to provide assistance to families and organisations in and around our Bell Road office and across the country.

Education and Community Engagement

Students returning to school post COVID-19 restrictions lost two years of schooling as some did not have access to online training. This resulted in many fourth, fifth and six grade students being unprepared for the Primary Exit Profile (PEP) exams.

JTL, through its Vi and Adeeb Foundation, continued its support to its adopted school - Whitfield All Age - by:

JTL continues to support Whitfield All Age in meaningful ways.

- Paying the salaries of an additional teacher and for extra lessons, in order to help fifth and sixth graders to make up for time lost and to better prepare for the PEP exam
- Providing food baskets for families of students to help them cope with the economic impact of COVID-19
- Providing financial assistance to families of students who lost everything due to fires that destroyed their homes.

Donations of our own Caribbean Dreams and Tetley products were made to several churches by way of back to school and Christmas treats, which benefited:

- Elderly and shut-ins
- Children of the State
- Servicemen and women in the Jamaica Constabulary Force
- Communities in South West St. Andrew
- Marginalised groups

Kimone Meikle, Marketing Manager, JTL, hands over the stove, along with an assortment of Caribbean Dreams and Tetley teas, to Dr. Nadeen Spence, Chairwoman of the Maxfield Park Children's Home.

Maxfield Park Children's Home

Caribbean Dreams donated a 30 inch gas stove to the Maxfield Park Children's Home. The stove will serve in one of 6 housing units to provide meals daily for the State's children — boys and girls who are between 0 - 18 years of age.

Portmore Fire Station

The firemen and women of the Waterford Fire Brigade provide fire and emergency medical services to the citizens of Portmore. Our donation of a Mabe fridge and a 30 inch gas stove, along with Caribbean Dreams products helped to make their time spent in the break room in between calls more comfortable.

Sustainability Policy and Waste Management

Since mid-2019, all the tea sourced for Tetley is 100 percent Rainforest Alliance certified. Our sustainable sourcing strategy is focussed on sustainable agricultural practices that follow our principles and code of conduct in purchasing tea for our packing and processing units. In addition, it includes the minimum requirements on social and working conditions, safety and environmental demands and agricultural practices for our suppliers.

As a licensee of Tata Global Beverages, JTL's sustainability policy is closely aligned with our licensor. We are committed to being one of the most admired natural beverage companies in the world, which has been achieved by our Company being consumers' first choice in sustainable beverage production and consumption.

We accept independent third-party certifications of sustainable agricultural practices, such as Rainforest Alliance Certified™, Trustea or UTZ, from our suppliers as evidence that the product they supply to us is sustainably sourced.

JTL's waste management policy is centred on:

- Optimising consumer packaging
- Efficient use of resources
- Reducing environmental impact
- Maintaining product quality and safety, and
- Reducing waste to landfills

In executing this policy, we encounter challenges such as cost considerations, market performance, environmental management and a sustainable society. We are collaborating with other stakeholders to find sustainable packaging solutions to mitigate and manage packaging waste in a holistic manner.

To this end, we have found ingenious ways to efficiently manage, reduce and productively utilise our waste, which includes keeping some of our teabags without strings, tags and envelopes. This is helping to reduce the amount of waste that ends up in our landfills annually.

Jamaican Teas Group Climate Change Policy

The Jamaican Teas Group has taken a lead role in becoming knowledgeable and responsive to climate change. In our pursuit of continued growth and shareholder value, the Group adopted environment friendly technologies, business practices and innovations, and has endeavoured to be the benchmark in our segment of the industry by:

- Reducing the carbon footprint for our plant and operations
- Actively engaging in climate advocacy and formulation of regulations in business sectors, and
- The integration of a 'green' culture in key organisational processes.

Historical Financial Data

BALANCE SHEET	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Shares Issued -'000	2,158,605	2,146,450	2,094,850	2,085,249	2,058,099	2,046,099	2,024,500	2,024,500	2,024,500	2,024,500
$'000										
Shareholders' equity	2,657,933	2,076,904	1,722,069	1,554,092	1,246,554	1,063,167	878,103	725,278	634,115	586,937
Long Term Liabilities	659,040	482,577	123,334	208,726	163,333	0	188,257	292,504	200,179	11,283
Fixed Assets	835,891	371,938	330,750	307,395	328,434	305,237	291,234	287,251	274,269	124,109
Current Assets	1,805,812	1,248,796	1,201,780	1,954,931	722,655	848,087	683,523	698,786	554,344	594,334
Current Liabilities	516,866	308,541	581,223	810,294	200,641	378,117	174,265	176,390	203,856	306,450
Inventories	1,191,916	666,030	474,356	344,026	285,497	391,552	446,014	389,280	288,906	176,696
Receivables	530,406	393,981	405,383	1,463,428	298,268	383,313	182,946	277,927	219,644	279,491
Cash & Equivalent	83,173	188,505	321,701	146,317	135,569	73,222	31,320	22,900	14,657	93,643
Investments	1,980,637	2,138,662	1,599,124	1,363,148	461,737	227,357	157,789	117,571	101,523	150,654
PROFIT & LOSS										
Total Revenue	2,468,954	2,270,189	2,195,006	1,291,192	1,766,758	1,553,572	1,347,799	1,364,726	1,167,573	1,239,296
Yearly Change	8.76%	3.43%	70.00%	-26.92%	13.72%	15.27%	-1.24%	16.89%	-5.79%	46.22%
Gross Profit	542,998	553,299	584,887	333,104	337,611	330,158	306,145	259,129	204,146	220,849
Yearly Change	-1.86%	-5.40%	75.59%	-1.33%	2.26%	7.84%	18.14%	26.93%	-7.56%	47.22%
Pretax Profit	196,641	741,045	-135,435	589,728	202,849	219,160	165,275	78,381	51,369	99,208
Yearly Change	-73.46%	647.16%	-122.97%	190.72%	-7.44%	32.60%	110.86%	52.58%	-48.22%	48.30%
Aftertax Profit	162,584	586,184	-69,720	483,117	193,259	196,128	146,509	72,201	51,609	93,256
Yearly Change	-72.26%	940.77%	-114.43%	149.98%	-1.46%	33.87%	102.92%	39.90%	-44.66%	24.76%
IMPORTANT RATIOS										
Equity to Debt ratio	0.25	0.23	0.07	0.13	0.13	0.00	0.21	0.40	0.32	0.02
Current Assets ratio	3.49	4.05	2.07	2.41	3.60	2.24	3.92	3.96	2.72	1.94
Return on equity-%	6.87	30.86	-4.26	34.50	16.73	20.21	18.28	10.62	8.45	16.98
Revenues to Inventories	2.07	3.41	4.63	3.75	6.19	3.97	3.02	3.51	4.04	7.01
Revenues to Receivables	4.65	5.76	5.41	0.88	5.92	4.05	7.37	4.91	5.32	4.43
Gross Profit Margin	22%	24%	27%	26%	19%	21%	23%	19%	17%	18%
Return on Assets	4%	20%	-3%	19%	12%	14%	12%	6%	5%	10%
Price Book Ratio	2.40	4.20	1.88	2.75	2.67	2.49	1.50	0.72	0.88	1.15
Price Sales Ratio	2.58	3.84	1.48	3.31	1.88	1.70	0.98	0.38	0.48	0.54
Cash/Invest Per Share	0.96	1.08	0.92	0.72	0.29	0.15	0.09	0.07	0.06	0.12
Net Asset Per Share	1.23	0.97	0.82	0.75	0.61	0.52	0.43	0.36	0.31	0.29
Earnings Per Share ($)	0.09	0.19	0.11	0.18	0.10	0.10	0.07	0.04	0.03	0.05
Closing Stock Price ($)	2.95	4.06	1.55	2.05	1.62	1.29	0.65	0.26	0.28	0.33
P.E. Ratio	32.78	21.37	14.50	11.39	16.72	13.38	9.07	7.21	10.65	7.27

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

Audited Financial Statements

September 30, 2022

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jamaican Teas Limited ("the company") comprising the separate financial statements of the company and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 52 to 118 which comprise the group's and the company's statements of financial position as at September 30, 2022, the group's and the company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as at September 30, 2022, and of the group's and the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

1. Measurement of Expected Credit Losses

Key Audit Matter	*How the matter was addressed in our audit*
The group recognises expected credit losses ('ECL') on financial assets measured at amortised cost. The determination of ECL is highly subjective and requires management to make significant judgements and estimates and the application of forward-looking information.	Our audit procedures in response to this matter, included: • Evaluating the design and implementation of controls and effectiveness, or lack thereof. • Obtaining an understanding of the model used by management for the calculation of expected credit losses on financial assets. • Testing the completeness and accuracy of the data used in the model to the underlying accounting records. • Assessing the appropriateness of the group's impairment methodology, management's assumptions, and compliance with the requirements of IFRS 9, *Financial Instruments*. • Evaluating the appropriateness of economic parameters including the use of forward-looking information.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1. Measurement of Expected Credit Losses (continued)

Key Audit Matter	*How the matter was addressed in our audit*
See notes 11 and 29(a).	Our audit procedures in response to this matter, included (continued): • Testing the accuracy of the ECL calculation. • Testing the group's recording and ageing of accounts receivable. • Assessing whether disclosures in the financial statements are adequate in respect of the group's exposure to credit risk and measurement of allowances for ECL.

2. Valuation of investments

Key Audit Matter	*How the matter was addressed in our audit*
A subsidiary holds significant investments in equity securities listed on multiple stock exchanges. The subsidiary uses quoted mid or closing prices to value these investments. The valuation of these investments, although based on observable market prices; continues to suffer from increased volatility and decline in trading activities for certain shares, arising from the residual impact of the COVID-19 pandemic.	Our audit procedures in response to this matter included: • Assessing and testing the design and implementation of the subsidiary's control over the determination and computation of fair values.

KPMG

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Valuation of investments (continued)

Key Audit Matter	*How the matter was addressed in our audit*
Reduction in trading has also resulted in some listed shares having a wider gap between the bid and ask prices which may indicate that the shares are not actively trading. Judgement is therefore required to determine whether the quoted prices used by management represents prices from an active market and, where mid prices are used; whether a wide gap between the bid and ask prices is an indicator of an active market or otherwise. *See notes 8 and note 29(e).*	Our audit procedures in response to this matter, included (continued): • Challenging the reasonableness of prices used by the subsidiary by comparing to independent third-party information, including assessing whether prices used fall within the bid-ask spread as required by IFRS 13 *Fair Value Measurement*. • Reperforming fair value calculations and assessing whether fair value was appropriately determined by considering the provisions of IFRS 13 *Fair Value Measurement* and reviewing the volume of trade for the securities held by the subsidiary at year end. • Assessing the adequacy of disclosure, including the degree of estimation involved in determining fair values.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

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

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

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

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

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

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

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 50 and 51, 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 principal on the audit resulting in this independent auditors' report is Al Johnson.

