

JAMAICAN TEAS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2010

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CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2010

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INDEPENDENT AUDITORS' REPORT

To the Members of
Jamaican Teas Limited

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of Jamaican Teas Limited and its subsidiaries set out on pages 3 to 42, which comprise the consolidated statement of financial position as at 30 September 2010 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the accompanying statements of financial position of Jamaican Teas Limited standing alone as at 30 September 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Jamaican Teas Limited

Opinion

In our opinion, the financial statements give a true and fair view of the Group's and the Company's financial position as at 30 September 2010, and of the financial performance, changes in stockholders' equity and cash flows for the Group and the Company for the year then ended, so far as it concerns the members, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on additional requirements of 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 kept and the financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

A handwritten signature in blue ink, appearing to be 'BDO'.

Chartered Accountants

20 December 2010

JAMAICAN TEAS LIMITED
CONSOLIDATED INCOME STATEMENT
YEAR ENDED 30 SEPTEMBER 2010

	<u>Note</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
TURNOVER	7	451,512	320,131
COST OF SALES		<u>(303,098)</u>	<u>(204,714)</u>
GROSS PROFIT		148,414	115,417
Other income	8	<u>12,279</u>	<u>5,576</u>
		<u>160,693</u>	<u>103,637</u>
ADMINISTRATIVE AND OTHER EXPENSES			
Selling and marketing - manufacturing		14,566	9,275
Administrative expenses - manufacturing		50,867	40,354
Administrative expenses - retail and rental		<u>19,796</u>	<u>-</u>
		85,229	49,629
Exchange loss/(gain)		<u>5,971</u>	<u>(24,900)</u>
		<u>91,200</u>	<u>24,729</u>
PROFIT FROM OPERATIONS	10	69,493	96,264
Finance costs	11	<u>(867)</u>	<u>(946)</u>
PROFIT BEFORE TAXATION		68,626	95,318
Taxation	13	<u>(10,591)</u>	<u>(22,860)</u>
NET PROFIT FOR THE YEAR		<u>58,035</u>	<u>72,458</u>
Net profit attributable to:			
Owners of Jamaican Teas Limited		58,102	72,458
Non-controlling interest		<u>(67)</u>	<u>-</u>
		<u>58,035</u>	<u>72,458</u>
Earnings per stock unit for profit attributable to owners of the company during the period:			
Basic		<u>0.39</u>	<u>0.51</u>

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2010

	<u>Note</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
NET PROFIT FOR THE YEAR		58,035	72,458
Other Comprehensive Income:			
Unrealised valuation gain/(loss) on financial instruments		1,245	(1,951)
Realised fair value gain transferred to the statement of income		(446)	(268)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>58,834</u>	<u>70,239</u>
Total comprehensive income attributable to:			
Owners of Jamaican Teas Limited		58,901	70,239
Non-controlling interest		(67)	-
		<u>58,834</u>	<u>70,239</u>

JAMAICAN TEAS LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2010

	<u>Note</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	16	31,724	33,616
Investment property	17	31,411	-
Investments	18	163,502	39,280
Deferred tax assets	20	<u>4,098</u>	<u>3,834</u>
		<u>230,735</u>	<u>76,730</u>
CURRENT ASSETS:			
Inventories	21	84,299	58,958
Receivables	22	74,646	71,433
Taxation recoverable		2,498	-
Short term investments	23	27,910	100,584
Cash and cash equivalents	24	<u>20,798</u>	<u>5,913</u>
		<u>210,151</u>	<u>236,888</u>
		<u>440,886</u>	<u>313,618</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES:			
Share capital	25	137,643	57,065
Share premium		697	697
Capital Reserve	26	7,059	7,059
Fair value reserve	27	1,245	446
Retained earnings		<u>245,502</u>	<u>202,400</u>
		392,146	267,667
Non-controlling interest		<u>(67)</u>	<u>-</u>
		<u>392,079</u>	<u>267,667</u>
NON-CURRENT LIABILITIES:			
Deferred tax liabilities	20	4,401	4,664
Long term liabilities	28	<u>8,390</u>	<u>14,414</u>
		<u>12,791</u>	<u>19,078</u>
CURRENT LIABILITIES:			
Payables	29	30,107	8,915
Short term borrowings	30	5,909	5,233
Taxation payable		-	<u>12,725</u>
		<u>36,016</u>	<u>26,873</u>
		<u>440,886</u>	<u>313,618</u>

Approved for issue by the Board of Directors on 20 December 2010 and signed on its behalf by:


Adeeb Mahfood Chairman


John Mahfood Chief Executive Officer

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2010

Note	Number of Shares	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000	Non-Controlling Interest \$'000	Total Equity \$'000
	14,266,267	28,533	697	7,059	2,665	158,474	197,428	-	197,428
	-	-	-	-	(2,219)	72,458	70,239	-	70,239
	<u>14,266,267</u>	<u>28,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,532)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	28,532,534	57,065	697	7,059	446	202,400	267,667	-	267,667
	-	-	-	-	-	(15,000)	(15,000)	-	(15,000)
	<u>114,130,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	25,165,695	80,578	-	-	-	-	80,578	-	80,578
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>799</u>	<u>58,102</u>	<u>58,901</u>	<u>(67)</u>	<u>58,834</u>
	<u>167,828,575</u>	<u>137,643</u>	<u>697</u>	<u>7,059</u>	<u>1,245</u>	<u>245,502</u>	<u>392,146</u>	<u>(67)</u>	<u>392,079</u>

