

September 2015
Interim Results

JAMAICAN TEAS LIMITED

***UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS
FOURTH QUARTER – SEPTEMBER 2015***

Jamaican Teas Limited

Board of Directors' Commentary

Fourth quarter results to September 2015

Financial highlights	4 th Quarter			Year to Date		
	2015	2014	Change %	2015	2014	Change %
	\$'000			\$'000		
Sales	403,746	315,055	28.2	1,339,272	1,142,904	17.2
Gross Profit	71,742	40,952	75.2	257,510	204,146	26.1
Profit after tax & minority interest	11,973	(2,852)	519.8	80,883	50,477	60.2
Total comprehensive income	15,592	(3,757)	515.1	96,851	45,620	112.3
Earnings per share	\$0.071	(\$0.017)	519.8	\$0.479	\$0.299	60.2
Return on equity	1.63%	(0.45%)	463.8	11.04%	7.95%	38.9
Shareholders' equity	732,534	634,822	15.4	732,534	634,822	15.4
Working capital & investments	550,285	452,012	21.7	550,285	452,012	21.7

Directors' Report

Our total revenues were \$1.3 Billion compared to \$1.1 Billion in 2014, an increase of \$2 Billion or 17% over prior year. The main reasons for the increase were the \$107 Million increases in sales from the manufacturing division and the inclusion of \$79 Million in sales of real estate at the Orchid Estate project in St. Thomas. Our Caribbean Dreams spring water is gaining greater market share acceptance and this also contributed to the increase in sales.

Jamaican Teas Limited achieved an increase in export sales of 32%, moving from \$281 Million in 2014 to \$370 Million in 2015. In addition, our export sales exceeded our domestic manufacturing sales of \$363 Million. The increase in export sales came about as a result of both increases in sales to our new distributor in the Tri State region of the U.S. as well as increase in sales to our customers in the Caribbean.

The significant improvement in exports helped to cushion the impact that the weak domestic economy has on our domestic sales. Domestic manufacturing sales increased by 6% moving from \$344 Million in 2014 to \$363 Million in 2015.

The Group achieved profit after tax of \$81 Million, an increase from \$51.6 Million in 2014. The results reflect:

- Our focus on improving margins on our manufacturing business through management of input costs;
- Improvement in inventory controls at our supermarkets which resulted in reduction in stock losses over the prior year; and
- Cost control, including investment in energy efficient equipment.

\$235 Million of the \$390 Million in inventories represents completed units in the Orchid Estate project that are awaiting to be handed over to purchasers. Deposits received from purchases for the units total \$61 Million and is included in the accounts receivables balance which explains the \$65 Million change in receivables balance over prior year.

Administrative costs includes costs associated with our new location, accounts receivable write offs and cleaning up of other accounts totaling \$20 Million that is not expected to recur under normal circumstances.

Junior Stock Market and Taxation

The month of June marked the fifth anniversary since Jamaica Teas Limited was listed on the Junior Stock Exchange. Accordingly, we became subject to income tax at 50% of the regular rate of 25% commencing in the fourth quarter of the current financial year. The tax benefit associated with new listings on the Junior Stock Exchange will end in early 2016.

Real Estate – Orchid Estate

We completed construction of 29 two bedroom units along with infrastructure work in May 2015. While the Company had sale agreement for the majority of these units, we were delays in completing the sales due to delays in obtaining the Splinter Titles. This delay caused considerable funds to be tied up in work in progress and receivables.

Retail Business and Associated Company

Jamaican Teas Ltd. acquired the remaining minority interest in JRG Shoppers Delite Enterprise Ltd during the year. This subsidiary operates 2 supermarkets, in Kingston and in Savanna-la-Mar with sales of \$520 million for the year compared to \$491 Million in 2014. This represents an increase of 6% over prior year.

Outlook for 2016

We expect to generate positive cash flows from the proceeds of sales from Phase I of our real estate development. The funding will be used to repay some loans, dividends to shareholders and to finance Phase II of the development.

We also expect to see a continuation in the growth in export shales, but at a slower pace than in 2015. The supermarket business should continue to show improved performance.

Finally, we would like to thank all our customers, shareholders and team members for their continued support during the year and look forward to their continued support in the New Year ahead.