KPMG

Chartered Accountants
Kingston, Jamaica

January 26, 2023

KPMG

To the Members of
JAMAICAN TEAS LIMITED

Appendix to the Independent Auditors' Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JAMAICAN TEAS LIMITED

Appendix to the Independent Auditors' Report (continued)

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

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

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

Consolidated Statement of Financial Position

September 30, 2022

	Notes	2022 $'000	2021 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	835,891	371,938
Investment properties	5	294,399	318,001
Intangible assets	6	9,414	2,189
Right-of-use assets	7(a)	13,202	-
Investments	8	1,980,637	2,138,662
Deferred tax asset	9	-	2,113
		3,133,543	2,832,903
CURRENT ASSETS			
Inventories	10	1,191,916	666,030
Trade and other receivables	11	530,406	393,981
Taxation recoverable		317	280
Cash and cash equivalents	12	83,173	188,505
		1,805,812	1,248,796
TOTAL ASSETS		4,939,355	4,081,699
EQUITY			
Share capital	13	261,342	241,344
Treasury shares	13	-	(63,297)
Capital reserves	14	138,878	110,939
Revaluation reserves	4	255,247	-
Retained earnings		2,002,466	1,787,918
		2,657,933	2,076,904
NON-CONTROLLING INTERESTS	15	1,105,516	1,213,677
		3,763,449	3,290,581
NON-CURRENT LIABILITIES			
Long-term loans	16	167,534	141,132
Lease liability	7(b)	8,198	-
Margin loans	20	396,889	341,445
Deferred tax liability	9	86,419	-
		659,040	482,577
CURRENT LIABILITIES			
Current portion of long-term loans	16	27,119	23,706
Current portion of lease liability	7(b)	6,600	-
Trade and other payables	17	346,550	184,685
Short-term borrowings	18	115,809	68,446
Bank overdraft	19	-	226
Taxation payable		20,788	31,478
		516,866	308,541
TOTAL EQUITY AND LIABILITIES		4,939,355	4,081,699

The financial statements on pages 52 to 118, were approved for issue by the Board of Directors on January 26, 2023 and signed on its behalf by:

John Jackson - Director

John Mahfood – Director

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended September 30, 2022

	Notes	2022 $'000	2021 $'000
Gross operating revenue	21	2,468,954	2,270,189
Cost of operating revenue	22(a)	(1,925,956)	(1,716,890)
Gross profit		542,998	553,299
Fair value gains from revaluation of investments at FVTPL	3(h)	10,960	338,484
Other income	23	71,935	163,475
		625,893	1,055,258
Administrative, selling and distribution expenses:			
Administrative expenses	22(b)	(346,862)	(245,410)
Advertising and promotions	22(c)	(37,960)	(36,823)
Impairment gains on trade receivables, net	22(c)	5,831	5,728
		(378,991)	(276,505)
Operating profit		246,902	778,753
Finance costs - Interest on loans and leases		(50,261)	(37,708)
Profit before taxation		196,641	741,045
Taxation	25	(34,057)	(154,861)
Profit for the year		162,584	586,184
Attributable to:			
Owners of the company		193,948	392,935
Non-controlling interests	15	(31,364)	193,249
		162,584	586,184
Other comprehensive Income:			
Items that will never be classified to profit or loss:			
Surplus on revaluation of land and buildings	4	340,329	-
Related tax on revaluation of land and buildings	9	(85,082)	-
		255,247	-
Total comprehensive income		417,831	-
Attributable to:			
Owners of the company		449,195	392,935
Non-controlling interests	15	(31,364)	193,249
		417,831	586,184
Earnings per share:			
Earnings per ordinary stock unit	26(a)	0.09	0.19
Diluted earnings per ordinary stock unit	26(b)	0.08	0.17

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

Consolidated Statement of Changes in Equity

Year ended September 30, 2022

	Attributable to stockholders of the company						
	Share capital (note 13) $'000	Capital reserves (note 14) $'000	Revaluation reserves $'000	Retained earnings $'000	Treasury shares [note 13(c)] $'000	Non-controlling interests (note 15) $'000	Total $'000
Balance as at September 30, 2020	190,749	152,836	-	1,416,446	(37,962)	1,092,083	2,814,152
Profit for the year, being total comprehensive income for the year	-	-	-	392,935	-	193,249	586,184
Transaction with owners:							
Treasury shares acquired, at cost	-	-	-	-	(25,335)	-	(25,335)
Capital distribution (note 27)	-	(41,897)	-	-	-	-	(41,897)
Dividend paid (note 27)	-	-	-	(21,463)	-	-	(21,463)
Share option exercised (note 13)	50,595	-	-	-	-	-	50,595
	50,595	(41,897)	-	(21,463)	(25,335)	-	(38,100)
Change in ownership interest:							
Reduction in non-controlling interest	-	-	-	-	-	(71,655)	(71,655)
Balances as at September 30, 2021	241,344	110,939	-	1,787,918	(63,297)	1,213,677	3,290,581
Profit/(loss) for the year, being total comprehensive income/(loss) for the year	-	-	-	193,948	-	(31,364)	162,584
Other comprehensive income being surplus on revaluation of land and buildings, net of tax	-	-	255,247	-	-	-	255,247
Transfer of franked income from retained earnings	-	27,939	-	(27,939)	-	-	-
Transaction with owners:							
Sale of treasury shares	-	-	-	48,539	63,297	-	111,836
Dividend paid (note 27)	-	-	-	-	-	(26,715)	(26,715)
Share option exercised (note 13)	19,998	-	-	-	-	-	19,998
	261,342	138,878	255,247	2,002,466	-	1,155,598	3,813,531
Change in ownership interest:							
Reduction in non-controlling interest	-	-	-	-	-	(50,082)	(50,082)
Balances as at September 30, 2022	261,342	138,878	255,247	2,002,466	-	1,105,516	3,763,449

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

Consolidated Statement of Cash Flows

Year ended September 30, 2022

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit/(loss) for the year		162,584	586,184
Adjustments for:			
Increase/(decrease) in fair value of investment properties	23	(30,060)	4,357
Gain on disposal of property, plant and equipment	23	(534)	(3,473)
Loss on disposal of investment property	5,23	1,543	-
Loss on disposal of intangible assets	6	605	-
Unrealised gain on investments		(10,960)	(338,484)
Decrease in allowance for impairment	22(c)	(5,831)	(5,728)
Realised losses/(gains) losses on sale of investments	23	7,305	(96,259)
Depreciation – property, plant and equipment	4	33,825	31,109
Depreciation – right-of-use asset	7(a)	6,601	-
Amortisation	6	1,692	640
Interest expense		48,666	37,708
Interest on lease liability	7(c)	1,595	-
Interest income	23	(1,633)	(4,882)
Dividend income	23	(39,418)	(35,150)
Taxation	25	34,057	154,861
		210,037	330,883
Changes in operating assets and liabilities:			
Inventories		(525,886)	(191,674)
Trade and other receivables		(130,594)	17,130
Trade and other payables		161,865	(34,986)
		(284,578)	121,353
Tax paid		(41,334)	(80,072)
Net cash (utilised)/provided by operating activities		(325,912)	41,281
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments purchased, net		161,680	(104,795)
Proceeds from disposal of property, plant and equipment		1,822	4,260
Proceeds on disposal of Investment property		63,457	-
Addition of investment properties	5	(11,338)	(40,287)
Additions of property, plant and equipment	4	(158,737)	(73,084)
Addition of intangible assets	6	(9,522)	(1,269)
Interest received		1,633	4,882
Dividend received		39,418	35,150
Net cash provided/(used) by investing activities		88,413	(175,143)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from share issue, net	13	19,998	50,595
Treasury shares sold by subsidiary		111,836	-
Treasury shares purchased by subsidiary	13	-	(25,335)
Loans and short-term borrowings, net		77,178	3,300
Acquisition of non-controlling interest		(50,082)	(71,655)
Margin loan payable		55,444	146,068
Lease payment	7	(6,600)	-
Interest paid		(48,666)	(37,438)
Dividends and distributions	27	(26,715)	(63,360)
Net cash provided by financing activities		132,393	2,175
DECREASE IN CASH AND CASH EQUIVALENTS		(105,106)	(131,687)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		188,279	319,966
CASH AND CASH EQUIVALENTS AT END OF YEAR		83,173	188,279
Represented by:			
Cash and cash equivalents		83,173	188,505
Bank overdraft		-	(226)
		83,173	188,279

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

Company Statement of Financial Position

September 30, 2022

	Notes	2022 $'000	2021 $'000
NON-CURRENT ASSETS			
Property, plant and equipment	4	550,548	286,572
Investment properties	5	-	65,000
Intangible assets	6	3,550	1,006
Investment in subsidiaries	3(a)(i)	419,268	374,083
Due from subsidiaries	28(a)	899,055	696,229
Right-of-use asset	7(a)	13,202	-
		1,885,623	1,422,890
CURRENT ASSETS			
Inventories	10	582,830	337,657
Trade and other receivables	11	411,642	337,744
Cash and cash equivalents	12	29,593	166,780
		1,024,065	842,181
TOTAL ASSETS		2,909,688	2,265,071
EQUITY			
Share capital	13	261,342	241,344
Capital reserves	14	19,910	7,425
Revaluation reserves	4	185,649	-
Retained earnings		1,775,179	1,619,189
		2,242,080	1,867,958
NON-CURRENT LIABILITIES			
Long-term loans	16	122,534	141,132
Lease liability	7(b)	8,198	-
Margin loans	20	50,446	-
Deferred tax liability	9	87,170	12,112
		268,348	153,244
CURRENT LIABILITIES			
Current portion of long-term loans	16	27,119	23,706
Current portion of lease liability	7(b)	6,600	-
Trade and other payables	17	234,371	122,221
Short-term borrowings	18	115,488	67,889
Due to subsidiaries	28(b)	-	4,778
Taxation payable		15,682	25,275
		399,260	243,869
TOTAL EQUITY AND LIABILITIES		2,909,688	2,265,071

The financial statements on pages 52 to 118, were approved for issue by the Board of Directors on January 26, 2023 and signed on its behalf by:

John Jackson - Director

John Mahfood - Director

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

Company Statement of Profit or Loss and Other Comprehensive Income

Year ended September 30, 2022

	Notes	2022 $'000	2021 $'000
Gross operating revenue	21	1,855,936	1,610,363
Cost of operating revenue	22(a)	(1,404,814)	(1,150,794)
Gross profit		451,122	459,569
Other income	23	47,538	58,157
		498,660	517,726
Administrative, selling and distribution expenses:			
Administrative expenses	22(b)	(226,631)	(169,941)
Advertising and promotions	22(c)	(34,262)	(34,078)
Impairment on trade receivables, net	11,22(c)	5,831	5,728
		(255,062)	(198,291)
Operating profit		243,598	319,435
Finance costs – interest on loans		(21,746)	(10,956)
Finance costs – interest on lease	7(c)	(1,595)	-
Profit before taxation		220,257	308,479
Taxation	25	(51,782)	(51,224)
Profit for the year		168,475	257,255
Other comprehensive income:			
Items that will never be classified to profit or loss:			
Surplus on revaluation of land and building		247,532	-
Related tax on revaluation of land and building	9	(61,883)	-
		185,649	-
Total comprehensive income		354,124	257,255