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2010

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	58,035	72,458
Adjustments for:		
Gain on disposal of investments	(446)	(268)
(Gain)/loss on disposal of property, plant and equipment	(878)	83
Deferred taxation	(527)	1,526
Income tax charge	11,118	21,334
Depreciation	<u>5,229</u>	<u>3,805</u>
Operating cash flows before movements in working capital	72,531	98,938
Changes in operating assets and liabilities:		
Inventories	(25,341)	(12,966)
Receivables	(3,213)	(15,281)
Payables	<u>21,191</u>	<u>(5,540)</u>
Cash generated from operations	65,168	65,151
Tax paid	<u>(26,341)</u>	<u>(15,740)</u>
Net cash provided by operating activities	<u>38,827</u>	<u>49,411</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in investments	(50,302)	(43,493)
Proceeds from disposal of property, plant and equipment	2,750	315
Additions of property, plant and equipment	(16,590)	(10,629)
Additions to investment property	<u>(20,030)</u>	<u>-</u>
Net cash used in investing activities	<u>(84,172)</u>	<u>(53,807)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of shares	80,578	-
Dividends paid	(15,000)	-
Loan proceeds	-	18,815
Net decrease in loans	<u>(5,348)</u>	<u>(15,101)</u>
Net cash provided by financing activities	<u>60,230</u>	<u>3,714</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14,885	(682)
Cash and cash equivalents at beginning of year	<u>5,913</u>	<u>6,595</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)	<u>20,798</u>	<u>5,913</u>

JAMAICAN TEAS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 SEPTEMBER 2010

	<u>Note</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
TURNOVER	7	366,203	320,131
COST OF SALES		(235,985)	(204,714)
GROSS PROFIT		130,218	115,417
Other income	8	<u>12,129</u>	<u>5,761</u>
		<u>142,347</u>	<u>121,178</u>
Administrative and other expenses		65,433	49,124
Exchange loss/(gain)		<u>5,971</u>	(24,900)
		<u>72,188</u>	<u>24,224</u>
PROFIT FROM OPERATIONS	10	70,159	96,954
Finance costs	11	(867)	(946)
PROFIT BEFORE TAXATION		69,292	96,008
Taxation	13	(10,855)	(23,089)
NET PROFIT FOR THE YEAR		58,437	72,919
Other Comprehensive Income:			
Unrealised valuation gain/(loss) on financial instruments		1,245	(1,951)
Realised fair value gain transferred to the statement of income		(446)	(268)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>59,236</u>	<u>70,700</u>

JAMAICAN TEAS LIMITED

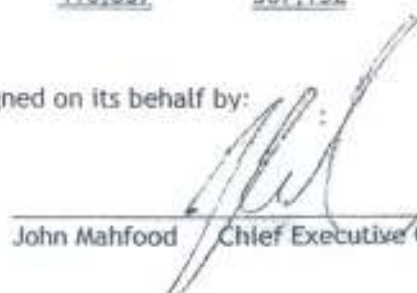
STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2010

	<u>Note</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS :			
Property, plant and equipment	16	20,602	33,614
Investment property	17	31,411	-
Investments	18	139,646	12,772
Investment in subsidiary		5,538	5,538
Long term receivables	19	-	9,968
Due from subsidiary	19	<u>28,820</u>	<u>18,398</u>
		<u>226,017</u>	<u>80,290</u>
CURRENT ASSETS:			
Inventories	21	69,378	58,958
Receivables	22	71,013	61,241
Due from subsidiary	19	-	147
Taxation recoverable		2,426	-
Short term investments	23	27,910	100,584
Cash and cash equivalents	24	<u>20,113</u>	<u>5,912</u>
		<u>190,840</u>	<u>226,842</u>
		<u>416,857</u>	<u>307,132</u>
<u>EQUITY AND LIABILITIES</u>			
CAPITAL AND RESERVES:			
Share capital	25	137,643	57,065
Share premium		697	697
Fair value reserve	27	1,245	446
Retained earnings		<u>255,965</u>	<u>212,528</u>
		<u>395,550</u>	<u>270,736</u>
NON-CURRENT LIABILITIES:			
Deferred tax liabilities	20	4,401	4,664
Long term liabilities	28	-	6,284
		<u>4,401</u>	<u>10,948</u>
CURRENT LIABILITIES:			
Payables	29	14,059	7,418
Short term borrowings	30	2,577	5,233
Due to subsidiary	19	270	-
Taxation		-	12,797
		<u>16,906</u>	<u>25,448</u>
		<u>416,857</u>	<u>307,132</u>

Approved for issue by the Board of Directors on 20 December 2010 and signed on its behalf by:


 Adeb Mahfood Chairman


 John Mahfood Chief Executive Officer

JAMAICAN TEAS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2010

	Note	Number of Shares	Share Capital \$'000	Share Premium \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 September 2008		14,266,267	28,532	697	2,665	168,142	200,036
Issue of shares, net of transaction costs		14,266,267	28,533	-	-	(28,533)	-
Total comprehensive income		-	-	-	(2,219)	72,919	70,700
Balance at 30 September 2009		28,532,534	57,065	697	446	212,528	270,736
Dividends paid	15	-	-	-	-	(15,000)	(15,000)
Stock split		114,130,346	-	-	-	-	-
Issue of shares, net of transaction costs		25,165,695	80,578	-	-	-	80,578
Total comprehensive income		-	-	-	799	58,437	59,236
Balance at 30 September 2010		167,828,575	137,643	697	1,245	255,965	395,550

JAMAICAN TEAS LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2010

	<u>2010</u>	<u>2009</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	58,436	72,919
Adjustments for:		
Gain on disposal of investments	(446)	(268)
(Gain)/loss on disposal of property, plant and equipment	(878)	83
Deferred taxation	(263)	1,755
Income tax charge	11,117	21,335
Depreciation	<u>4,224</u>	<u>3,805</u>
Operating cash flows before movements in working capital	72,190	99,629
Changes in operating assets and liabilities:		
Inventories	(10,420)	(12,574)
Receivables	(9,832)	(15,281)
Related company	(10,152)	(18,545)
Directors' current account	60	10
Payables	<u>6,643</u>	<u>(5,540)</u>
Cash generated from operations	48,489	47,699
Tax paid	<u>(26,341)</u>	<u>(15,739)</u>
Net cash provided by operating activities	<u>22,148</u>	<u>31,960</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	-	18,815
Loan repayment	(8,940)	(14,226)
Share Issue	80,578	-
Dividends paid	(15,000)	-
Long term receivables	<u>9,968</u>	<u>(875)</u>
Net cash provided by financing activities	<u>66,606</u>	<u>3,714</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (increase)/decrease in investments	(153,392)	43,403
Investment in subsidiary	-	-
Repurchase agreements	100,584	(69,445)
Proceeds from disposal of property, plant and equipment	2,750	315
Additions of property, plant and equipment	(4,465)	(10,629)
Additions to investment property	<u>(20,030)</u>	<u>-</u>
Net cash used in investing activities	<u>(74,553)</u>	<u>(36,356)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14,201	(682)
Cash and cash equivalents at beginning of year	<u>5,912</u>	<u>6,594</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)	<u>20,113</u>	<u>5,912</u>

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Jamaican Teas Limited (the company) incorporated and domiciled in Jamaica. The company changed its name from Tetley Tea Company (Jamaica) Limited to Jamaican Teas Limited on 4 November 2009. The registered office of the company is Sagicor Complex, Block A2 Units, 7-9 Norman Road, Kingston CSO.
- (b) The company was listed on the Junior Market of the Jamaica Stock Exchange on 3 July 2010.
- (c) The principal activities of the company and its subsidiaries are as follows:
 - i. The importing of tea in bulk, packaging and the distribution of tea.
 - ii. The operation of a supermarket.
 - iii. The rental of properties.

2. FUNCTIONAL AND PRESENTATION CURRENCY:

These financial statements are expressed in Jamaican dollars.

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the year presented, unless otherwise stated.

(a) Basis of preparation -

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities. They are also prepared in accordance with provisions of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in note 5.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

Standards, interpretations and amendments to published standards effective in the reporting period

During the reporting period, the following standards, amendments and interpretations became effective. Those considered relevant to the Group are as follows:

IAS 1 (Revised), Presentation of Financial Statements - The effect of the revision is to present two statements (an income statement and a statement of comprehensive income). The balance sheet is now referred to as the statement of financial position. Comparative information has been represented so that it also is in conformity with revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on results/earnings per share.

IAS 23 (Amendment), Borrowing Costs - It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs was removed. IAS 23 did not have any impact on the financial statements.

IAS 36 (Amendment), Impairment of Assets - Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment does not have any impact on the current year's financial statements.

IFRS 7 (Amendment), Financial Instruments: Disclosures requires enhanced disclosures about fair value measurements of financial instruments, specifically, in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improved disclosures relating to liquidity risk to address current diversity in practice. The enhanced disclosures have been incorporated in note 4.

Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, amendments and interpretations to existing standards were in issue but were not yet effective. Those which are considered relevant to the company are as follows:

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd) -

Standards, interpretations and amendments to published standards that are not yet effective (cont'd)

IFRIC 17, Distribution of non-cash to owners: (effective for annual periods beginning on or after 1 January 2010). IFRIC 17 states that a dividend payable should be recognized when appropriately authorized and no longer at the entity's discretion. Where an owner has a choice of a dividend of non-cash asset or cash, the dividend payable is estimated considering both the fair value and probability of the owners selecting each option. The dividend payable is measured at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognized in profit and loss. The amendment is not expected to have any impact on its 2011 financial statements.

IFRS 9, Financial Instruments Part 1: Classification and Measurement. - Replaces parts of IAS 39 relating to the classification and measurement of financial assets (effective for annual periods beginning on or after 1 January 2013). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. Management is assessing the impact that this standard would have on its 2014 financial statements.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods is unlikely to have any material impact on the financial statements.