John Jackson
Director



John Mahfood
CEO

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2015

		<u>4th Quarter</u>		Unaudited	Audited
		2015	2014	2015	2014
REVENUE	Note 6	403,746,061	315,055,119	1,339,271,787	1,142,903,713
Cost of sales		<u>332,003,936</u>	<u>274,103,128</u>	<u>1,081,762,224</u>	<u>938,757,618</u>
GROSS PROFIT		71,742,125	40,951,991	257,509,563	204,146,095
Other operating income	Note 7	<u>6,622,854</u>	<u>6,573,960</u>	<u>29,824,629</u>	<u>24,668,499</u>
		<u>78,364,979</u>	<u>47,525,951</u>	<u>287,334,192</u>	<u>228,814,594</u>
ADMINISTRATIVE AND OTHER EXPENSES					
Selling and marketing		11,307,792	11,971,584	33,241,861	35,934,252
Administrative expenses		38,453,730	27,658,648	125,461,998	114,378,112
Finance costs		<u>11,407,954</u>	<u>9,630,002</u>	<u>36,139,458</u>	<u>15,931,277</u>
		<u>61,169,476</u>	<u>49,260,234</u>	<u>194,843,317</u>	<u>166,243,641</u>
OPERATING PROFIT		17,195,503	(1,734,283)	92,490,875	62,570,953
Share of results of associated company		<u>(3,072,822)</u>	<u>(3,130,913)</u>	<u>(9,458,464)</u>	<u>(11,201,927)</u>
PROFIT BEFORE TAXATION		14,122,681	(4,865,196)	83,032,411	51,369,026
Taxation expense		<u>(2,149,438)</u>	-	<u>(2,149,438)</u>	<u>240,258</u>
NET PROFIT		11,973,243	(4,865,196)	80,882,973	51,609,284
Non-controlling Interest		-	<u>(2,013,112)</u>	-	<u>(1,132,531)</u>
Profit After Tax and Non-controlling interest		11,973,243	(2,852,084)	80,882,973	50,476,753
OTHER COMPREHENSIVE INCOME:					
Items that will be reclassified to profit or loss -					
Unrealised gains/ (losses) on available-for-sale investment		<u>3,618,375</u>	<u>(904,463)</u>	<u>15,967,742</u>	<u>(4,856,378)</u>
TOTAL COMPREHENSIVE INCOME		<u>\$15,591,618</u>	<u>(\$3,756,547)</u>	<u>\$96,850,715</u>	<u>\$45,620,375</u>
Earnings per share (EPS)		<u>\$0.071</u>	<u>(\$0.017)</u>	<u>\$0.479</u>	<u>\$0.299</u>
EPS after comprehensive income		<u>\$0.092</u>	<u>(\$0.022)</u>	<u>\$0.574</u>	<u>\$0.270</u>

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2015

	Unaudited 2015	Audited 2014
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment	287,658,545	294,637,574
Investment properties	57,882,089	55,754,235
Investments Note 8	117,570,858	101,522,857
Investment in associate	28,449,342	24,769,737
Deferred tax assets	7,120,514	7,120,514
 CURRENT ASSETS:		
Inventories	389,508,306	288,906,531
Short term investments	-	21,883,658
Receivables	284,617,797	219,644,773
Taxation recoverable	11,681,171	9,252,989
Cash and bank balances	20,496,949	14,656,825
Total Current Assets	706,304,223	554,344,776
 CURRENT LIABILITIES:		
Accounts payable	67,914,034	100,767,774
Short term borrowings	46,080,112	41,091,526
Bank overdraft	53,131,891	49,998,939
Current portion of long term loans Note 9	106,464,360	11,999,880
Total Current Liabilities	273,590,397	203,856,119
 NET CURRENT ASSETS	 <u>432,713,826</u>	 <u>350,488,657</u>
	<u>\$931,395,174</u>	<u>\$834,293,574</u>
 EQUITY & NON-CURRENT LIABILITIES:		
Shareholders' equity	732,534,151	634,822,088
Non-controlling interest	-	(707,324)
Long term borrowings Note 9	198,861,023	200,178,810
	<u>\$931,395,174</u>	<u>\$834,293,574</u>

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED SEPTEMBER 30, 2015

	<u>Attributable to owners of the Company</u>				Non-	Total <u>Equity</u>
	<u>Share Capital</u>	<u>Capital Reserve</u>	<u>Fair Value Reserve</u>	<u>Retained Earnings</u>	<u>Controlling Interest</u>	
Balance at 30 September 2013	141,420,862	7,058,436	(7,057,206)	445,514,560	425,207	587,361,859
Total Comprehensive Income	-	-	(4,856,378)	52,741,814	(1,132,531)	46,752,905
Balance at 30 September 2014	141,420,862	7,058,436	(11,913,584)	498,256,374	(707,324)	634,114,764
Transfer to Profit and Loss	-	-	6,172,240	-	-	6,172,240
Acquisition of additional shares in subsidiary	-	-	-	(5,310,892)	707,324	(4,603,568)
Total Comprehensive Income	-	-	15,967,742	80,882,973	-	96,850,715
Balance as at 30 September 2015	<u>\$141,420,862</u>	<u>\$7,058,436</u>	<u>\$10,226,398</u>	<u>\$573,828,455</u>	<u>-</u>	<u>\$732,534,151</u>