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

Company Statement of Changes in Equity

Year ended September 30, 2022

	Share capital (note 13) $'000	Capital reserves (note 14) $'000	Revaluation reserve $'000	Retained earnings $'000	Total $'000
Balance as at September 30, 2020	190,749	49,322	-	1,383,397	1,623,468
Profit for the year, being total comprehensive income for the year	-	-	-	257,255	257,255
Transactions with owners:					
Share option exercised (note 13)	50,595	-	-	-	50,595
Dividends and distributions (note 27)	-	(41,897)	-	(21,463)	(63,360)
	50,595	(41,897)	-	(21,463)	(12,765)
Balances as at September 30, 2021	241,344	7,425	-	1,619,189	1,867,958
Transfer of franked income from retained earnings	-	12,485	-	(12,485)	-
Profit for the year	-	-	-	168,475	168,475
Other comprehensive income:					
Surplus on revaluation of land and buildings, net of tax	-	-	185,649	-	185,649
Total comprehensive income for the year	-	12,485	185,649	155,990	354,124
Transaction with owners:					
Share option exercised (note 13)	19,998	-	-	-	19,998
Balances as at September 30, 2022	261,342	19,910	185,649	1,775,179	2,242,080

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

Company Statements of Cash Flows

Year ended September 30, 2022

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		168,475	257,255
Adjustments for:			
Gain on disposal of property, plant and equipment	23	(534)	(3,473)
Loss on disposal of investment property	5	1,543	-
Decrease in allowance for impairment	22(c)	(5,831)	(5,728)
Revaluation surplus on investment property		-	(5,000)
Depreciation – property, plant and equipment	4	28,207	23,466
Depreciation – right-of-use asset	7(a)	6,601	-
Amortisation	6	475	152
Interest expense – loans and leases		23,341	10,956
Interest income	23	(3,180)	(7,983)
Dividend Income		(12,485)	-
Taxation		51,782	51,224
Operating profit before change in working capital		258,394	320,869
Changes in operating assets and liabilities:			
Inventories		(245,173)	(76,906)
Trade and other receivables		(68,067)	28,444
Subsidiaries		(204,541)	(204,743)
Trade and other payables		112,150	(9,777)
		(147,237)	57,887
Interest paid		(21,746)	(10,956)
Cash generated from operations		(168,983)	46,931
Tax paid		(48,200)	(72,697)
Net cash used by operations		(217,183)	(25,766)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		1,800	4,260
Proceeds from disposal of investment properties		63,457	-
Additions of property, plant and equipment	4	(45,917)	(54,939)
Additions of intangible assets	6	(3,019)	(969)
Investment in subsidiary companies, net		(45,185)	(55,535)
Interest received		117	3,465
Dividend received		12,485	-
Net cash used by investing activities		(16,262)	(103,718)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue, net	13	19,998	50,595
Loans, net		32,414	3,259
Margin loans	20	50,446	-
Dividend paid	27	-	(21,463)
Capital distribution	27	-	(41,897)
Lease payment		(6,600)	-
Net cash provided/(used) by financing activities		96,258	(9,506)
NET DECREASE IN CASH IN CASH AND CASH EQUIVALENTS		(137,187)	(138,990)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		166,780	305,770
CASH AND CASH EQUIVALENTS AT END OF YEAR		29,593	166,780

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

1. Identification

Jamaican Teas Limited ("the company") is incorporated and domiciled in Jamaica, with registered office located at 2 Bell Road, Kingston 11, Jamaica. The company has been listed on the Junior Market of the Jamaica Stock Exchange (JSE) since July 3, 2010. These financial statements comprise the company and its subsidiaries collectively referred to as "the Group" [also see note 3(a)(i)].

The principal activities of the Group are the manufacture and distribution of various teas and other consumer products to local and export markets. The Group also engages in real estate and investment activities.

2. Statement of compliance and basis of preparation

(a) Statement of compliance:

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

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

Certain new, revised and amended standards and interpretations came into effect during the current financial year. Management has assessed them and has adopted those which are relevant to the financial statements, as follows:

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

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

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

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

  – New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself.

  – A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.

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

(a) Statement of compliance (continued):

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

- Amendments to *References to Conceptual Framework in IFRS Standards* (continued)

  A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

These amendments had no significant impact on the amounts and disclosures in the financial statements.

New and amended standards and interpretations not yet effective:

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

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

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

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

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

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

(a) Statement of compliance (continued):

New and amended standards and interpretations not yet effective (continued):

- Amendments to IAS 1 *Presentation of Financial Statements* (continued)

  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.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments,* IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual reporting periods beginning on or after January 1, 2022.

  (i) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 *Leases* amendments removes the illustration of payments from the lessor relating to leasehold improvements.

- 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

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

(a) Statement of compliance (continued):

New and amended standards and interpretations not yet effective (continued):

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (continued)

  Developing an accounting estimate includes both (continued):

  - 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.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Management is evaluating the impact that the foregoing amendments to standards and interpretations may have on its financial statements when they are adopted.

(b) Basis of preparation and functional currency:

The financial statements are prepared on the historical cost basis, except for quoted investments, investment properties and land and building which are measured at fair value.

The financial statements are presented in Jamaican dollars, which is the functional currency of the Group, rounded to the nearest thousand, unless otherwise indicated.

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

(c) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date and the income and expense for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Judgements:

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

Classification of financial assets:

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

Impairment of financial assets:

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

Determination of control in equity investees:

Determining whether the Group has de facto control or significant influence over certain investee's relevant activities involves significant judgement whether or not the company holds majority shares in the investee. The basis of consolidation is further detailed in note 3(a).

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

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

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

Allowance for impairment losses on financial assets:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3(i) which also sets out key sensitivities of the ECL to changes in these elements.

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

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

(iii) Net realisable value of inventories:

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

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

(iv) Fair value of investment properties and land and buildings:

Investment properties and land and buildings are carried in the statement of financial position at market value. It is the Group's policy to use independent qualified property appraisers to value its realty, generally using the open market value. This approach takes into consideration various assumptions and factors, including the level of current and future occupancy, the rate of annual rent increases, the rate of inflation of direct expenses, the appropriate discount rate, and the current condition of the properties together with an estimate of future maintenance and capital expenditures. Reference is also made to recent comparable sales. A change in any of these assumptions and factors could have a significant impact on the valuation of properties.

3. Significant accounting policies

(a) Basis of consolidation:

(i) A “subsidiary” is an enterprise controlled by the company. The Group controls an entity when it is exposed to, or has rights, to the variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subnsidiary are included in the consolidated financial statements from the date control commences until the date control ceases.

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

	Principal activity	Percentage ownership by the group 2022	2021
Subsidiaries:			
LTJ Managers Limited (Formerly LTJ Fund Managers Limited)	Registrar and Management services	100	100
H. Mahfood & Sons Limited	Real Estate	100	100
KIW International Limited**	Holding Company	53.91	49.89
QWI Investments Limited*	Investments	36.07	31.61
Bay City Foods Limited	Retail Distribution	100	100
H. Mahfood & Sons 2020 Limited	Real Estate	100	100
Caribbean Dreams Foods Limited (incorporated August 18, 2021)	Not commenced operations	100	100

* QWI Investments Limited issued 66% of its ordinary shares to the public on September 9, 2019 in an initial public offering and was listed on the Jamaica Stock Exchange on September 30, 2019. QWI Investments Limited’s remaining shares are held by Jamaican Teas Limited and KIW International Limited.

During the year Jamaican Teas Limited purchased additional shares in the subsidiary and increased its shareholding from 236,661,533 shares in the prior year to 309,264,832 shares as at September 30, 2022.

** During the year, KIW International Limited bought back 74,576 of its own shares and Jamaican Teas Limited increased its shareholding by 614,933 shares.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(ii) Loss of control

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

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition together with a proportionate share of profits and losses from that date. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interests, even if doing so, causes the non-controlling interest to have a deficit balance.

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

(iv) Transactions eliminated on consolidation

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

(b) Segment reporting:

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

Based on the information presented to and reviewed by the CODM, the Group has four (4) operating segments: manufacturing, retailing, real estate and investments.

(c) Property, plant and equipment:

(i) Recognition and measurement:

During the year, at the request of the Board of Directors, the Group changed its accounting policy for freehold land and buildings from the cost model to the fair value model. This change in accounting policy did not require a restatement of comparative figures in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and IAS 16, *Property, Plant and Equipment.* Management relied on valuation done by independent registered valuers.

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued):

(i) Recognition and measurement (continued):

Land and buildings are stated at valuation less subsequent depreciation in these financial statements. All other categories of property, plant and equipment are measured at historical cost or deemed cost, less accumulated depreciation and impairment losses, if any.

Any revaluation increase arising on the revaluation of land and buildings is credited to capital reserves through other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged.

A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in reserves relating to a previous revaluation of such assets.

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 company 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.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the company.

(iii) Depreciation:

Depreciation is computed on the straight-line basis at annual rates estimated to write down the assets to their estimated residual values at the end of their expected useful lives. The depreciation rates are as follows:

Plant and equipment	10%
Furniture and fixtures	10%
Motor vehicles	20%
Computer	20%
Buildings	2½%

Leasehold improvements - shorter of lease and useful lives

The residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued):

(iv) De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(d) Investment properties:

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Fair value is determined annually by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(e) Intangible assets:

Computer software:

Acquired computer software licenses are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of five (5) years for software on a straight-line basis.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred.

3. Significant accounting policies (continued)

(f) Related parties:

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

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

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

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

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

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

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

The Group has related party relationships with the company's and subsidiaries' directors, and with its executive officers.

(g) Investment in subsidiary companies:

Investments in subsidiary companies are measured at cost.

3. Significant accounting policies (continued)

(h) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise investment securities, trade and other receivables, cash and cash equivalents and due from subsidiaries. Financial liabilities comprise long-term loans, margin loan payable, trade and other payables, due to subsidiary, short-term borrowings and bank overdraft.

(i) Recognition and initial measurement

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument. Financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the Group measures a financial asset or financial liability at its fair value, *plus or minus*; in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

The financial assets that meet both of the conditions in a) and b) below, and are not designated as at fair value through profit or loss: a) are held within a business model whose objective is to hold assets to collect contractual cash flows, and b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are classified as "held to collect" and measured at amortised cost.

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

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

- Cash and cash equivalents
- Investments
- Trade and other receivables
- Due from subsidiaries

The Group initially recognises these assets at the original invoiced or transaction amount less expected credit losses.

All financial assets not classified as measured at amortised cost 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 as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The realised gains from financial instruments at FVTPL represents the difference between the carrying amount of the financial instrument at the beginning of the reporting period, or the transactions price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current period, and its carrying amount at the end of the reporting period.

Fair value gains and losses from revaluation of equity securities at FVTPL are presented separately in the statement of profit or loss.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities that are funding these assets or realising cash flows through the sale of the assets;

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Business model assessment (continued)

The information considered includes (continued):

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, the information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial liabilities

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs. The Group's financial liabilities, which includes long-term loans, trade and other payable, margin loan payable, due to subsidiary, short-term borrowings and bank overdraft are recognised initially at fair value.

Financial assets and liabilities – subsequent measurement and gains and losses

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

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

(iii) Derecognition

Financial asset and liabilities

Financial assets

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

Financial liabilities

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

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

3. Significant accounting policies (continued)

(h) Financial instruments (continued):

(iv) Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from company of similar transactions such as in the Group's trading activities.

(i) Impairment:

Financial assets

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

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

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

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

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

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

- the debtor 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.

3. Significant accounting policies (continued)

(i) Impairment (continued):

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when management 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.