(b) Basis of consolidation -

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Basis of consolidation (cont'd) -

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interest result in gains and losses for the Group that are recorded in the income statement. Purchases from non-controlling interest results in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

The subsidiaries consolidated are as follows:

H Mahfood & Sons Limited - (100% owned)
JRG Shoppers Delite Limited - (80% owned)

(c) Segment Reporting -

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team which includes the Chief Executive Officer and the Chief Accountant.

(d) Property, plant and equipment -

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Freehold land is not depreciated.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives. Annual rates are as follows:

Plant and equipment	10%
Furniture and fixtures	10%
Motor vehicles	20%
Computer	20%
Leasehold improvements - shorter of lease and useful lives	

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Inventories -

Inventories are stated at the lower of cost and net realisable value. Cost is determined as follows:

Raw materials	- Purchase cost on a first-in, first-out basis.
Finished goods (manufactured)	- Cost of direct raw materials and labour.
Finished goods (purchased)	- valued at landed costs.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

(f) Trade and other receivables -

Trade receivables are carried at original invoice amounts less provision made for impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Other receivables are stated at amortized cost less impairment losses.

(g) Trade payables -

Trade payables are stated at amortised cost.

(h) Borrowings and borrowing costs -

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds and the redemption value is recognised in the profit and loss account over the period of the borrowings. Borrowing costs are recognised as expense in the period in which they are incurred.

(i) Share Capital -

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Groups' ordinary shares are classified as equity instruments.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(j) Impairment -

The carrying amounts of the company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the statement of revenue and expenses.

(k) Financial instruments -

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

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, deposits and short-term liquid investments with original maturities of three months or less, net of bank overdraft.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. Changes in the fair value of financial assets classified as available-for-sale are recognised in equity.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Financial instruments (cont'd)-

Financial liabilities

The company's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. These liabilities are classified as payables, bank overdraft and long-term loans and included in current and non-current liabilities on the statement of financial position.

IFRS 7 fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 4). The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

(l) Investment properties -

Investment properties are stated at cost.

(m) Taxation -

Taxation expense in the profit and loss account comprises current and deferred tax charges. Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account except where they relate to items recorded in equity, in which case, they are also charged or credited to equity.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(m) Taxation (cont'd)-

(i) Current income taxes

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

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred income tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

(n) Revenue recognition -

Revenue is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts.

Interest income is recognised in the income statement for all interest-bearing instruments on an accrual basis unless collectibility is doubtful.

Provided the amount of revenue can be measured reliably and it is probable that the Group will receive any consideration, revenue for services is recognised in the period in which they are rendered.

(o) Leases -

Leases of property where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance charges are expensed in the profit and loss account over the lease period. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged as an expense in the profit and loss account on the straight-line basis over the period of the lease.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(p) Pension costs -

Pension scheme costs included in the company's profit and loss account represent contributions to the scheme (which is administered by separate trustee). Contributions to the scheme, made on the basis provided for in the rules, are accrued and charged off when due.

(q) Dividends -

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

4. FINANCIAL RISK MANAGEMENT:

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments -

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Investments in quoted and unquoted equity securities
- Trade and other payables
- Bank overdrafts
- Corporate bonds
- Government bonds

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

Principal financial instruments (cont'd) -

A summary of the financial instruments held by category is provided below:

The Group

Financial assets -

	<u>Loans and Receivables</u>		<u>Available-for-sale</u>	
	<u>2010 \$'000</u>	<u>2009 \$'000</u>	<u>2010 \$'000</u>	<u>2009 \$'000</u>
Cash and cash equivalents	20,798	5,913	-	-
Trade and other receivables	65,076	57,470	-	-
Repurchase agreements	-	-	27,910	19,265
Fixed deposits	-	-	-	81,219
Government of Jamaica bonds	-	-	66,899	-
Government of Cayman bonds	-	-	16,902	-
Corporate bonds	-	-	34,411	-
Equities	-	-	45,290	39,280
Total financial assets	<u>85,874</u>	<u>63,383</u>	<u>191,412</u>	<u>139,764</u>

Financial liabilities at amortised cost -

	<u>2010 \$'000</u>	<u>2009 \$'000</u>
Trade and other payables	30,107	21,640
Loans and borrowings	14,299	19,647
Total financial liabilities	<u>44,406</u>	<u>41,287</u>

JAMAICAN TEAS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 30 SEPTEMBER 2010

4. FINANCIAL RISK MANAGEMENT (CONT'D):

The Company

Financial assets -

	<u>Loans and Receivables</u>		<u>Available-for-sale</u>	
	<u>2010 \$'000</u>	<u>2009 \$'000</u>	<u>2010 \$'000</u>	<u>2009 \$'000</u>
Cash and cash equivalents	20,113	5,912	-	-
Trade and other receivables	71,013	61,181	-	-
Repurchase agreements	-	-	27,910	19,265
Fixed deposits	-	-	-	81,219
Government of Jamaica bonds	-	-	66,899	-
Government of Cayman bonds	-	-	16,902	-
Corporate bonds	-	-	34,411	-
Equity	<u>-</u>	<u>-</u>	<u>21,434</u>	<u>12,772</u>
Total financial assets	<u>91,126</u>	<u>67,093</u>	<u>167,556</u>	<u>113,256</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. FINANCIAL RISK MANAGEMENT (CONT'D):

The Company (cont'd)

Financial liabilities at amortised cost -

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Trade and other payables	14,059	7,417
Loans and borrowings	<u>2,577</u>	<u>11,517</u>
Total financial liabilities	<u>16,636</u>	<u>18,934</u>

Financial instruments measured at fair value -

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following table provides an analysis of financial instruments held as at 30 September 2010 that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 2 based on the degree to which the fair value is observed, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical instrument;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

There were no transfers between levels during the year.

