

**JAMAICAN TEAS LIMITED**  
**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**9 MONTHS ENDED 30 JUNE 2010**

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# JAMAICAN TEAS LIMITED

## BOARD OF DIRECTORS STATEMENT

### 9 MONTHS ENDED 30 JUNE 2010

The Jamaican Teas group results for the nine months ended 30 June 2010 and the June quarter are now being released. Although it is not a requirement of the JSE for us to release unaudited results of the group since we were listed after the June quarter the Board of Directors felt that we should issue them to keep investors abreast of developments within the group.

The group was listed on the Junior Stock Exchange on 12 July 2010 after a very successful public offer of shares. New shares totaling 25,165,695 were sold to the public with net proceeds of \$81.9 million. The share capital was increased on 1 June to \$142,662,880 shares by a 5 for 1 stock split, with the public offering the total number of shares increased to 167,828,575 units.

The accounts of the group reflect this transaction and the proceeds have been included as a receivable on balance sheet as the funds were received in July.

One of the benefits from the listing is that our profits will not be subject to income tax for the next five years and half the statutory rate for the following five years. This will start effective with the September quarter, but the taxes applicable to the year to June remains. The full benefit will accrue for the full 2010-11 fiscal year when there will be no tax on the profits.

#### Earnings

The profit after tax amounted to \$34.4 million for the nine months to June and \$7.78 million for the third quarter. In 2009 profits for the nine months were \$50.4 million and \$10.3 million for the third quarter. The reason for the major change year over year is explained below.

With the change in the number of shares the EPS is arrived at based on the average number of shares in the period which is shown on the profit and loss.

#### Overview

The sales of our core business, manufacturing, increased by 15.7% compared to the prior year for the nine months period and 18.3% for the quarter. We consider these results commendable, considering the poor economic climate that exists in our main markets. We stepped up our advertising and promotional activities in order to stimulate sales. This resulted in a \$7 million increase in advertising expenses which is reflected in administrative expenses.

The nine months results reflect the negative impact of the approximately 4.57% appreciation in the Jamaican dollar versus the United States dollar. This resulted in a loss on exchange of approximately \$3.5 million in the period under review versus a gain of \$24.5 million in the nine months to June 2009 a turnaround of approximately \$28.7 million.

The operating profit of the group increased by 10.4% for the nine months and 26.8% for the quarter, excluding the effect of foreign currency gains and losses.

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**Purchase of Supermarket**

Our newly acquired supermarket, JRG Shoppers' Delite, commenced operations on 30 March 2010 this year. The reported results of the group for the quarter and year to date include results for the supermarket as follows:

	<u>\$000's</u>
Sales	38.4
Cost of Sales	(29.5)
Administration	( 9.5)
Loss	<u>( 0.6)</u>

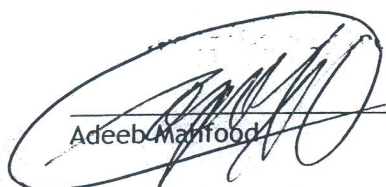
We are satisfied with these results and they are in line with our expectations. We expect that the results will improve in the coming months.

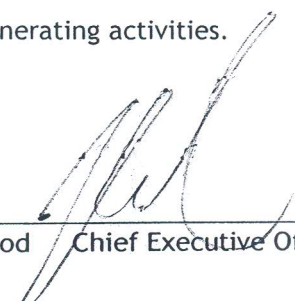
The acquisition and operations of the supermarket resulted in increase of inventory by \$13.9 million and \$15.8 million in payables which are reflected in the balance sheet in 2010 compared to 2009.

**Outlook**

There are a number of positives that we expect to benefit from moving forward, these are as follows:

- a) The effect of revaluation is to reduce the cost of our imported raw materials. This will impact us positively as more than half of our sales are local.
- b) The performance of our supermarket is expected to improve as a result of increases in both customer count and average basket size.
- c) We will be exempt from income tax as a result of the listing on the Junior Stock Exchange.
- d) The proceeds from the listing will be available for income generating activities.