3. Significant accounting policies (continued)

(i) Impairment (continued):

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

(j) Inventories:

Inventories are measured at the lower of cost, determined principally on a first-in-first-out or weighted average cost, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Housing development under construction, included in inventory, includes the cost of land, construction materials, labour, borrowing cost and an appropriate proportion of overhead costs.

(k) Trade and other receivables:

Trade and other receivables are measured at amortised cost, less impairment losses (see note 3(i).

(l) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and short-term deposits with maturity of three months or less from the date of placement and are measured at amortised cost.

Bank overdrafts are an integral part of the group's cash management for financial operations and are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

3. Significant accounting policies (continued)

(m) Share capital and share-based payment arrangements:

(i) Share capital:

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds of the share issue to the extent that their costs are directly attributable to the issue of the shares.

(ii) Share-based payment arrangements:

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense or asset, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense or asset is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Dividends and distributions:

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

Interim dividends payable to shareholders are approved by the directors while final dividends have to be approved by the equity shareholders at the Annual General Meeting. Dividends and capital distributions for the year that are declared after the reporting date are dealt with in the subsequent period, and disclosed.

(o) Trade and other payables:

Trade and other payables are measured at amortised cost.

(p) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as property, plant and equipment.

3. Significant accounting policies (continued)

(p) Borrowings (continued):

Debt issuance costs represent financing and certain related fees associated with securing long-term borrowings. Amortisation is charged to profit or loss on the effective interest basis over the life of the related borrowings.

(q) Revenue:

Performance obligations and revenue recognition policies:

Revenue is measured at the fair value of the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

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

Type of product or service	*Nature and timing of satisfaction of performance obligations, including significant payment terms*	*Revenue recognition*
Packaged teas for export and domestic sales and retail products.	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated at that point in time. Invoices are usually payable within 30 days.	Revenue is recognised at the point in time when the goods are delivered and have been accepted by customers. For the sale of retail products, the group issues loyalty points to customers who are members of the company's loyalty card programme. The amount allocated to the loyalty points is expensed on issuance and is recognised as revenue when the loyalty points are redeemed or the likelihood of the customers redeeming the loyalty point is remote.

3. Significant accounting policies (continued)

(q) Revenue (continued):

Type of product or service	*Nature and timing of satisfaction of performance obligations, including significant payment terms*	*Revenue recognition*
	Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. The company gives rebates to select customers based on the volume of purchase made. Rebates are included in other payables and payments are made to the customers.	Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of goods. In these circumstances, a refund liability and a right to recover returned goods is recognised.
Sale of real estate	The customer obtains control of housing units when the units have been delivered.	Revenue is recognised at the point in time for units *under contract* when practical completion of the housing units is independently verified by a quantity surveyor or architect.
Rental income	Invoices are issued according to contract terms and are payable within 30 days.	Revenue is recognised over time as the customer benefits from occupying the property.

(r) Taxation:

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

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

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

A deferred tax liability is recognised for all taxable temporary differences except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Significant accounting policies (continued)

(r) Taxation (continued):

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.

(s) Foreign currencies:

Foreign currency balances at the reporting date are translated at the exchange rates ruling at that date. Transactions in foreign currencies are converted at the exchange rates ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movement in the relevant balances.

(t) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss using the effective interest method.

(u) Determination of fair value:

Fair value is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at the date.

The Group measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions from the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at the mid and closing price, because these prices provides a reasonable approximation of the exit price.

(v) Employee benefits:

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, statutory contributions, annual vacation leave and non-monetary benefits such as post-employment benefits related to pension.

3. Significant accounting policies (continued)

(v) Employee benefits (continued):

Employee benefits that are earned as a result of past or current service are recognised in the following manner:

(i) Short-term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans:

Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(w) Expenses:

Expenses are recognised in profit or loss on the accrual basis.

(x) Leases:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

The Group recognises a right of use (ROU) asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3. Significant accounting policies (continued)

(x) Leases (continued):

(i) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability may comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' and the corresponding obligation as lease liabilities in the statement of financial position.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

3. Significant accounting policies (continued)

(x) Leases (continued):

(ii) As a lessor (continued)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(iii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with such leases as an expense on a straight-line basis over the lease term.

4. Property, plant and equipment

	The Group					
	Land and buildings $'000	Plant, equipment, furniture, fixtures and computers $'000	Motor vehi cles $'000	Leasehold improvement $'000	Work-in-progress $'000	Total $'000
Cost:						
September 30, 2020	254,302	181,997	27,451	10,504	8,372	482,626
Additions	2,718	25,612	21,036	-	23,718	73,084
Disposals	-	-	(11,897)	-	-	(11,897)
September 30, 2021	257,020	207,609	36,590	10,504	32,090	543,813
Additions	98,325	26,593	7,842	11,582	14,395	158,737
Revaluation, adjustment	334,595	-	-	-	-	334,595
Transfers	-	7,546	-	-	(7,546)	-
Disposals	-	(3,126)	(2,995)	-	-	(6,121)
September 30, 2022	689,940	238,622	41,437	22,086	38,939	1,031,024
Depreciation:						
September 30, 2020	33,878	95,206	18,335	4,457	-	151,876
Charge for the year	5,663	15,461	6,598	3,387	-	31,109
Eliminated on disposal	-	-	(11,110)	-	-	(11,110)
September 30, 2021	39,541	110,667	13,823	7,844	-	171,875
Charge for the year	5,734	18,030	7,112	2,949	-	33,825
Revaluation adjustment	(5,734)	-	-	-	-	(5,734)
Eliminated on disposal	-	(1,838)	(2,995)	-	-	(4,833)
September 30, 2022	39,541	126,859	17,940	10,793	-	195,133
Net book value:						
September 30, 2022	650,399	111,763	23,497	11,293	38,939	835,891
September 30, 2021	217,479	96,942	22,767	2,660	32,090	371,938

4. Property, plant and equipment (continued)

	The Company					
	Land and buildings $'000	Plant, equipment, furniture, fixtures and computers $'000	Motor vehi cles $'000	Leasehold improvement $'000	Work-in-progress $'000	Total $'000
Cost:						
September 30, 2020	198,128	158,087	27,451	2,064	3,516	389,246
Additions	2,718	24,799	21,036	-	6,386	54,939
Disposal	-	-	(11,897)	-	-	(11,897)
September 30, 2021	200,846	182,886	36,590	2,064	9,902	432,288
Additions	3,116	21,347	7,842	11,242	2,370	45,917
Revaluation, adjustment	243,202	-	-	-	-	243,202
Transfer	-	7,546	-	-	(7,546)	-
Disposal	-	(3,008)	(2,995)	-	-	(6,003)
At September 30, 2022	447,164	208,771	41,437	13,306	4,726	715,404
Depreciation:						
September 30, 2020	24,118	88,843	18,335	2,064	-	133,360
Charge for the year	4,260	12,608	6,598	-	-	23,466
Eliminated on disposal	-	-	(11,110)	-	-	(11,110)
September 30, 2021	28,378	101,451	13,823	2,064	-	145,716
Charge for the year	4,330	14,759	7,112	2,006	-	28,207
Revaluation adjustment	(4,330)	-	-	-	-	(4,330)
Eliminated on disposal	-	(1,741)	(2,995)	-	-	(4,737)
September 30, 2022	28,378	114,469	17,940	4,070	-	164,856
Net book value:						
September 30, 2022	418,786	94,303	23,497	9,236	4,726	550,548
September 30, 2021	172,468	81,435	22,767	-	9,902	286,572

Freehold land and buildings were revalued during the period to $650,399,000 for the group and $418,786,000 for the company using the market-based approach, by independent valuers. The valuations were performed as at September 30, 2022 by K.B. Real Estate Company Limited, independent valuators of Kingston, Jamaica. The fair value of the freehold land and buildings is categorised into Level 3 of the fair value hierarchy.

The net book value of freehold land and buildings under the cost model would have been $310,070,000 for the group and J$171,254,000 for the company. Land and buildings include land at a cost of $240,209,000 (2021: cost of $43,000,000) for the Group and $115,000,000 (2021: cost of $30,000,000) for the company.

The company's Bell Road property with net book value of $171,164,000 (2021: $172,377,000) is held as collateral against a loan from the Bank of Nova Scotia Jamaica Limited (note 16).

Valuation techniques used in measuring the fair value as well as the significant unobservable inputs used are detailed in note 5 consistent with the approach used to value investment properties.

Notes to the Financial Statements (Continued)

4. Property, plant and equipment (continued)

Revaluation gain recognised in OCI was $340,329,000 (2021: $Nil) for the group and $247,532,000 (2021: $Nil) for the company determined as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Revaluation adjustment recognised	340,329	-	247,532	-
Deferred taxation on revaluation adjustment	(85,082)	-	(61,883)	-
Revaluation gain recognized net of tax	255,247	-	185,649	-

5. Investment properties

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance at October 1	318,001	282,071	65,000	60,000
Additions	11,338	40,287	-	-
Disposal	(65,000)	-	(65,000)	-
Change in fair value, net (note 23)	30,060	(4,357)	-	5,000
Balance at September 30	294,399	318,001	-	65,000

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

Investment properties were valued in September 2022 by K.B. Real Estate Company Limited.

Certain of the Group's investment properties are held as collateral against a loan from The Bank of Nova Scotia Jamaica Limited [note 16(i)].

Rental income earned on the commercial properties during the year amounted to $3,671,000 (2021: $3,659,000) for the Group and $2,050,000 (2021: $2,335,000) for the company. The related expenses totalled $796,972 (2021: $3,900,000) for the Group and $Nil (2021: $87,000) for the company.

Changes in fair values are recognised as gains in profit or loss and included in 'other income'. All gains are unrealised.

During the year, investment properties valued at $65,000,000 (2021: $Nil) were sold to a related party.

5. Investment properties (continued)

The fair value measurement for investment properties of $294,399,000 (2021: $318,001,000) for the Group and $Nil (2021: $65,000,000) for the company have been categorised as Level 3 in the fair value hierarchy. The following table shows the valuation techniques used in measuring fair value as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market based approach: The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution. The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.	• Details of the sales of comparable properties • Conditions influencing the sale of the comparable properties. • Comparability adjustment.	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/(lower). • Comparability adjustment were higher/(lower).

6. Intangible assets

	Computer software licences	
	The Group	The Company
	$'000	$'000
At cost:		
September 30, 2020	3,828	1,824
Additions	1,269	969
September 30, 2021	5,097	2,793
Additions	9,522	3,019
Disposal	(1,501)	-
September 30, 2022	13,118	5,812

6. Intangible assets (continued)

	Computer software licences	
	The Group	The Company
	$'000	$'000
Amortisation:		
September 30, 2020	2,268	1,635
Charge for the year	640	152
September 30, 2021	2,908	1,787
Charge for the year	1,692	475
Eliminated on disposal	(896)	-
September 30, 2022	3,704	2,262
Carrying value:		
September 30, 2022	9,414	3,550
September 30, 2021	2,189	1,006

7. Leases

The Group and the company lease properties. The leases typically run for periods of three years, with an option to renew the lease after the relevant dates. Lease payments are renegotiated at the time of lease renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

(a) Right of use assets

	Buildings
	The Group and Company
	$'000
At cost:	
Representing balance at September 30, 2022	19,803
Amortisation:	
For the period represents balance at September 30, 2022	6,601
Carrying value:	
September 30, 2022	13,202

7. Leases (continued)

(b) Lease liabilities

	The Group and Company $'000
Lease liabilities included in the statement of financial position	14,798
Lease liabilities are classified as follows:	
Current	6,600
Non Current	8,198
	14,798
Maturity analysis of contracted undiscounted cashflows:	
Less than one year	7,800
One to five years	8,934
	16,734

(c) Amounts recognised in statement of profit or loss:

Interest expense on lease liability	1,595
Depreciation of Right-of-use asset	6,601

(d) Amounts recognised in statement of cash flows:

Total cash outflow for leases	6,600

(e) The Group leases investment properties, which are classified as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

As at the year end, the group had no lease agreement in place, as all the lease agreements had expired. The group has no undiscounted lease instalments to be received after the reporting date.