	<u>Level 1</u> <u>\$'000</u>	<u>Level 2</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Available-for-sale:			
Quoted equities	21,434	-	21,434
Unquoted equities	23,856	-	23,856
Repurchase agreements	-	27,910	27,910
Corporate bonds	-	34,411	34,411
Government of Jamaica bonds	-	66,899	66,899
Government of Cayman bonds	-	<u>16,902</u>	<u>16,902</u>
	<u>45,290</u>	<u>146,122</u>	<u>191,412</u>

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

4. FINANCIAL RISK MANAGEMENT (CONT'D):

The Company (cont'd)

Financial instruments measured at fair value (cont'd) -

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represents actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of cash and cash equivalents, short-term deposits, accounts receivables, accounts payable, loans and Group companies' balances approximates to their carrying values due to their relatively short-term nature.

The fair value of unquoted equities could not be reliably determined and are carried at cost.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Chief Executive function. The Board receives reports from the Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Credit risk -

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from customers and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(i) Credit risk (cont'd) -

Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Trade receivables

It is the Group policy to assess the credit risk of new customers before entering into contracts. Such credit ratings are taken into account by local business practices.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes bank references.

The Board of Directors determines concentrations of credit risk by quarterly monitoring the creditworthiness of existing customers and through a monthly review of the trade receivables' ageing analysis.

Cash and cash equivalents

Cash transactions are limited to high credit quality financial institutions. The Group has policy that limits the amount of credit exposure to any financial institution.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below.

The Group

The carrying values and maximum exposure is as follows:

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Financial assets -		
Cash and cash equivalents	20,798	5,913
Trade and other receivables	65,076	57,470
Available-for-sale investments	<u>191,412</u>	<u>139,764</u>
Total financial assets	<u>277,286</u>	<u>203,147</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(i) Credit risk (cont'd) -

The Company

The carrying values and maximum exposure is as follows:

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Financial assets -		
Cash and cash equivalents	20,113	5,912
Trade and other receivables	65,076	57,470
Available-for-sale investments	<u>167,556</u>	<u>113,256</u>
Total financial assets	<u>252,745</u>	<u>176,638</u>

Cash at bank

A significant amount of cash is held with the following institution as at 30 September 2010:

	<u>Balance at</u> <u>30 September</u> <u>2010</u> <u>\$'000</u>
National Commercial Bank	<u>19,565</u>

(ii) Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

4. FINANCIAL RISK MANAGEMENT (CONT'D):

(ii) Market risk (cont'd)

Currency risk (cont'd)

At 30 September 2010 the Group and Company had net foreign assets/(liabilities) of:

	<u>2010</u>	<u>2009</u>
United States dollars	726,225	874,292
Trinidad and Tobago dollars	-	674,809
Canadian dollars	12,417	3,874
Pound Sterling	<u>46,058</u>	<u>40,035</u>

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of investments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The Group's interest rate risk arises from deposits and short-term instruments, investments and bank overdraft.

(iv) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(iv) Liquidity risk (cont'd) -

The following table sets out the contractual maturities of financial liabilities:

The Group

	<u>Between Up to 3 months \$'000</u>	<u>Between 3 and 12 months \$'000</u>	<u>1 and 2 years \$'000</u>	<u>Over 2 years \$'000</u>
At 30 September 2010				
Trade and other payables	30,107	-	-	-
Loans and borrowings	-	5,904	-	8,395
Total	<u>30,107</u>	<u>5,904</u>	<u>-</u>	<u>8,395</u>

	<u>Between Up to 3 months \$'000</u>	<u>Between 3 and 12 months \$'000</u>	<u>1 and 2 years \$'000</u>	<u>Over 2 years \$'000</u>
At 30 September 2009				
Trade and other payables	8,915	-	-	-
Loans and borrowings	-	5,233	-	14,414
Total	<u>8,915</u>	<u>5,233</u>	<u>-</u>	<u>14,414</u>

The Company

	<u>Between Up to 3 months \$'000</u>	<u>Between 3 and 12 months \$'000</u>	<u>1 and 2 years \$'000</u>	<u>Over 2 years \$'000</u>
At 30 September 2010				
Trade and other payables	14,059	-	-	-
Loans and borrowings	-	2,577	-	-
Total	<u>14,059</u>	<u>2,577</u>	<u>-</u>	<u>-</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

4. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(iv) Liquidity risk (cont'd) -

The Company

At 30 September 2010	<u>Between Up to 3 months \$'000</u>	<u>Between 3 and 12 months \$'000</u>	<u>1 and 2 years \$'000</u>	<u>Over 2 years \$'000</u>
Trade and other payables	7,417	-	-	-
Loans and borrowings	<u>-</u>	<u>5,233</u>	<u>-</u>	<u>6,284</u>
Total	<u>7,417</u>	<u>5,233</u>	<u>-</u>	<u>6,284</u>