JAMAICA TEAS LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2015

	Unaudited 2015	Audited 2014
Comprehensive income for the year	96,850,715	45,620,375
Adjustments for:		
Change in investment value	(15,967,742)	4,856,378
Impairment losses on available-for-sale financial asset	2,763,706	-
Non-controlling interest	-	1,132,531
Exchange gain on foreign balances	-	(150,000)
Gain on sale of property, plant and equipment	(715,000)	(671,700)
Depreciation	<u>16,962,692</u>	<u>14,521,081</u>
Operating cashflows before movements in working capital	99,894,371	65,308,665
Changes in operating assets and liabilities	<u>(200,591,426)</u>	<u>(24,028,831)</u>
Net cash (used in)/ provided by operating activities	(100,697,055)	41,279,834
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by/ (used in) investing activities	<u>5,572,362</u>	<u>(173,555,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Acquisition of shares in subsidiary	(4,603,568)	-
Financing activities	<u>102,435,433</u>	<u>49,863,671</u>
Net cash provided by financing activities	<u>97,831,865</u>	<u>49,863,671</u>
Decrease in cash and cash equivalent	2,707,172	(82,411,495)
Cash and cash equivalent at beginning of the year	<u>(35,342,114)</u>	<u>47,069,381</u>
Cash and cash equivalent at the end of year	<u>(\$32,634,942)</u>	<u>(\$35,342,114)</u>
Cash and cash equivalents is made up as follows:		
Cash and bank balances	20,496,949	14,656,825
Bank overdraft	<u>(53,131,891)</u>	<u>(49,998,939)</u>
Cash and cash equivalent at the end of year	<u>(\$32,634,942)</u>	<u>(\$35,342,114)</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 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, 2015 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.

JAMAICA TEAS LIMITED
FOURTH QUARTER ENDING SEPTEMBER 30, 2015

	4th Quarter			
	2015	2014	2015	2014
6. REVENUE:				
Local - Manufacturing	105,494,743	93,679,613	362,616,972	344,361,466
Foreign - Manufacturing	83,311,299	87,282,724	369,849,882	281,171,905
Retail	134,188,302	132,097,782	521,238,216	491,320,342
Sales of Apartments	79,251,717	-	79,251,717	21,750,000
Rental	<u>1,500,000</u>	<u>1,995,000</u>	<u>6,315,000</u>	<u>4,300,000</u>
	<u>\$403,746,061</u>	<u>\$315,055,119</u>	<u>\$1,339,271,787</u>	<u>\$1,142,903,713</u>

7. OTHER OPERATING INCOME:

Interest income	598,891	3,454,805	10,623,908	7,476,064
Dividend income	236,560	562,952	4,828,536	4,072,000
Rental Income	765,000	801,631	3,023,755	3,672,146
Gain/ (Loss) on sale of investments	(457,340)	-	(2,763,706)	737,611
Net foreign exchange gain	1,541,470	1,535,622	5,704,174	7,502,446
Gain on sale of property, plant and equipment	715,000	127,227	715,000	671,700
Miscellaneous income	<u>3,223,273</u>	<u>91,723</u>	<u>7,692,962</u>	<u>536,532</u>
	<u>\$6,622,854</u>	<u>\$6,573,960</u>	<u>\$29,824,629</u>	<u>\$24,668,499</u>

8. INVESTMENTS:

	2015	2014
Available-for-sale at market value		
Government of Jamaica bonds	-	21,883,658
Quoted equities	93,340,245	76,292,935
Unquoted equities at cost	<u>24,230,613</u>	<u>25,229,922</u>
	117,570,858	123,406,515
Less short term portion	-	(21,883,658)
	<u>\$117,570,858</u>	<u>\$101,522,857</u>

JAMAICA TEAS LIMITED
FOURTH QUARTER ENDING SEPTEMBER 30, 2015

9. LONG TERM BORROWINGS	2015	2014
Bank of Nova Scotia Jamaica Limited	202,146,803	109,000,110
Corporate Bond (due 2017)	<u>103,178,580</u>	<u>103,178,580</u>
	305,325,383	212,178,690
Less current portion:		
Bank of Nova Scotia Jamaica Limited	<u>(106,464,360)</u>	<u>(11,999,880)</u>
	<u>\$198,861,023</u>	<u>\$200,178,810</u>