8. Investments

	The Group	
	2022	2021
	$'000	$'000
Investment securities at FVTPL		
– Trinidad and Tobago quoted equities	69,961	62,844
– United States quoted equities	272,759	508,561
– Jamaican quoted equities	1,637,917	1,567,257
	1,980,637	2,138,662

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

Included in Jamaican quoted equities are United States dollar stocks worth US$122,000 (2021: US$153,000)

9. Deferred taxation

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

	The Group					
	2020	Recognised in profit or loss [note 25(a)]	2021	Recognised in profit or loss [note 25(a)]	Recognised in OCI	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other receivables	1,018	4,219	5,237	(5,237)	-	-
Property, plant and equipment	11,628	81	11,709	(2,407)	85,082	94,384
Trade and other payables	(1,062)	125	(937)	(117)	-	(1,054)
Unrealised loss on investment	2,036	90,366	92,402	14,916	-	107,318
Investment properties	465	(17)	448	16,044	-	16,492
Interest receivable	-	-	-	505	-	505
Leases	-	-	-	(399)	-	(399)
Unrealised gains	-	-	-	10,053	-	10,053
Tax losses	(117,509)	6,537	(110,972)	(29,908)	-	(140,880)
	(103,424)	101,311	(2,113)	3,450	85,082	86,419

	The Company					
	2020	Recognised in profit or loss [note 25(a)]	2021	Recognised in profit or loss [note 25(a)]	Recognised in OCI	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other receivables	514	4,219	4,733	(4,733)	-	-
Trade and other payables	146	(411)	(265)	-	-	(265)
Property, plant and equipment	2,807	4,837	7,644	8,254	61,883	77,781
Lease liability	-	-	-	(399)	-	(399)
Unrealised gains	-	-	-	10,053	-	10,053
	3,467	8,645	12,112	13,175	61,883	87,170

Notes to the Financial Statements (Continued)

Year ended September 30, 2022

10. Inventories

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Manufacturing:				
Finished goods	177,028	87,848	177,028	87,848
Goods in transit	15,998	-	15,998	-
Raw materials	389,804	249,809	389,804	249,809
	582,830	337,657	582,830	337,657
Retail	33,707	28,206	-	-
Development:				
Housing under construction	575,379	300,167	-	-
	1,191,916	666,030	582,830	337,657

Inventory write-offs recognised in profit or loss aggregated $6,542,000 (2021: $7,143,000) for the Group and the company [see note 22(a)].

11. Trade and other receivables

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables (a)	387,053	302,280	382,639	299,110
Other receivables	10,868	32,317	9,213	16,583
	397,921	334,597	391,852	315,693
Less: Allowance for impairment losses	(18,799)	(24,630)	(18,799)	(24,630)
	379,122	309,967	373,053	291,063
Due from brokers (b)	49,372	23,664	-	-
Prepayments	101,912	60,350	38,589	46,681
	530,406	393,981	411,642	337,744

(a) Included in trade receivables for the Group and company is $66,859,000 (2021: $69,743,000) due from a related party, Amalgamated Distributors Limited, in the ordinary course of business [see note 29(a)].

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

Impairment allowances are determined upon origination of the trade accounts receivable based on a model that calculates the expected credit loss ("ECL") of the trade accounts receivable and are recognised over their term.

Under this ECL model, the Group uses its trade receivable based on days past due and determines an average rate of ECL, considering actual credit loss experience over the last 12 months and analyses of future delinquency, that is applied to the balance of the trade receivable. The weighted average ECL rates used as at the reporting date to apply against the trade receivable balance are detailed at note 29(a).

11. Trade and other receivables (continued)

Changes in allowance for impairment losses:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables:				
Balance as at October 1	18,800	20,721	18,800	20,721
Impairment movement recognised [note 22(c)]	(3,949)	(1,921)	(3,949)	(1,921)
Balance as at September 30	14,851	18,800	14,851	18,800
Other receivables:				
Balance as at October 1	5,830	9,637	5,830	9,637
Decrease in provision [note 22(c)	(1,882)	(3,807)	(1,882)	(3,807)
Balance as at September 30	3,948	5,830	3,948	5,830
Total allowance for impairment losses	18,799	24,630	18,799	24,630

12. Cash and cash equivalents

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash in hand	1,485	329	100	100
Cash at bank	81,671	86,236	29,476	77,441
	83,156	86,565	29,576	77,541
Short-term deposits and resale agreements	17	101,940	17	89,239
	83,173	188,505	29,593	166,780

13. Share capital and share purchase plan

	The Company			
	2022		2021	
	$'000	Number of shares	$'000	Number of shares
(a) Share capital:				
Authorised ordinary shares of no par value		Unlimited		Unlimited
Stated capital:				
In issue at October 1	241,344	2,146,150,377	190,749	698,283,459
Stock split adjustment	-	-	-	1,396,566,918
Exercise of share options [13(b)]	19,998	12,455,000	50,595	51,300,000
In issue at September 30 – fully paid ordinary shares of no par value	261,342	2,158,605,377	241,344	2,146,150,377

13. Share capital and share purchase plan (continued)

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

At the Annual General Meeting (AGM) held on March 2, 2011, the stockholders passed a resolution for 16,000,000 of the authorised but unissued shares of the company to be set aside as part of a stock option plan for directors and a stock purchase plan for employees, to be issued in two tranches of 8,000,000 shares to be issued between June 2011 and June 2021. The shares allocated for the staff are to be priced as a 10% discount to the last stock market selling price on the date the offer is taken up. The staff will be given a specific time in each year in which to take up the offer and they can access an interest free loan for a three-year term to acquire the shares.

The exercised price of the directors' shares was originally approved at the AGM in 2011 at $7 each, now $1.75 per share, adjusted for the 2-for-1 splits that happened between 2011 and 2016. As at September 30, 2020, all shares allocated under tranche one of this authorised option were fully issued or were expired.

At the Annual General Meeting held on March 16, 2016, the shareholders approved a resolution for the second tranche of 8,000,000 shares before the stock split (16 million – post-split) be issued to the directors at a price of $9 or $4.50 after the effect of the stock split and that the expiry date of tranches 1 and 2 shall be five years from the date each yearly allotment becomes effective.

At the Annual General Meeting (AGM) held on April 12, 2017, the shareholders passed a resolution for the company to sub-divide its share capital into two (2) shares for each existing shares, resulting in the total number of authorised shares being increased to 1,000,000,000 ordinary shares at no par value and the total number of issued shares being increased to 674,833,460 of no par value with effect from April 19, 2017.

In 2017, five directors exercised options to acquire shares in the company pursuant to their share option plans to purchase 7,200,000 shares at an exercise price of $1.75 per share amounting to $12,600,000.

In 2018, four directors exercised their options to acquire shares in the company pursuant to their share option plan to purchase 3,200,000 shares at the exercise price of $1.75 per share amounting $5,600,000. Also, 800,000 shares were issued to employees pursuant to their employee stock purchase plan amounting $1,541,000.

In 2019, four directors exercised their option to acquire shares in the company pursuant to their share option to purchase 3,200,000 shares at the exercise price of $1.75 per share amounting to $5,600,000. In addition, 2,100,000 shares were issued to staff pursuant to their employee stock purchase plan amounting to $3,388,000.

In 2020, four directors exercised their option to acquire shares in the company pursuant to their share option to purchase 3,200,000 shares at the exercise price of $1.75 per share amounting to $5,600,000.

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

13. Share capital and share purchase plan (continued)

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

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

During the current financial year, three (3) directors exercised their options, to acquire shares in the company pursuant to their share purchase agreement to purchase 4,800,000 shares at the exercise price of $0.75 per share, amounting to $3,600,000, and 2,600,000 shares at the exercise price of $3.33 per share, amounting to $8,658,000. In addition, eight (8) staff members were issued 5,055,000 shares at the exercise price of $1.66 and $1.33 per share, amounting to $7,740,000 pursuant to the employee stock purchase plan.

(c) Treasury shares:

Treasury shares for the Group comprises the cost of the company's shares held by the Group. As at September 30, 2022, the Group held Nil (2021: 33,888,470) of the company's shares.

14. Capital reserves

		The Group		The Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
(a)	Realised surplus:				
	Gain on disposal on investment property	90,425	90,425	-	-
	Gain on disposal of property, plant and equipment	6,759	6,759	-	-
	Waiver of directors' loan	229	229	-	-
	Gain on disposal of investments	9,556	9,556	3,455	3,455
		106,969	106,969	3,455	3,455
(b)	Franked income*	31,909	3,970	16,455	3,970
		138,878	110,939	19,910	7,425

*This represents dividends and distributions earned from equity investments which was subjected to taxes. Funds are transferred from retained earnings as needed.

15. Non-controlling interests

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

	% interest	
	2022	2021
QWI Investments Limited ("QWI")	63.93%	68.39%
KIW International Limited ("KIW")	46.09%	50.11%

15. Non-controlling interests (continued)

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

	2022			
	KIW $'000	QWI $'000	Intra group eliminations $'000	Total $'000
Non-current assets	187,425	1,980,637		
Current assets	6,216	151,081		
Non-current liabilities	-	(22,910)		
Current liabilities	(7,266)	(378,832)		
Net assets	186,375	1,729,976		
NCI share of subsidiary net assets	85,900	1,105,990	(86,374)	1,105,516
Revenue	2,600	44,378		
Total comprehensive profit/(loss) for the year	483	(49,407)		
Comprehensive profit/(loss) allocated to non-controlling interests	223	(31,586)	(1)	(31,364)
Cash flow from operating activities	6,205	152,379		
Cash flow from investing activities	9,000	-		
Cash flow from financing activities	(15,220)	(115,703)		
Net increase in cash and cash equivalents	(15)	36,676		

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

Acquisition of NCI

During the year, the Group acquired an additional 4.46% interest in QWI Investments Limited and an additional 4.02% in KIW International Limited increasing its ownership from 31.61 to 36.07% in QWI Investments Limited and from 49.89% to 53.91% in KIW International Limited.

15. Non-controlling interests (continued)

Acquisition of NCI (continued)

	2022		
	KIW	QWI	Total
	$'000	$'000	$'000
Carrying amount of NCI acquired	100	64,634	64,734
Consideration paid to NCI	100	45,085	45,185
An increase in equity attributable to owners of the company	-	19,549	19,549

The increase in equity attributable to owners of the company comprised an increase in retained earnings of $19,549,000.