(v) Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is calculated as total long term liabilities less related party loans. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus debt. The gearing ratios at year end based on these calculations were as follows:

	<u>2010 \$'000</u>	<u>2009 \$'000</u>
Debt	<u>8,395</u>	<u>14,414</u>
Equity	137,643	57,065
Total capital	<u>146,038</u>	<u>71,479</u>
Gearing ratio	<u>5.75%</u>	<u>20.17%</u>

There were no changes to the Group's approach to capital management during the year.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Judgements in Applying Accounting Policies

The directors and management believe there were no judgements that had a significant effect on the amounts recognised in the financial statements or could cause material adjustments to the carrying amounts of assets and liabilities.

(b) Key Sources of Estimation Uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

The Group is subject to income taxes in Jamaica. Significant judgement is required in determining the provision for income taxes. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. BUSINESS SEGMENTS:

The Group has two reportable segments:

- Manufacturing - This incorporates the packaging and the distribution of teas and accounts for the largest proportion of the Group's business generating 81% of its external revenue.
- Retailing - this segment is involved in the operation of a supermarket and contributed 19% of the Group's external revenue. The supermarket has been operating for six months.

The Group's reportable segments are strategic business units that offer different products and are managed separately.

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2010

6. BUSINESS SEGMENTS (CONT'D):

	<u>2010</u>		
	<u>Manufacturing</u> <u>\$'000</u>	<u>Retailing</u> <u>\$'000</u>	<u>Group</u> <u>\$'000</u>
External Revenue	<u>366,203</u>	<u>85,309</u>	<u>451,512</u>
Depreciation	4,224	1,005	5,229
Finance costs	<u>867</u>	<u>-</u>	<u>867</u>
Profit/(loss) from operations	<u>71,403</u>	<u>(665)</u>	<u>70,738</u>
Additions to non-current assets	<u>26,821</u>	<u>7,148</u>	<u>33,969</u>
Segment assets	<u>416,857</u>	<u>56,555</u>	<u>441,152</u>
Segment Liabilities	<u>21,307</u>	<u>54,224</u>	<u>48,808</u>

7. TURNOVER:

The Group

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Revenue arises from -		
Export sales - manufacturing	142,309	124,109
Domestic sales - manufacturing	223,894	196,027
Retail sales and rentals	<u>85,309</u>	<u>-</u>
	<u>451,512</u>	<u>320,136</u>
The Company		

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Revenue arises from -		
Export sales - manufacturing	142,309	124,109
Domestic sales - manufacturing	<u>223,894</u>	<u>196,022</u>
	<u>366,203</u>	<u>320,131</u>

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

8.	OTHER INCOME:	<u>The Group</u>		<u>The Company</u>	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
	Interest income	11,691	5,354	12,936	5,354
	Rental income	500	-	350	-
	Gain on disposals of investment				
	Miscellaneous income	<u>88</u>	<u>222</u>	<u>88</u>	<u>222</u>
		<u>12,279</u>	<u>5,576</u>	<u>13,374</u>	<u>5,576</u>
9.	EXPENSES BY NATURE				

Total cost of sales, selling, administration and other operating expenses:

		<u>The Group</u>		<u>The Company</u>	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
	Advertising and promotion	14,566	9,275	9,275	5,484
	Auditors' remuneration	1,180	760	720	600
	Cost of inventories recognised as an expense	270,256	175,227	203,143	175,227
	Depreciation	5,229	3,805	4,224	3,805
	Insurance	3,001	2,365	2,543	2,365
	Repairs and maintenance	8,322	7,292	8,111	7,292
	Staff Costs (Note 12)	43,626	33,478	38,024	33,478
	Utilities	7,228	3,468	4,480	3,468
	Other expenses	<u>34,919</u>	<u>18,673</u>	<u>30,898</u>	<u>22,119</u>
		<u>388,327</u>	<u>254,343</u>	<u>301,418</u>	<u>253,838</u>

10. **PROFIT FROM OPERATIONS:**

Stated after charging the following:

		<u>2010</u>	<u>2009</u>
		<u>\$'000</u>	<u>\$'000</u>
	Directors' emoluments:		
	Remuneration	5,784	5,160
	Depreciation	5,229	3,805
	Auditors' remuneration	1,180	760
	Staff costs (note 12)	<u>43,626</u>	<u>33,478</u>

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2010

11. FINANCE COSTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Interest expense	<u>867</u>	<u>946</u>	<u>867</u>	<u>946</u>

12. STAFF COSTS:

	<u>The Group</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Wages and salaries	35,690	26,829
Pension	697	537
Other employment benefits	<u>7,239</u>	<u>6,112</u>
	<u>43,626</u>	<u>33,478</u>

13. TAXATION:

Taxation is based on the profit for the year, adjusted for taxation purposes and comprises:-

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Current year income tax 33 1/3%	11,118	21,334	11,118	21,334
Deferred taxation	<u>(527)</u>	<u>1,526</u>	<u>(263)</u>	<u>1,755</u>
	<u>10,591</u>	<u>22,860</u>	<u>10,855</u>	<u>23,089</u>

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, 2009 100% of income taxes will be remitted by the minister of Finance during the first five years of listing on Junior Market (Phase one) of the Jamaica Stock Exchange.

