

June 2015
Interim Results

JAMAICAN TEAS LIMITED

***UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS
THIRD QUARTER - JUNE 2015***

Jamaican Teas Limited

Board of Directors' Commentary

Third quarter results to June 2015

Financial highlights	3rd Quarter			Year to Date		
	2015	2014	Change %	2015	2014	Change %
	\$'000			\$'000		
Sales	324,311	299,984	8.1	935,526	834,086	12.2
Gross Profit	63,908	60,378	5.8	186,255	165,662	12.4
Profit after tax & minority interest	26,785	24,763	8.2	70,028	61,964	13.0
Total comprehensive income	32,508	21,974	47.9	89,614	57,933	54.7
Earnings per share	\$0.159	\$0.147	8.2	\$0.415	\$0.367	13.1
Return on equity	14.8%	15.4%	-3.8	12.9%	12.8%	0.8
Shareholders' equity	723,320	644,869	12.2	723,320	644,869	12.2
Working capital & investments	559,193	472,793	18.3	559,193	472,793	18.3

Directors' Report

We continue to experience strong export sales in the quarter, moving from \$76.1 million to \$102.8 million and year-to-date \$193.9 million moving to \$286.5 million. This contributed to the overall increase in sales which moved from \$300 million to \$324.3 million, an increase of 8.1% over prior year quarter. The sales for the nine months to June 2015 was \$935.5 million compared to \$834.1 million in the prior year. Sales revenue in the prior year included real estate sales of \$21.8 million relating to a previously completed project. There are no real estate sales in the current year. Local sales declined by \$7 million or 7.6% in the quarter. The decline in local sales is a result of the current market conditions, however, based on the current local sales, management expects the performance to improve.

The group made a profit of \$26.8 million in the June quarter 35% ahead of the March quarter and 8% increase from the similar period in the prior year. The profit for the nine months to June was \$70 million, an increase of 13% compared to the similar period in 2014.

The Group has borrowing of \$408 million at the end of the June quarter including \$210 million directly relating to the development properties which was slated to be completed shortly. The group balance sheet continues to strengthen and remains strong with total shareholders' equity of \$723 million compared to \$645 million for the prior year. Our working capital excluding borrowings amounting to \$645 million in

addition to our investments of \$117 million. Management expects there will be significant changes to the working capital and debt profile when the sale of the units are completed later this year.

Return on equity came out at 15% based on the quarterly profit before other comprehensive income and 13% for the nine months. These out turns are based on equity that includes unrealized gains on investments. The returns using total comprehensive income would have been greater for the 2015 periods.

Administration costs increased by approximately \$11 million during the first nine months compared to the prior year. This resulted partially from costs associated with our new location, such as security, while rental expenses were previously included in production costs. Also, we wrote off bad debt on overseas receivables. Finally, we incurred costs and generated revenues related to the Western Union operations in Sav-la-Mar in the current year since taking control of the operations. In 2014 the operations was operated by a subsidiary of Grace Kennedy.

Accounts payables increased by \$17 million mainly used to finance the purchase of inventories. In addition, our long term financing increased by \$110 million which was used as part of the financing for the development properties which increased by \$200 million over prior period.

Taxation

Jamaican Teas Limited is now listed for five years on the Junior Market of the Jamaica Stock Exchange. Effective the September quarter, the Company will be subjected to taxation at 50% of the standard corporate rate resulting in a tax charge of 12.5%.

Real Estate Development – Orchid Estate

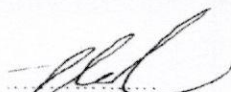
Phase 1 comprising 29 houses was completed at the end of May 2015, but we did not receive final approvals from the relevant agencies until August 7, 2015. As a result, we expect to start delivering the units during September of this year.

Outlook

We started August with a good backlog of export orders, so we should experience an increased in export sales in August. Our retails sales have also shown a slight upturn ahead of last year and local sales have improved with the first month sales being ahead of prior year. The revenue generated from the sale of the Orchard Estate is expected to be reflected in the last quarter of the year.