16. Long-term loans

	The Group	
	2022	2021
	$'000	$'000
The Bank of Nova Scotia Jamaica Limited (BNSJ):		
8.25% loan (i)	103,333	123,333
8.00% loan (ii)	24,807	27,755
7.00% loan (iii)	17,136	13,750
	145,276	164,838
Other loans		
Sagicor 6.00% loan	4,377	-
Peter Mullings (v)	45,000	-
	194,653	164,838
Less: current portion	(27,119)	(23,706)
	167,534	141,132

	The Company	
	2022	2021
	$'000	$'000
The Bank of Nova Scotia Jamaica Limited (BNSJ):		
8.25% loan (i)	103,333	123,333
8.00% loan (ii)	24,807	27,755
7.00% loan (iii)	17,136	13,750
	145,276	164,838
Other loans		
Sagicor 6.00% loan (iv)	4,377	-
	149,653	164,838
Less: current portion	(27,119)	(23,706)
	122,534	141,132

16. Long-term loans (continued)

The Bank of Nova Scotia Loans:

(i) This loan is repayable over five years with 59 equal monthly instalments commencing December 3, 2017 and one final payment of $101,667,000 at an interest rate of 8.25% per annum.

It is secured by a 1st legal mortgage over property located at 2 Bell Road, Kingston 11; along with an unlimited guarantee provided by subsidiary companies and a demand debenture supported by commercial properties held in the name of the subsidiaries.

(ii) During the prior year, an additional $29,474,000 was drawn down from BNSJ at a rate of 8% per annum. This loan is repayable over five years in 60 equal monthly instalments of $650,000, commencing May 2, 2021. The loan is secured by legal mortgages over properties owned by the group.

(iii) During the prior year, a loan of $15,000,000 was drawn from BNSJ at 7% per annum. This loan is repayable over five years in 60 equal monthly instalments of $250,000, commencing April 23, 2021. A further draw down of $11,395,000 was made in March 2022 on the same terms previously agreed. It is secured by the same property as in (ii) above.

Other loans:

(iv) The company has three (3) types of credit facilities with Sagicor Bank Jamaica Limited which were negotiated during the current year. These are:

(a) Demand loan not exceeding J$5,050,000, granted to assist with the purchase/acquisition of property plant and equipment.

The facility is to be repaid with blended payments of $97,631 per month over a period of 60 months. Interest will be charged at a rate of 6% per annum, calculated on the daily outstanding balance and payable on the same date as each payment. The balance as at September 30, 2022, is $4,377,000 (2021: $Nil).

(b) Credit card not exceeding $30,000,000, granted to assist with business expenses and working capital support.

Interest is charged at an effective interest rate of 21.95% per annum ("the Principal Rate"), calculated on the daily outstanding balance, subject to the cardholder agreement. The balance as at September 30, 2022 is Nil (2021: Nil).

(c) Overdraft not exceeding J$30,000,000, granted to provide working capital support and for general corporate purposes and/or business-related expenses.

Interest is calculated in respect of the amount for the time being overdrawn under the facility on the basis of the number of days elapsed at a rate equivalent to 9% per annum. Interest so calculated will be payable monthly in arrears. The balance as at September 30, 2022 is Nil (2021: Nil).

16. Long-term loans (continued)

Other loans (continued):

(v) This loan which was received in July 2022, attracts interest of 3.25% per annum. Interest only is repayable within the first twelve months of the loan in equal instalments of $243,750. The principal is repayable in a bullet payment on July 30, 2024. The loan is secured by a mortgage stamped in the amount of $45,000,000 over property registered in the name of a subsidiary.

17. Trade and other payables

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables*	211,894	97,042	163,604	66,200
Due to brokers**	803	426	-	-
Other payables	133,853	87,217	70,767	56,021
	346,550	184,685	234,371	122,221

* Includes $9,337,000 (2021: $7,600,000) due to a related party, Amalgamated Distributors Limited (ADL) and $5,000,000 (2021: $Nil) due to a close family member of a director [see note 28(c)].

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

18. Short-term borrowings

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Demand loans (i)	100,959	56,646	100,959	56,646
Other loans (ii)	14,850	11,800	14,529	11,243
	115,809	68,446	115,488	67,889

(i) These loans are due to related parties at an interest rate of 4% to 6% per annum. These loans are not secured and have no fixed repayment terms and are payable on demand [note 28(d) and (e)].

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

Notes to the Financial Statements (Continued)

Year ended September 30, 2022

19. Bank overdraft

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
The Bank of Nova Scotia Jamaica Limited	-	226	-	-

These overdraft facilities bear interest of 13.25% and 8% per annum and are secured by the same security as outlined at note 16(i) and certain quoted investments held by the Group (note 8).

As at September 30, 2022, the Group's assets were charged in the sum of $101,559,000 (2021: $111,064,000) in favour of The Bank of Nova Scotia Jamaica Limited. The assets charged, comprised listed shares owned by a subsidiary and were pledged to secure an overdraft facility of $50,000,000 (2021: 50,000,000) at an interest rate of 8.5% per annum for that subsidiary.

As at September 30, 2022, the Company's assets were charged in the sum of $200,000,000 in favour of Sagicor Bank Jamaica Limited. The assets charged, comprised listed shares owned by a subsidiary company and were pledged to secure an overdraft facility of $100,000,000 at an interest rate of 8.5 percent per annum. No amounts were outstanding under this overdraft facility as at September 30, 2022.

20. Margin loans

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Short-term debt facilities	396,889	341,445	50,446	-

This represents short-term debt facilities provided by Victoria Mutual Investments Limited, Aegis Capital Corp and Mayberry Investment Limited to the company and a subsidiary to acquire securities held on their own account. The facilities bear interest at 7.5%, 6.3% and 9.5% to 10.5% respectively and are collaterised by the securities held with the brokerage firms.

21. Gross operating revenue

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Export sales – manufacturing	1,171,636	1,009,766	1,171,636	1,009,766
Domestic sales – manufacturing	684,300	600,597	684,300	600,597
Retail sales	602,905	517,585	-	-
Sale and rental of properties	10,113	142,241	-	-
	2,468,954	2,270,189	1,855,936	1,610,363

Notes to the Financial Statements (Continued)

Year ended September 30, 2022

22. Nature of expenses

Profit before taxation is stated after charging:

(a) Cost of operating revenue:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cost of inventories recognised as expense	1,692,615	1,516,661	1,213,600	990,341
Inventory write-offs	6,542	7,143	6,542	7,143
Depreciation	12,675	14,007	8,460	7,768
Amortisation	1,217	488	-	-
Machinery repairs and maintenance	26,623	22,727	25,224	20,289
Staff costs (note 24)	125,342	108,933	100,822	86,734
Utilities	19,790	16,725	10,178	8,568
Other costs of operating revenue	41,152	30,206	39,988	29,951
	1,925,956	1,716,890	1,404,814	1,150,794

(b) Administrative expenses:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Audit fees	31,122	13,073	19,299	6,160
Motor vehicle repairs and maintenance	8,027	9,731	8,027	9,731
Depreciation - Admin	21,150	17,102	19,747	15,698
Depreciation - Leases	6,601	-	6,601	-
Amortisation	475	152	475	152
Directors' emoluments:				
- Fees	8,188	10,375	5,463	6,950
- Management remuneration	23,386	18,846	23,386	18,846
Rental and security	11,572	9,632	4,119	3,887
Legal and professional fees	29,609	22,932	15,675	9,006
Utilities	6,842	7,406	6,399	5,966
Staff costs (note 24)	76,639	74,975	65,622	65,400
Insurance	18,399	17,474	12,844	11,232
Local and overseas travel	11,115	3,751	10,610	2,905
Investment committee fees	25,356	-	-	-
Irrecoverable General Consumption Tax	6,340	5,305	-	-
Other administration expense	62,041	34,656	28,364	14,008
	346,862	245,410	226,631	169,941

Notes to the Financial Statements (Continued)

Year ended September 30, 2022

22. Nature of expenses (continued)

(c) Selling and distribution expenses:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Advertising and promotions	37,960	36,823	34,262	34,078
Total administrative, selling and distribution expenses	384,822	282,233	260,893	204,019
Impairment loss recognised on:				
Trade receivables (note 11)	(3,949)	(1,921)	(3,949)	(1,921)
Other receivables (note 11)	(1,882)	(3,807)	(1,882)	(3,807)
	(5,831)	(5,728)	(5,831)	(5,728)

23. Other income

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest income	1,633	4,882	3,180	7,983
Rental income	3,671	3,659	2,050	2,335
Dividend income	39,418	35,150	12,485	-
Gain on sale of property, plant and equipment	534	3,473	534	3,473
Realised loss on sale of investment property	(1,543)	-	(1,543)	-
Realised (loss)/gain on sale of investments	(7,305)	96,259	-	-
(Decrease)/increase in fair value of investment properties (note 5)	30,060	(4,357)	-	5,000
Net foreign exchange gain	684	19,500	(301)	13,301
Miscellaneous income	4,783	4,909	31,133	26,065
	71,935	163,475	47,538	58,157

24. Staff costs

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Salaries and wages	177,945	156,027	142,408	128,869
Pension	3,160	2,605	3,160	2,605
Other employee benefits	20,876	25,276	20,876	20,660
	201,981	183,908	166,444	152,134

Included in profit or loss as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Direct manufacturing labour [note 22(a)]	125,342	108,933	100,822	86,734
Administration [note 22(b)]	76,639	74,975	65,622	65,400
	201,981	183,908	166,444	152,134

25. Taxation

(a) Income tax is computed at 25% of the profit for the year, as adjusted for taxation purposes, and is made up as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current tax expense:				
Current tax expense - current year	32,632	64,879	38,607	51,883
Prior year over provision	-	(9,304)	-	(9,304)
Urban renewal tax relief	(2,025)	(2,025)	-	-
	30,607	53,550	38,607	42,579
Deferred tax expense:				
Originating and reversal of temporary differences (note 9)	3,450	101,311	13,175	8,645
	34,057	154,861	51,782	51,224

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Profit before taxation	266,641	741,045	220,257	308,479
Computed "expected" tax expense @ 25%	56,660	185,261	55,064	77,120
Difference between profits for financial statements and tax reporting purposes on:				
Disallowed expenses and capital adjustments, net	(2,242)	(10,398)	13,690	(8,474)
Effect of employment tax credit	(18,336)	(17,977)	(16,972)	(17,422)
Adjustment for effect of urban renewal tax relief [note 25(e)]	(2,025)	(2,025)	-	-
Actual tax charge	34,057	154,861	51,782	51,224

(c) As at September 30, 2022, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits for the Group aggregated $563,520,000 (2021: $476,425,000) and $Nil (2021: $Nil) for the company. As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits.

(d) Remission of income tax:

By notice dated August 13, 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMJSE) if certain conditions were achieved after the date of initial admission.

25. Taxation (continued)

(d) Remission of income tax (continued):

Effective July 3, 2010, the company's shares were listed on the JMJSE. Consequently, the company is entitled to a remission of income taxes for ten years in the proportion set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5: (July 1, 2010 – June 30, 2015) – 100%
Years 6 to 10: (July 1, 2015 – June 30, 2020) – 50%.

The financial statements have been prepared on the basis that the company does not have the benefit of further tax remissions, as these have now fully expired.

(e) By notice dated April 30, 2019, the Minister of Finance and the Public Service issued a gazette in favour of a subsidiary within the Group, designating it as an Approved Developer as cited by the Urban Renewal Act. The order is effective from 2019 to 2029. With this gazette, the subsidiary receives tax relief under the Urban Renewal (Tax Relief) Act for all developments undertaken on the gazetted property.