SEGMENT RESULTS - 2015

	Manufacturing	Retailing	Rental & Development	Investment	TOTAL
Revenue	737,048,604	526,651,246	87,180,416	34,183,892	1,385,064,158
Segment results	64,378,552	(1,268,785)	(11,221,958)	34,183,892	86,071,701
Associated company	<u>-</u>	<u>(9,458,464)</u>	<u>-</u>	<u>-</u>	<u>(9,458,464)</u>
Total segment results	<u>\$64,378,552</u>	<u>(\$10,727,249)</u>	<u>(\$11,221,958)</u>	<u>\$34,183,892</u>	76,613,237
Gain on sale of property, plant and equipment					715,000
Net foreign exchange gain					<u>5,704,174</u>
Net profit before tax					<u>\$83,032,411</u>
Segment Assets	<u>\$553,697,019</u>	<u>\$376,474,088</u>	<u>\$66,805,040</u>	<u>\$172,439,568</u>	<u>\$1,169,415,715</u>
Segment Liabilities	<u>\$266,366,204</u>	<u>\$36,551,458</u>	<u>\$32,115,646</u>	<u>\$137,418,112</u>	<u>\$472,451,420</u>

JAMAICA TEAS LIMITED
FOURTH QUARTER ENDING SEPTEMBER 30, 2015

SEGMENT RESULTS - 2014

	Manufacturing	Retailing	Rental & Development	Investment	TOTAL
REVENUES	625,478,541	491,320,341	26,050,000	24,723,329	1,162,715,834
Segment Results	41,902,488	(13,916,000)	1,686,990	24,723,329	54,396,807
Associated company	<u>-</u>	<u>(11,201,927)</u>	<u>-</u>	<u>-</u>	<u>(11,201,927)</u>
Total segment results	<u>\$41,902,488</u>	<u>(\$25,117,927)</u>	<u>\$1,686,990</u>	<u>\$24,723,329</u>	43,194,880
Gain on sale of property, plant and equipment					671,700
Net foreign exchange gain					<u>7,502,446</u>
Net profit before tax					<u>\$51,369,026</u>
Segment Assets	<u>\$551,864,592</u>	<u>\$68,315,591</u>	<u>\$256,161,851</u>	<u>\$129,917,408</u>	<u>\$1,006,259,442</u>
Segment Liabilities	<u>\$309,687,786</u>	<u>\$11,505,800</u>	<u>\$45,303,129</u>	<u>\$37,538,214</u>	<u>\$404,034,929</u>

JAMAICA TEAS LIMITED
TOP 10 SHAREHOLDINGS AS AT SEPTEMBER 30, 2015

<u>NAME</u>	<u>JOINT HOLDERS</u>	<u>UNITS</u>	<u>PERCENTAGES</u>
VIOLET HELEN MANFOOD		57,198,210.00	33.90
	Adeeb Mahfood (deceased)	2,193.00	
		57,200,403.00	
JOHN MAHFOOD		48,458,164.00	28.72
		2,080,318.00	1.23
		50,538,482.00	29.95
NANCY MILNE		9,996,260.00	5.93
JCS D TRUSTEE SERVICES LTD. A/C 76579		4,550,076.00	2.70
MAYBERRY MANAGED CLIENTS ACCOUNT		2,378,853.00	1.41
GRACE KENNEDY LIMITED PENSION SCHEME		2,569,672.00	1.52
BAMBOO GROUP HOLDINGS LIMITED		2,479,850.00	1.47
SJLIC FOR SCOTIABRIDGE RETIRMENT SCHEME		2,103,406.00	1.25
PAM-CABLE AND WIRELESS JA PENSION PLAN		1,984,266.00	1.17
VIOLET MAHFOOD		1,807,256.00	1.07

**JAMAICA TEAS LIMITED
DIRECTORS AND CONNECTED PARTIES REPORT
SEPTEMBER 30, 2015**

<u>NAME</u>	<u>POSITION</u>	<u>RELATIONSHIP</u>	<u>UNITS</u>	<u>PERCENTATE</u>
John Mahfood	Chief Executive Officer	SELF	50,571,407.00	29.9755
Duncan Davidson	Director	SELF	10,000.00	0.0010
Marcus Dabdoub	Director	SELF	200,000.00	0.1200
John Jackson	Director	SELF	1,090.00	0.0000
		Beneficial Interest	448,912.00	0.2660
		Total	450,002.00	0.2667
Suzette Smellie-Tomlinson	Director	SELF	0.00	0.00
		Key Member Holdings	50,782,497.00	30.1008
		Connected Party Holdings	448,912.00	0.2660
		Combined Holdings	51,231,409.00	30,3668

**JAMAICA TEAS LIMITED
SENIOR MANAGERS REPORT
SEPTEMBER 30, 2015**

<u>NAME</u>	<u>POSITION</u>	<u>RELATIONSHIP</u>	<u>UNITS</u>	<u>PERCENTATE</u>
Norman Russell	Senior Manager	Self	150,000.00	0.0900
Oliver Goldsmith	Senior Manager	Self	175,000.00	0.1000
Tanisha Samuels	Senior Manager	Self	125,000.00	0.0700
Charles Barrett	Senior Manager	Self	33,590.00	0.0200
		Total	483,590.00	0.2800