John Jackson
Director



John Mahfood
CEO

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30TH, JUNE 2015

		3rd Quarter		Year to June 2015	
		2015	2014	2015	2014
OPERATING REVENUES	Note 6	324,311,257	299,983,734	935,525,730	834,085,615
COST OF GOODS SOLD		<u>260,402,834</u>	<u>239,605,642</u>	<u>749,271,192</u>	<u>668,424,080</u>
GROSS PROFIT		63,908,423	60,378,092	186,254,538	165,661,535
OTHER INCOME	Note 7	<u>9,896,894</u>	<u>8,151,511</u>	<u>22,930,061</u>	<u>21,004,950</u>
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES		<u>73,805,317</u>	<u>68,529,603</u>	<u>209,184,599</u>	<u>186,666,485</u>
SASLES AND MARKETING COSTS		7,371,361	7,793,924	21,940,697	21,813,763
ADMINISTRATION COST		28,334,657	26,302,635	85,144,905	74,079,942
FINANCE COSTS		<u>8,269,172</u>	<u>7,303,814</u>	<u>25,685,502</u>	<u>21,868,799</u>
		<u>43,975,190</u>	<u>41,400,373</u>	<u>132,771,104</u>	<u>117,762,504</u>
NET PROFIT BEFORE SHARE OF ASSOCIATED COMPANY LOSS		29,830,127	27,129,230	76,413,495	68,903,981
SHARE OF ASSOCIATED COMPANY LOSS		<u>(3,044,642)</u>	<u>(1,925,877)</u>	<u>(6,385,642)</u>	<u>(5,832,377)</u>
PROFIT BEFORE TAXATION		26,785,485	25,203,353	70,027,853	63,071,604
TAXATION	Note 8	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit after tax		26,785,485	25,203,353	70,027,853	63,071,604
NON-CONTROLLING INTEREST		<u>-</u>	<u>440,081</u>	<u>-</u>	<u>1,107,915</u>
PROFIT AFTER TAX & MINORITY INTEREST		26,785,485	24,763,272	70,027,853	61,963,689
OTHER COMPREHENSIVE INCOME:					
Items that will be reclassified to Profit or Loss in Subsequent periods - Change investment value		<u>5,722,270</u>	<u>(2,789,514)</u>	<u>19,586,117</u>	<u>(4,030,927)</u>
TOTAL COMPREHENSIVE INCOME		<u>32,507,755</u>	<u>21,973,758</u>	<u>89,613,970</u>	<u>57,932,762</u>
Earnings per share (EPS)		\$0.159	0.147	\$0.415	0.367
EPS after comprehensive income		\$0.193	0.130	\$0.531	0.343

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

		<u>2015</u>	<u>2014</u>	<u>Audited</u> <u>Sept. 2014</u>
FIXED ASSETS		290,142,106	298,008,930	294,637,574
INVESTMENT PROPERTY		56,282,393	54,226,830	55,754,235
INVESTMENTS	Note 9	116,986,415	114,673,238	101,522,857
ASSOCIATED COMPANY		18,903,578	19,874,830	24,769,737
DEFERRED TAX ASSETS		4,529,273	4,677,889	7,120,514
CURRENT ASSETS				
Inventories		169,909,412	166,047,680	167,619,499
Development Properties	Note 11	287,892,657	88,661,698	121,287,032
Receivables		222,847,713	217,355,266	219,644,286
Taxation recoverable		9,916,522	8,217,632	9,252,989
Short term investments	Note 9	20,261,121	20,727,757	21,883,658
Cash and Bank		21,382,960	2,094,157	14,657,312
Total Current Assets		732,210,385	503,104,191	554,344,776
CURRENT LIABILITIES				
Accounts Payable		87,209,190	70,507,903	100,765,774
Short Term Borrowings		46,591,242	29,256,603	41,091,526
Bank Overdraft		36,655,009	33,220,206	49,998,939
Current portion - Long Term Loan	Note 10	119,547,783	11,999,880	11,999,880
Total Current Liabilities		290,003,224	144,984,592	203,856,119
NET CURRENT ASSETS		442,207,161	358,119,599	350,488,657
		929,050,926	849,581,316	834,293,574
EQUITY & NON-CURRENT LIABILITIES				
STOCKHOLDERS' EQUITY		723,319,605	644,869,414	634,822,088
NON-CONTROLLING INTEREST		-	1,533,122	(707,324)
LONG-TERM LOAN	Note 10	205,731,321	203,178,780	200,178,810
		929,050,926	849,581,316	834,293,574

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
THIRD QUARTER ENDING 30TH, JUNE 2015