26. Earnings per ordinary stock unit

(a) Basic earnings per ordinary stock unit

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

	2022	2021*
Net profit attributable to stockholders ($'000)	193,948	392,935
Weighted average number of stock units in issue	2,152,699,525	2,086,073,445
Basic earnings per stock unit ($)	0.09	0.19

(b) Diluted earnings per ordinary stock unit

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by a weighted number of ordinary stock units outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2022	2021*
Net profit attributable to stockholders ($'000)	193,948	392,935
Weighted average number of stock units in issue	2,353,469,519	2,290,073,439
Diluted earnings per stock unit ($)	0.08	0.17

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

26. Earnings per ordinary stock unit (continued)

(b) Diluted earnings per ordinary stock unit (continued)

	2022	2021
Weighted average number of stock units in issue (basic)	2,152,699,525	2,086,073,445
Effect of unexercised share options	200,769,994	203,999,994
Weighted average number of fully diluted stock units (diluted) at September 30	2,353,469,519	2,290,073,439

27. Dividends and distributions

	The Group and Company	
	2022	2021
	$'000	$'000
(a) Capital distribution:		
Capital reserve	-	41,897
Dividend payments:		
Retained earnings/franked income	-	21,463
	-	63,360

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

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

(b) Dividends to non-controlling interests:

	2022	2021
	$'000	$'000
Dividends paid to non-controlling interest	26,715	-

At the Board of Directors meeting held on February 14, 2022, the directors of a subsidiary declared and paid dividends of $0.035 per share from franked income reserves to stockholders on record as at March 15, 2022. The balance disclosed represents dividends paid to stockholders with non-controlling interest. No dividend was declared in the prior year.

28. Related party balances and transactions

	The Group 2022 $'000	The Group 2021 $'000	The Company 2022 $'000	The Company 2021 $'000
Balances:				
(a) Due from subsidiaries:				
H. Mahfood & Sons Limited	-	-	765,183	486,031
LTJ Managers Limited	-	-	40,023	-
KIW International Limited	-	-	(525)	6,002
QWI Investments Limited	-	-	863	80,160
Bay City Foods Limited	-	-	27,626	61,451
H. Mahfood & Sons 2020 Limited	-	-	65,885	62,585
	-	-	899,055	696,229
(b) Due to subsidiaries:				
LTJ Managers Limited	-	-	-	4,778

	The Group 2022 $'000	The Group 2021 $'000	The Company 2022 $'000	The Company 2021 $'000
(c) Amalgamated Distributors Limited (ADL) [common director]:				
Due from *	66,859	69,743	66,859	69,743
Due to***	(9,337)	(7,600)	(9,337)	(7,600)
(d) Due to directors**	35,061	18,888	35,061	18,888
(e) Short-term borrowings due to a director and close family members**	65,898	37,758	65,898	37,758
(f) Trade payables due to close family member of a director***	5,000	-	5,000	-
(g) Directors' emoluments:				
Fees	8,188	10,375	5,493	6,950
Management remuneration	23,386	18,842	23,386	18,846
(h) Transactions with related parties and subsidiaries				
Sale of goods - ADL	563,092	506,700	563,092	506,700
Management fees – subsidiaries	-	-	27,034	24,281
Sale of investment property – close family members of director	65,000	-	65,000	-
Advertising and publishing - ADL	10,397	12,668	10,397	12,668
QWI loan interest income	-	-	2,017	3,379

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

Balances due from/to related parties are interest free, unsecured and repayable on demand.

29. Financial risk management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk, which include interest rate risk and currency risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further, quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally on trade and other receivables, due from related parties and cash and cash equivalents.

Due from related parties

All related party transactions are preauthorized and approved by management during the budgeting process and subsequently in the normal course of business.

Cash and cash equivalents

The risk is managed in line with the Group's policy. Excess funds are invested for short periods of time, depending on the Group's cash flow requirement. These surplus funds are placed with approved financial institutions with no concentration of the funds being at any specific counterparty and thereby mitigating potential financial losses.

Trade and other receivables

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

Trade receivables mainly consist of balances due from retail distributors within and outside Jamaica. The Group considers that it has concentration of credit risk with one (2021: one) customer, Amalgamated Distributors Limited [see note 28(c)] and the maximum exposure to credit risk is represented by the carrying amount of each financial asset. As at September 30, 2022, amounts receivable from the customer aggregated $66,859,000 (2021: $69,743,000). This represents 19% and 16% (2021: 18% and 21%), respectively of the trade receivables of the Group and the company. The counterparty is considered to be creditworthy and balances due are routinely collected within credit periods.

29. Financial risk management (continued)

(a) Credit risk (continued):

Expected credit loss assessment

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

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

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

The following table provides information about the exposure to credit risk and ECL for trade and other receivables as at the reporting date (see also note 11).

	The Group 2022			
	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Current (not past due)	0.62%	214,960	1,338	No
31-60 days past due	1.18%	47,226	633	No
61-90 days past due	2.25%	41,181	1,057	No
91-120 days past due	3.34%	67,557	2,569	No
120 -150 days past due	4.38%	13,345	666	No
150 -180 days past due	8.48%	1,235	119	No
More than 180 days past due	100.00%	12,417	12,417	Yes
		397,921	18,799	

	The Company 2022			
	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Current (not past due)	0.64%	208,891	1,338	No
31-60 days past due	1.18%	47,226	633	No
61-90 days past due	2.25%	41,181	1,057	No
91-120 days past due	3.34%	67,557	2,569	No
120 -150 days past due	4.38%	13,345	666	No
150 -180 days past due	8.48%	1,235	119	No
More than 180 days past due	100.00%	12,417	12,417	Yes
		391,852	18,799	

29. Financial risk management (continued)

(a) Credit risk (continued):

Expected credit loss assessment

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

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

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

The following table provides information about the exposure to credit risk and ECL for trade and other receivables as at the reporting date (see also note 11).

	The Group 2022			
	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Current (not past due)	0.62%	214,960	1,338	No
31-60 days past due	1.18%	47,226	633	No
61-90 days past due	2.25%	41,181	1,057	No
91-120 days past due	3.34%	67,557	2,569	No
120 -150 days past due	4.38%	13,345	666	No
150 -180 days past due	8.48%	1,235	119	No
More than 180 days past due	100.00%	12,417	12,417	Yes
		397,921	18,799	

	The Company 2022			
	Weighted average loss rate %	Gross carrying amount $'000	Loss allowance $'000	Credit impaired
Current (not past due)	0.64%	208,891	1,338	No
31-60 days past due	1.18%	47,226	633	No
61-90 days past due	2.25%	41,181	1,057	No
91-120 days past due	3.34%	67,557	2,569	No
120 -150 days past due	4.38%	13,345	666	No
150 -180 days past due	8.48%	1,235	119	No
More than 180 days past due	100.00%	12,417	12,417	Yes
		391,852	18,799	

29. Financial risk management (continued)

(b) Liquidity risk (continued):

	The Group 2022			
	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	2 to 5 years $'000
Long-term loans	194,653	208,061	36,580	171,481
Trade and other payables	346,550	346,550	346,550	-
Margin loans	396,889	426,656	-	426,656
Short-term borrowings	115,809	124,117	124,117	-
Leases	14,798	16,734	8,934	7,800
	1,068,699	1,122,118	516,181	605,937

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

	The Company 2022			
	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	2 to 5 years $'000
Long-term loans	149,653	160,136	33,655	126,481
Trade and other payables	234,371	234,371	234,371	-
Margin loans	50,446	54,229	-	54,229
Short-term borrowings	115,488	124,117	124,117	-
Leases	14,798	16,734	8,934	7,800
	564,756	589,587	401,077	188,510

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

There was no change to the Group's exposure to liquidity risk during the year, or the manner in which it measures and manages the risk.

29. Financial risk management (continued)

(c) Market risk:

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

(i) Currency risk:

Currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to currency risk on transactions that are denominated in a currency other than its functional currency. The main currency giving rise to this risk is the United States dollar (US$).

The Group ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in US$ as a hedge against adverse fluctuations in exchange rates.

Exposure to currency risk:

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2022					
	The Group					
	J$	US$	J$	CAN	J$	TT
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:						
Trade receivables	294,277	1,943	2,085	19	-	-
Cash and cash equivalents	37,106	245	2,750	25	7,799	354
Investments	273,224	1,804	-	-	70,058	3,180
Total financial assets	604,607	3,992	4,835	44	77,857	3,534
Financial liabilities:						
Trade payables	(137,409)	(907)	(25,704)	(234)	-	-
Total financial liabilities	(137,409)	(907)	(25,704)	(234)	-	-
Exposure	467,198	3,085	(20,869)	190	77,857	3,534

	2022					
	The Company					
	J$	US$	J$	CAN	J$	TT
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:						
Trade receivables	294,277	1,943	2,085	19	-	-
Cash and cash equivalents	14,388	95	2,750	25	7,799	354
Investments	-	-	-	-	-	-
Total financial assets	308,665	2,038	4,835	44	7,799	354
Financial liabilities:						
Trade payables	(36,928)	(242)	(26,269)	(234)	-	-
Total financial liabilities	(36,928)	(242)	(26,269)	(234)	-	-
Exposure	271,137	1,796	(21,434)	190	7,799	3,534

29. Financial risk management (continued)

(c) Market risk (continued):

(i) Currency risk (continued):

Exposure to currency risk (continued):

	2021					
	The Group					
	J$ $'000	US$ $'000	J$ $'000	CAN $'000	J$ $'000	TT $'000
Financial assets:						
Trade receivables	210,811	1,430	1,822	16	-	-
Cash and cash equivalents	61,769	419	5,808	51	14,749	686
Investments	530,859	3,601	-	-	63,920	2,973
Total financial assets	803,439	5,450	7,630	67	78,669	3,659
Financial liabilities:						
Trade payables	(32,906)	(223)	(13,541)	(114)	-	-
Total financial liabilities	(32,906)	(223)	(13,541)	(114)	-	-
Exposure	770,533	5,227	(5,911)	(47)	78,669	3,659

	2021					
	The Company					
	J$ $'000	US$ $'000	J$ $'000	CAN $'000	J$ $'000	TT $'000
Financial assets:						
Trade receivables	210,807	1,430	1,810	16	-	-
Cash and cash equivalents	61,217	415	5,773	51	13,660	635
Investments	-	-	-	-	-	-
Total financial assets	272,024	1,845	7,583	67	13,660	635
Financial liabilities:						
Trade payables	(27,267)	(185)	(13,541)	(114)	-	-
Total financial liabilities	(27,267)	(185)	(13,541)	(114)	-	-
Exposure	244,757	1,660	(5,958)	(47)	13,660	635

Exchange rates as at the reporting date were; US$1: J$151.4548 (2021: 1:J$147.56); GBP 1 :J$167.5716 (2021: 1:J$201.92); CAN $1: 112.4313 (2021: 1:118.78); Euro 1: J$142.0418 (2021: 1: J$168.71) and TT$1: J$22.0305 (2021: 1: J$21.5).

Sensitivity analysis:

A 4% (2021: 8%) strengthening of the above currencies against the J$ would increase profit for the year by $25,156,000 (2021: $67,463,000) for the Group.