Reconciliation of theoretical tax charge that would arise on profit before tax using the applicable tax rate to actual tax charge.

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13. TAXATION (CONT'D):

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Profit before taxation	68,626	95,318	69,292	96,008
Tax calculated at 33 1/3%	22,875	31,773	23,097	32,003
Adjusted for the effects of: Expenses not deducted for tax purposes	6,421	2,531	6,079	2,531
Net effects of other charges and allowances	(18,705)	(11,444)	(18,321)	(11,445)
	<u>10,591</u>	<u>22,860</u>	<u>10,855</u>	<u>23,089</u>

14. EARNINGS PER STOCK UNIT ATTRIBUTABLE TO STOCKHOLDERS OF THE COMPANY:

Earning per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue.

	<u>2010</u>	<u>2009</u>
Net profit attributable to stockholders (\$'000)	58,035	72,458
Weighted average number of ordinary stock units ('000)	148,954	142,663
Basic earnings per stock unit (\$)	<u>0.39</u>	<u>0.51</u>

The company has no dilutive potential ordinary shares.

15. DIVIDENDS:

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Ordinary dividends - Final dividends paid in respect of 2009 - 9 cents per stock unit	<u>15,000</u>	<u>-</u>

The directors have proposed final dividends of 5 cents per share. The dividend has not been accrued in the consolidated statement of financial position.

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16. PROPERTY, PLANT AND EQUIPMENT:

The Group

	Land & Building \$'000	Plant & Equipment \$'000	Equipment Furniture, & Fixtures \$'000	Motor Vehicles \$'000	Leasehold Improvement \$'000	Construction In Progress \$'000	Total \$'000
At cost -							
1 October 2009	8,578	25,686	4,495	9,032	1,502	2,813	52,106
Additions	2,367	2,358	5,518	3,003	3,344	-	16,590
Disposal	-	-	-	(2,562)	-	-	(2,562)
Transfer to investment property	(8,568)	-	-	-	-	(2,813)	(11,381)
	<u>2,377</u>	<u>28,044</u>	<u>10,013</u>	<u>9,473</u>	<u>4,846</u>	<u>-</u>	<u>54,753</u>
Depreciation -							
1 October 2009	8	12,356	1,780	2,984	1,362	-	18,490
Charge for the year	-	2,212	904	1,495	618	-	5,229
Eliminated on disposal	-	-	-	(690)	-	-	(690)
	<u>8</u>	<u>14,568</u>	<u>2,684</u>	<u>3,789</u>	<u>1,980</u>	<u>-</u>	<u>23,029</u>
Net Book Value:							
30 September 2010	<u>2,369</u>	<u>13,476</u>	<u>7,329</u>	<u>5,684</u>	<u>2,866</u>	<u>-</u>	<u>31,724</u>
30 September 2009	<u>8,570</u>	<u>13,330</u>	<u>2,715</u>	<u>6,048</u>	<u>140</u>	<u>2,813</u>	<u>33,616</u>

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NOTES TO THE FINANCIAL STATEMENTS

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16. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

The Company

	Land \$'000	Plant & Equipment \$'000	Equipment Furniture, & Fixtures \$'000	Motor Vehicles \$'000	Leasehold Improvement \$'000	Construction in Progress \$'000	Total \$'000
At cost -							
1 October 2009	8,568	25,686	4,457	9,032	1,502	2,813	52,058
Additions	-	713	749	3,003	-	-	4,465
Disposal	-	-	-	(2,562)	-	-	(2,562)
Transfer to investment property	(8,568)	-	-	-	-	(2,813)	(11,381)
	-	26,399	5,206	9,473	1,502	-	42,580
Depreciation -							
1 October 2009	-	12,356	1,742	2,984	1,362	-	18,444
Charge for the year	-	2,133	456	1,495	140	-	4,224
Eliminated on disposal	-	-	-	(690)	-	-	(690)
	-	14,489	2,198	3,789	1,502	-	21,978
Net Book Value:							
30 September 2010	-	11,910	3,008	5,684	-	-	20,602
30 September 2009	8,568	13,330	2,715	6,048	140	2,813	33,614

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NOTES TO THE FINANCIAL STATEMENTS

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17. INVESTMENTS PROPERTIES:

The carrying amount of the investment property is at the cost price and no subsequent valuations were done.

18. INVESTMENTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Available-for-sale at market value -				
Government of Jamaica bonds	66,899	-	66,899	-
Government of Cayman bonds	16,902	-	16,902	-
Corporate bonds	34,411	-	34,411	-
Quoted equities	21,434	12,772	21,434	12,772
Unquoted equities	<u>23,856</u>	<u>26,508</u>	<u>-</u>	<u>-</u>
	<u>163,502</u>	<u>39,280</u>	<u>139,646</u>	<u>12,772</u>

The weighted average effective interest rate at the year end was as follows.

	<u>2010</u>	<u>2009</u>
Government of Jamaica Bonds -		
- J\$	12.38%	-
Corporate and Government of Cayman Bonds -		
- US\$	<u>7.1%</u>	<u>-</u>

19. RELATED PARTY TRANSACTIONS AND BALANCES:

The following transactions were carried out with related parties.