	Attributable to the company's owners					Non- controlling Interest	Total Equity
	Share Capital	Capital Reserves	Fair Value Reserves	Retained Earnings	Total		
Balance as at 30 September 2013	141,420,862	7,058,436	(7,057,206)	445,514,560	586,936,652	425,207	587,361,859
Other Comprehensive income	-	-	(4,030,927)	61,963,689	57,932,762	1,107,915	59,040,677
Balance as at June 2014	<u>141,420,862</u>	<u>7,058,436</u>	<u>(11,088,133)</u>	<u>507,478,249</u>	<u>644,869,414</u>	<u>1,533,122</u>	<u>646,402,536</u>
30 September 2014	141,420,862	7,058,436	(11,913,584)	498,256,374	634,822,088	(707,324)	634,114,764
Transfer to profit & Loss			4,194,439		4,194,439		4,194,439
Acquisition of additional shares in subsidiary	-	-	-	(5,310,892)	(5,310,892)	707,324	(4,603,568)
Other Comprehensive income	-	-	19,586,117	70,027,853	89,613,970	-	89,613,970
Balance as at June 2015	<u>141,420,862</u>	<u>7,058,436</u>	<u>11,866,972</u>	<u>562,973,335</u>	<u>723,319,605</u>	<u>-</u>	<u>723,319,605</u>

Share Capital:

The authorised share capital comprises 250 million ordinary shares of no par value. The total number of issued shares is 168,708,365 (2014:168,708,365).

JAMAICA TEAS LIMITED
STATEMENT OF CASHFLOWS
THIRD QUARTER ENDING JUNE 30, 2015

	Unaudited 2015	Unaudited 2014
Comprehensive income for the period to date	89,613,970	57,932,762
Adjustments for:		
Change in investment value	(19,586,117)	4,030,927
Loss on Sale of Investments	2,306,366	451,463
Depreciation	12,775,135	8,039,165
Operating cashflows before movements in working capital	<u>85,109,354</u>	<u>70,454,317</u>
Changes in operating assets and liabilities	<u>(17,122,216)</u>	<u>61,820,995</u>
Net cash provided by operating activities	67,987,138	132,275,312
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash used in investing activities	<u>(180,446,646)</u>	<u>(73,409,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Investment in Subsidiary	(4,603,568)	-
Financing activities	<u>137,132,654</u>	<u>(137,061,679)</u>
Net cash provided by/ (used in) financing activities	<u>132,529,086</u>	<u>(137,061,679)</u>
Increase /(decrease) in cash and cash equivalent	<u>20,069,578</u>	<u>(78,195,430)</u>
Cash and cash equivalent at beginning of the period	<u>(35,341,627)</u>	<u>47,069,381</u>
Cash and cash equivalent at the end of period	<u>(15,272,049)</u>	<u>(31,126,049)</u>
 Cash and cash equivalent made up as follows:		
Cash and bank balances	21,382,960	2,094,157
Bank overdraft	<u>(36,655,009)</u>	<u>(33,220,206)</u>
Cash and cash equivalent at the end of period	<u>(15,272,049)</u>	<u>(31,126,049)</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

1. IDENTIFICATION

JAMAICAN TEAS LIMITED (the Company) is incorporated and domiciled in Jamaica. Its registered office is situated at 2 Bell Road, Kington 11, Jamaica WI. The Company is listed on the Junior Market of the Jamaica Stock Exchange. The principal activity of the company and its subsidiaries are as follow:

- Jamaican Teas Limited processes local teas which is packages along with imported teas and distributes them for the Jamaican and overseas markets.
- JRG Shoppers Delite Limited is in the retail distribution of consumer and household products.
- H. Mahfood & Sons Limited is in the business of rental and development of residential properties.

2. BASIS OF CONSOLIDATION:

The consolidated financial statements combine the financial position, results of operations and cash flows of the company and its subsidiaries JRG Shoppers Delite Limited and H. Mahfood & Sons Limited.

3. ACCOUNTING POLICIES:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act. The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended September 30, 2014 and comply with the requirements of the International Financial Reporting Standards (IAS 34, Interim Financial Reporting).

4. NEW STANDARDS

IFRS 9, 'Financial Instruments, (effective for annual periods beginning on or after 1 January 2018)

5. USE OF ESTIMATES AND JUDGEMENTS:

(a) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

(b) Depreciation

Depreciation is recognized on profit or loss on the straight-line basis, over the estimated useful lives of property, plant, motor vehicles and equipment except for land and investment properties.

(c) Borrowings

Borrowings are recognized initially as the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method with any differences between proceeds net of transactions cost and the redemption value recognized in income along with regular interest charges over the period of the borrowings.