A 4% (2021: 8%) strengthening of the above currencies against the J$ would increase profit for the year by $10,328,000 (2021: $20,197,000) for the company.

A 1% (2021: 2%) weakening of the above currencies against the J$ would decrease profit for the year by $6,289,000 (2021: $16,866,000) for the Group.

A 1% (2021: 2%) weakening of the above currencies against the J$ would decrease profit for the year by $2,582,000 (2021: $5,049,000) for the company.

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

29. Financial risk management (continued)

(c) Market risk (continued):

(ii) Interest rate risk:

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

The Group minimises interest rate risk by investing mainly in fixed rate instruments and contracting liabilities at fixed rates, where possible. The Group's interest rate risk arises mainly from bank loans.

At the reporting date, the interest profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2022 $'000	2021 $'000
Fixed rate:		
Financial assets	101,929	125,604
Financial liabilities	(722,149)	(574,955)
	(620,220)	(449,351)

Fair value sensitivity analysis for financial instruments:

The Group does not account for any interest-bearing financial instrument at fair value, therefore a change in interest rates at the reporting date would not affect the carrying value of the Group's financial instruments.

(iii) Equity price risk:

Equity price risk arises from equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise investment returns.

A 6% (2021: 5%) increase in the market price at the reporting date would cause an increase in the Group's profit or loss and other comprehensive income of $118,471,000 (2021: $106,933,000). A 6% (2021: 5%) decrease would have an equal and opposite impact.

(d) Capital management:

The policy of the Group's Board of Directors is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business and ensure it continues as a going concern.

29. Financial risk management (continued)

(d) Capital management (continued):

The Group considers its capital to be its total equity inclusive of unappropriated profits and capital reserves. The Group's financial objective is to generate a targeted operating surplus, in order to strengthen and provide for the future continuity of the Group as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Directors regularly review the financial position of the Group at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is the total of long-term loans, short-term borrowings, margin loan payable, and bank overdraft less related party loans, if any. Total capital is calculated as equity as shown in the company's statement of financial position plus debt.

The gearing ratios at the year-end based on these calculations were as follows:

	The Group	
	2022	2021
	$'000	$'000
Debt	707,351	574,729
Equity	2,610,158	2,076,904
Total capital	3,317,509	2,651,633
Gearing ratio	21.3%	21.7%

There were no significant changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

(e) Fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The Group's equities are the only financial instruments that are carried at fair value. Where fair value of financial instruments approximates carrying value, no fair value computation is done and disclosed.

The carrying values reflected in the financial statements for cash and cash equivalents, trade and other receivables, and trade and other payables, are assumed to approximate fair value due to their relatively short-term nature.

29. Financial risk management (continued)

(e) Fair values (continued):

The fair value of long-term loans is assumed to approximate carrying value as the loans bear interest at market rates and all other conditions are at market terms.

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

Determination of fair value and fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments listed on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

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

Equity investments are classified as Level 1.

Notes to the Financial Statements (Continued)

Year ended September 30, 2022

30. Segment reporting

	2022				
	Manufacturing $'000	Retailing $'000	Real estate $'000	Investments $'000	Total $'000
Gross revenue	1,855,936	602,905	14,913	-	2,473,754
Inter-segment revenue	-	-	(4,800)	-	(4,800)
Revenue from external customers	1,855,936	602,905	10,113	-	2,468,954
Fair value gains from revaluation of investments at FVTPL				36,948	36,948
Other income	47,538	2,667	59,775	10,030	120,010
Inter-segment other income	(41,536)	-	(30,000)	(2,527)	(74,063)
	6,002	2,667	29,775	44,451	82,895
Segment profit	202,061	42,294	23,709	(21,162)	246,902
Finance cost	(23,341)	(124)	(488)	(26,308)	(50,261)
Profit/(loss) before taxation	178,720	42,170	23,221	(47,470)	196,641
Taxation charge					(34,057)
Non-controlling interest					31,364
Profit attributable to equity holders of the parent					193,948
Segment assets	1,591,365	152,672	1,010,967	2,184,351	4,939,355
Segment liabilities	(667,608)	(104,056)	(3,398)	(400,844)	(1,175,906)
Capital expenditure	48,936	24,114	106,547	-	179,597
Depreciation and amortisation	(35,283)	(6,835)	-	-	(42,118)

	2021				
	Manufacturing $'000	Retailing $'000	Real estate $'000	Investments $'000	Total $'000
Gross revenue	1,610,363	517,585	147,041	-	2,274,989
Inter-segment revenue	-	-	(4,800)	-	(4,800)
Revenue from external customers	1,610,363	517,585	142,241	-	2,270,189
Fair value gains from revaluation of investments at FVTPL	-	-	-	407,765	407,765
Other income	58,157	3,162	3,454	126,726	191,499
Inter-segment other income	(27,660)	-	-	(69,645)	(97,305)
	30,497	3,162	3,454	464,846	501,959
Segment profit	318,056	21,262	20,082	419,353	778,753
Finance cost	(10,956)	(421)	-	(26,331)	(37,708)
Profit before taxation	307,100	20,841	20,082	393,022	741,045
Taxation charge					(154,861)
Non-controlling interest					(193,249)
Profit attributable to equity holders of the parent					392,935

30. Segment reporting (continued)

	2021				
	Manufacturing $'000	Retailing $'000	Real estate $'000	Investments $'000	Total $'000
Segment assets	1,194,759	135,399	611,195	2,140,346	4,081,699
Segment liabilities	(420,326)	(45,080)	(5,344)	(320,368)	(791,118)
Capital expenditure	55,908	18,445	40,287	-	114,640
Depreciation and amortisation	(23,618)	(8,131)	-	-	(31,749)

31. Impact of change in estimate

During the current year, the group changed its accounting policy for owner occupied freehold land and buildings from the cost model to the fair value model. The Group decided to account for all owner-occupied properties using the revaluation model in line with IAS 16. These changes were made to take account of the fair values of owner-occupied freehold land and buildings. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the total comprehensive income of the Group for the current financial year end has increased by $255,247,000 net of taxes and that of the company has increased by $185,649,000 net of taxes. Refer to note 2c(i) for additional details

32. Contingencies and commitments

(a) As at September 30, 2022, a subsidiary has capital commitments of approximately $105,149,000 (2021: $28,082,000) in relation to work in progress inventory for a proposed apartment complex at Belvedere Road, Kingston and St Andrew. No provision has been made in these financial statements for the unexpended capital commitments as at reporting date although appropriate funding has been approved.

(b) The company has given an undertaking to support the operations of certain loss-making subsidiaries for the foreseeable future.

33. Impact of COVID-19 and Russia/Ukraine War

(a) Impact of COVID-19

In March 2020, the World Health Organization declared the novel coronavirus, COVID-19, as a global pandemic. As a first step, management established measures at all the group's properties to safeguard and protect its stakeholders by not only providing information to employees, business partners and customers but equipping all personnel with supplies to prevent contagion and establishing protocols to access our premises.

The industry within which the major business segments operate were designated by the Government of Jamaica (GOJ) as an essential industry. Operations were exempted from the curfews and other Disaster Risk Management Act restrictions imposed since March 2020. As a result, the group did not faced interruptions to its operations as a result of GOJ restrictions and all employees were able to commute as required.

33. Impact of COVID-19 and Russia/Ukraine War (continued)

(a) Impact of COVID-19 (continued)

In February 2022, the Government of Jamaica withdrew the COVID-19 protocols which were enacted under the Disaster Risk Management Act (DRMA). With this, economic activity further improved as a result of the re-opening of the economy and the pent-up demand across several sectors.

The manufacturing segment of the group continues to see improved performance as a result of the pandemic as it strategised and capitalised on demand that existed in the export market. The retail and real estate business segment saw minimal impact. The investment business segment continues to be significantly impacted as asset prices across the world responded to the economic disruption. This segment has investments in shares listed on the Jamaica Stock Exchange, the Trinidad and Tobago Stock Exchange and the New York Stock Exchange. Investments are also held in companies across a variety of industries. Management has assessed that the segment was adversely impacted by the pandemic through the decline in share prices on the stock markets and the cessation of dividend payments by some investee companies. However, Since November 2020, and particularly in 2021, the COVID related operating restrictions on many of the investee companies have been progressively lifted or eliminated. In addition, as the use of vaccines against COVID have become increasingly widespread, companies dependent on travel and tourism have been able to increase the scope and scale of their operations. This has created opportunities for the group to shift some of its investments into travel dependent investee companies with strong immediate growth prospects. As the impact of the pandemic continues to be felt in some areas, Management continues to adopt several measures specifically around risk management. These measures include:

i. Gathering information about the industries within which the company holds investments and the impact the pandemic is having on each industry.
ii. Reorganized the investment portfolio to reduce investment in industries assessed as being volatile to the pandemic.
iii. Diversifying the company's investment portfolio to invest in listed equities outside of Jamaica across thriving industries.
iv. Continuous monitoring of the performance of investee companies.

At the reporting date, management continues to monitor the performance of each of the group's business segments but believes that the Group is in a strong position to withstand any residual shock arising from the pandemic.

(b) Impact of Russia/Ukraine War

Geopolitical tensions in Eastern Europe escalated on February 24, 2022 with Russia's invasion of Ukraine. The war and accompanying economic sanctions imposed have triggered turmoil in global financial markets, exacerbated existing inflationary pressures and drastically increased uncertainty about the recovery of the global economy.

The operations of the group were not significantly impacted by the uncertainties brought on by the Russia/Ukraine war. Though the manufacturing segment relies on raw material imports to satisfy its production demands, these imports were not from regions impacted by the war.

33. Impact of COVID-19 and Russia/Ukraine War (continued)

(b) Impact of Russia/Ukraine War (continued)

The investment segment experienced marginal impact as, as a result of the heightened inflationary pressures, monetary authorities have started to increase interest rates. This increasing interest rate environment, coupled with growing financial market uncertainty, has negatively impacted prices of financial assets and heightened overall market risk. In response to the aforementioned, the investment segment has adopted several measures, specifically, around financial risk management. These measures include:

i. Pursuing actions to reduce the investment portfolio's exposure to interest rate risk; and
ii. Enhanced monitoring of financial market movements and the investment portfolio by the group.

Whilst the impact of the Russia/Ukraine conflict is considered indirect at this time, management continues to monitor the ongoing situation with a view to proactively mitigating identified risk arising.

Form of Proxy

Place $100.00 stamp here

I/We...

.... of

....

being a member or members of Jamaican Teas Limited hereby appoint.......................................

....

of ....

....or

failing him/her ....

of ....

as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at the Jamaica Pegasus, 81 Knutsford Boulevard, Kingston 5, on Tuesday 2nd May, 2023 at 11:00 a.m. and at any adjournment thereof.

Signed this ....day of.. 20..........................

.... Signature

.... Signature

NOTE: To be valid:

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2) If executed by a corporation, this proxy must be sealed. A corporate shareholder may appoint a representative in accordance with Article 87 of the Company's Articles of Association, instead of appointing a proxy.
3) This Form of Proxy must be received by the Registrar of the Company, 2 Bell Road, Kingston 11, and also lodged at Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston, not less than 48 hours before the time of the meeting.
4) This Form of Proxy should bear stamp duty of $100.00. Adhesive stamps are to be cancelled by the person signing the proxy.

Jamaican Teas LTD.

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