  
Adeeb Mahfood Chairman

  
John Mahfood Chief Executive Officer

## JAMAICAN TEAS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 9 MONTHS ENDED 30 JUNE 2010

	(Unaudited) 3 months ended 30 June 2010 ₤	(Unaudited) 3 months ended 30 June 2009 ₤	(Unaudited) 9 months ended 30 June 2010 ₤	(Unaudited) 9 months ended 30 June 2009 ₤
REVENUES	129,485,657	76,943,644	306,676,115	231,926,675
COST OF SALES	<u>95,148,468</u>	<u>56,335,097</u>	<u>215,906,339</u>	<u>164,061,605</u>
GROSS PROFIT	34,337,189	20,608,547	90,769,776	67,865,070
Other income	<u>2,953,866</u>	<u>1,547,471</u>	<u>7,492,916</u>	<u>3,283,242</u>
	37,291,055	22,156,018	98,262,692	71,168,312
Administrative expenses	(21,678,850)	(9,842,607)	(42,170,664)	(20,324,516)
OPERATING PROFIT	15,612,205	12,313,411	56,092,028	50,823,796
Finance cost	(131,766)	(103,197)	(683,271)	(583,963)
Gain/(loss) on exchange	<u>(3,666,916)</u>	<u>3,274,258</u>	<u>(3,478,486)</u>	<u>25,442,290</u>
PROFIT BEFORE TAXATION	11,813,523	15,484,472	51,930,271	75,682,123
Taxation	<u>(4,043,396)</u>	<u>(5,167,436)</u>	<u>(17,489,372)</u>	<u>(25,284,931)</u>
PROFIT FOR THE PERIOD	<u>7,770,127</u>	<u>10,317,036</u>	<u>34,440,899</u>	<u>50,397,192</u>
Earnings per share	0.05	0.14	0.24	0.71
Weighted average outstanding shares	<u>142,662,880</u>	<u>71,331,335</u>	<u>142,662,880</u>	<u>71,331,335</u>

**JAMAICAN TEAS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30 JUNE 2010**

	Unaudited Period ended 30 June 2010 \$	Audited Year ended 30 Sept. 2009 \$	Unaudited Period ended 30 June 2009 \$
<b>ASSETS</b>			
Cash and cash equivalents	20,964,580	5,912,382	6,308,787
Accounts receivable	66,148,803	61,180,395	57,654,762
Accounts receivable IPO	81,947,080	-	-
Inventory	73,048,481	58,958,249	48,949,978
Investments	126,067,291	118,893,865	101,968,829
Receivables - Directors	51,860	60,000	-
Long term receivables	-	28,513,108	34,455,132
Property, plant and equipment	<u>57,994,091</u>	<u>33,613,919</u>	<u>30,250,762</u>
<b>Total assets</b>	<b><u>826,222,186</u></b>	<b><u>307,131,918</u></b>	<b><u>279,588,250</u></b>
<b>LIABILITIES:</b>			
Accounts payables	27,568,224	7,416,316	550,683
Taxation payable	9,730,941	12,797,319	23,523,843
Loans payable	12,746,888	11,517,060	10,375,636
Deferred taxation	<u>4,664,448</u>	<u>4,664,448</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>54,710,501</u></b>	<b><u>36,395,143</u></b>	<b><u>34,450,162</u></b>
Share capital	139,012,148	57,065,068	28,532,534
Share premium	697,388	697,388	697,388
Capital reserve	7,058,436	-	-
Fair value reserve	489,340	446,385	865,943
Retained earnings	<u>224,254,373</u>	<u>212,527,934</u>	<u>215,042,223</u>
<b>Total stockholders' equity</b>	<b><u>371,511,685</u></b>	<b><u>270,736,775</u></b>	<b><u>245,138,088</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>426,222,186</u></b>	<b><u>307,131,918</u></b>	<b><u>279,588,250</u></b>

Approved for issue by the Board of Directors on 17 August 2010 and signed on its behalf by:

  
Adeeb Mahfood Chairman

  
John Mahfood Chief Executive Officer

## JAMAICAN TEAS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 9 MONTHS ENDED 30 JUNE 2010

	No. of Units	Share Capital \$	Share Premium \$	Capital Reserve \$	Fair Value Reserve \$	Retained Earnings \$	Total \$
Balance as at 30 June 2009	14,266,267	28,532,534	697,388	-	865,943	215,042,223	245,139,088
Total comprehensive income	-	-	-	-	(419,558)	( 2,514,288)	( 2,514,288)
Issue of shares, net of transaction costs	<u>14,266,267</u>	<u>28,532,534</u>	-	-	-	-	<u>28,532,534</u>
Balance as at 30 September 2009	28,532,534	<u>57,065,068</u>	<u>697,388</u>	-	<u>446,385</u>	<u>212,527,934</u>	<u>270,736,775</u>
Balance as at 1 October 2009	28,532,534	57,065,068	697,388	-	446,385	212,527,934	270,736,775
Dividend paid	-	-	-	-	-	( 15,000,000)	( 15,000,000)
Pre-acquisition profits and reserves	-	-	-	7,058,436	42,955	( 7,714,460)	( 613,069)
Stock split	114,130,346	-	-	-	-	-	-
Issue of shares, net of transaction costs	25,165,695	81,947,080	-	-	-	-	81,947,080
Total comprehensive income	-	-	-	-	-	34,440,899	34,440,899
Balance as at 30 June 2010	<u>167,828,575</u>	<u>139,012,148</u>	<u>697,388</u>	<u>7,058,436</u>	<u>489,340</u>	<u>224,254,373</u>	<u>371,511,685</u>

**JAMAICAN TEAS LIMITED**  
**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**9 MONTHS ENDED 30 JUNE 2010**

	Unaudited <u>2010</u> \$	Unaudited <u>2009</u> \$
<b>CASH FLOWS FROM PROJECTED ACTIVITIES:</b>		
Profit for the period to date	34,440,899	50,397,192
Non cash items	3,222,107	2,327,179
Cash used in operating activities	(71,092,744)	(51,554,467)
Cash provided by operating activities	<u>61,622,563</u>	<u>27,168,079</u>
Net cash provided by operating activities	28,192,825	28,337,983
Net cash used in investing activities	(24,098,462)	(26,656,441)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of shares	81,947,080	-
Dividends paid	(15,000,000)	-
Net cash used in financing activities	<u>(66,947,080)</u>	-
Increase in cash and cash equivalents	14,655,793	1,681,542
Cash and cash equivalent at beginning of the period	<u>6,308,787</u>	<u>4,627,245</u>
Cash and cash equivalent at the end of the period	<u>20,964,580</u>	<u>6,308,787</u>
Comprised of:		
Cash and cash equivalents	<u>20,964,580</u>	<u>6,308,787</u>



JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2010

1. IDENTIFICATION:

JAMAICAN TEAS LIMITED (the company) is incorporated and domiciled in Jamaica and its registered office is situated at 7 Norman Road, Kingston, Jamaica W.I. The company is listed on the Junior Market of the Jamaica Stock Exchange.

The principal activity of the company and its wholly owned subsidiaries are as follows:

- JAMAICAN TEAS LIMITED (formerly Tetley Tea Company (Jamaica) Limited) - the importing of tea in bulk, packaging of tea, the manufacturing of tea bags and the distribution of tea.
- JRG Shoppers Delite is in the retail distribution of consumers and household products.
- H Mahfood & Sons Limited is in the business of rental 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 and H Mahfood & Sons Limited.

3. SIGNIFICANT ACCOUNTING POLICIES:

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

4. NEW STANDARDS:

Revised IAS 1 was considered in preparing these financial statements.

5. USE OF ESTIMATES AND JUDGMENTS:

- (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 and equipment.

- (c) Borrowings -

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

**JAMAICAN TEAS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

6. **SHARE CAPITAL:**

	<u>2010</u>	<u>2009</u>
Authorised - Number of Ordinary shares	<u>250,000,000</u>	<u>50,000,000</u>
Issued and fully paid - Number of Ordinary shares	<u>167,828,575</u>	<u>28,532,534</u>

- (a) By ordinary resolution of the company dated 1 June 2010, the authorized share capital of the company was increased to 250,000,000 by the creation of 200,000,000 ordinary shares of no par value to rank pari passu with the shares.
- (b) Pursuant to the ordinary resolution stated above, the company issued 114,130,346 shares, in a share split in the ratio 5:1.
- (c) On 1 June 2010, the company passed a resolution pursuant to Section 34 of the Companies Act to be registered as a public company.