6. OPERATING REVENUE:

	3rd Quarter		Year to June	
	2015	2014	2015	2014
SALES				
Local - Manufacturing	90,306,350	97,691,520	257,122,230	250,681,853
Foreign - Manufacturing	102,835,031	76,105,860	286,538,583	193,889,181
Retail	129,669,876	124,191,354	387,049,917	362,110,831
Sales of Apartments	0	0	0	21,750,000
Rental	1,500,000	1,995,000	4,815,000	5,653,750
TOTAL SALES	324,311,257	299,983,734	935,525,730	834,085,615

7. OTHER INCOME:

	3rd Quarter		Year to June	
	2015	2014	2015	2014
Interest Income	3,493,008	4,952,484	10,025,017	9,481,576
Dividend Income	962,890	787,286	4,591,977	3,509,048
Rental Income	765,000	728,755	2,258,755	2,158,390
Gain /(Loss) on Sale of Investments	1,835,280	-	(2,306,366)	451,463
Foreign Exchange Gain	1,610,292	1,138,513	4,167,964	4,860,000
Gain on Sale of Fixed Assets	-	544,473	-	544,473
Commission	1,230,424	-	4,192,714	-
	9,896,894	8,151,511	22,930,061	21,004,950

8. TAXATION:

The Company was listed on the Junior Market of the Jamaica Stock Exchange in July 2010 and under the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2010, the Company is tax exempt for the first five years and is subject to taxation at 50% of the standard corporate rate during the second five years.

9. INVESTMENTS:

	2015	2014
At market value:		
Government Bonds	-	22,939,022
Quoted Equities	91,756,493	74,988,589
Certificate of Deposit	20,261,121	20,727,757
	<u>112,017,614</u>	<u>118,655,368</u>
Unquoted equities	25,229,922	16,745,627
Total Investments	137,247,536	135,400,995
Less short term portion:		
Certificate of Deposit	(20,261,121)	(20,727,757)
Total investments less short term portion	116,986,415	114,673,238

10. LONG TERM LOANS:

	2015	2014
Bank of Nova Scotia Ja. Ltd. - Loan	222,100,524	112,000,080
Ja. Teas. Corporate Bond due - 2017	103,178,580	103,178,580
	<u>325,279,104</u>	<u>215,178,660</u>
Less Current Portion		
Bank of Nova Scotia Ja. Ltd.	(119,547,783)	(11,999,880)
Total loans less short term portion	205,731,321	203,178,780

11. DEVELOPMENT PROPERTIES:

The amount represents funds expended on the development on residential property earmarked to be sold to third parties.

JAMAICAN TEAS LIMITED
SEGMENT RESULTS
THIRD QUARTER ENDING 30TH JUNE 2015

SEGMENT RESULTS - 2015

	Manufacture	Retail	Property Sale & Rental	Investments	TOTAL
REVENUES	543,660,813	387,049,917	4,815,000	18,762,097	954,287,827
Segment Results	58,037,074	7,580,099	(12,133,739)	18,762,097	72,245,531
Associated Company	-	(6,385,642)	-	-	(6,385,642)
Total Segment Results	<u>58,037,074</u>	<u>1,194,457</u>	<u>(12,133,739)</u>	<u>18,762,097</u>	<u>65,859,889</u>
Gain on Exchange					4,167,964
Net Profit before tax					<u>\$70,027,853</u>
Segment Assets	<u>539,180,029</u>	<u>80,276,477</u>	<u>382,634,864</u>	<u>193,529,929</u>	<u>1,195,621,299</u>
Segment Liabilities	<u>253,942,971</u>	<u>52,199,541</u>	<u>37,124,102</u>	<u>152,467,931</u>	<u>495,734,545</u>

SEGMENT RESULTS - 2014

	Manufacture	Retail	Property Sale & Rental	Investments	TOTAL
REVENUES	444,571,034	362,110,831	27,403,750	15,600,477	849,686,092
Segment Results	37,922,605	11,079,146	(1,102,720)	15,600,477	63,499,508
Associated Company	-	(5,832,377)	-	-	(5,832,377)
Total Segment Results	<u>37,922,605</u>	<u>5,246,769</u>	<u>(1,102,720)</u>	<u>15,600,477</u>	<u>57,667,131</u>
Gain on Sale of Fixed Assets					544,473
Gain on Exchange					4,860,000
Net Profit before tax					<u>63,071,604</u>
Segment Assets	<u>518,414,523</u>	<u>81,221,253</u>	<u>211,358,811</u>	<u>159,018,602</u>	<u>970,013,189</u>
Segment Liabilities	<u>244,963,235</u>	<u>44,860,446</u>	<u>29,083,088</u>	<u>29,256,603</u>	<u>348,163,372</u>