(a) Key management compensation -

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Salaries and other short-term employees benefits	8,931	8,622	8,931	8,622
Post employment benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>8,931</u>	<u>8,622</u>	<u>8,931</u>	<u>8,622</u>
(b) Long term receivables -				
Due from directors	<u>-</u>	<u>9,968</u>	<u>-</u>	<u>9,968</u>

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19. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):

(c)	Due from subsidiary company - Advances to H Mahfood and Sons Limited -	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
	Long term	18,398	18,398
	Current portion	-	147
		<u>18,398</u>	<u>18,545</u>
	Advances to JRG Shoppers Delite Limited	<u>8,055</u>	-
		<u>26,453</u>	<u>18,545</u>
(d)	Due to subsidiary company - H Mahfood and Sons Limited	<u>270</u>	-

20. DEFERRED TAXATION:

Deferred income taxes are calculated in full on temporary differences under the liability method using the principal tax rate of 33 1/3%.

The movement on the deferred income tax account is as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
At beginning of year	830	(925)	4,664	2,909
Income statement credit/(charge)	(527)	1,526	(263)	1,755
At end of year	<u>303</u>	<u>601</u>	<u>4,401</u>	<u>4,664</u>

The movement in deferred tax assets and liabilities during the period is as follows:

Deferred tax liabilities -

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Accelerated tax depreciation -				
At beginning of year	4,664	2,909	4,664	2,909
Income statement credit/(charge)	(263)	1,755	(263)	1,755
At end of year	<u>4,401</u>	<u>4,664</u>	<u>4,401</u>	<u>4,664</u>

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20. DEFERRED TAXATION (CONT'D):

Deferred tax assets - The Group

	<u>Accelerated Tax Loss</u>	<u>Tax Loss</u>	<u>2010 Total \$'000</u>	<u>2009 Total \$'000</u>
Unutilised tax losses -				
At beginning of year	-	3,834	3,834	4,063
Income statement credit/(charge)	<u>298</u>	<u>562</u>	<u>264</u>	<u>(229)</u>
At end of year	<u>(298)</u>	<u>4,396</u>	<u>4,098</u>	<u>3,834</u>

21. INVENTORIES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2010 \$'000</u>	<u>2009 \$'000</u>	<u>2010 \$'000</u>	<u>2009 \$'000</u>
Machine spares	2,302	824	2,302	824
Raw materials	52,522	40,499	52,522	40,499
Finished goods- Retail	14,920	-	-	-
Finished goods- Manufacturing	<u>14,554</u>	<u>17,635</u>	<u>14,554</u>	<u>17,635</u>
	<u>84,298</u>	<u>58,958</u>	<u>69,378</u>	<u>58,958</u>

22. RECEIVABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2010 \$'000</u>	<u>2009 \$'000</u>	<u>2010 \$'000</u>	<u>2009 \$'000</u>
Trade receivables	65,076	57,470	65,076	57,470
Deposit	488	270	488	270
Prepaid expenses	2,568	1,936	1,993	1,936
Other receivables	<u>6,514</u>	<u>11,757</u>	<u>3,456</u>	<u>1,565</u>
	<u>74,646</u>	<u>71,433</u>	<u>71,013</u>	<u>61,241</u>

Trade receivables balance at the end of the year, approximately \$24.3 million (2009 - \$20.1 million) is due from the company's largest customers and are in the approved credit limit. There are no other customers who represent more than 5% of the total balance of trade receivables. The company does not hold any collateral over trade receivables balances.

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22. RECEIVABLES (CONT'D):

The aging of trade receivables is as follows:

	<u>The Group and Company</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
0-30 days	54,485	51,723
31-60 days	5,399	3,448
61-90 days	<u>5,192</u>	<u>2,299</u>
	<u>65,076</u>	<u>57,470</u>

23. SHORT TERM INVESTMENTS:

	<u>The Group and Company</u>	
	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Repurchase agreements	27,910	19,265
Fixed deposits	<u>-</u>	<u>81,319</u>
	<u>27,910</u>	<u>100,584</u>

(The weighted average effective interest rate at the year end was as follows.)

	<u>2010</u>	<u>2009</u>
Repurchase agreements within 3 months -		
- US\$	6.68%	6.35%
- J\$	7%	15.87%
Fixed deposits -		
- US\$	<u>-</u>	7%
- J\$	<u>-</u>	<u>14.4%</u>

24. CASH AND CASH EQUIVALENTS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash in hand	1,067	43	382	43
Cash at bank	<u>19,731</u>	<u>5,870</u>	<u>19,731</u>	<u>5,869</u>
	<u>20,798</u>	<u>5,913</u>	<u>20,113</u>	<u>5,912</u>
Interest rate exposure -				

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24. **CASH AND CASH EQUIVALENTS (CONT'D):**

The weighted average effective interest rate at the year end was as follows:

	<u>2010</u>	<u>2009</u>
Cash at bank - US\$.95%	1%
- J\$ (none interest bearing)	-	-
- CAD\$.30%	.45%
- Sterling £	<u>.60%</u>	<u>.65%</u>

25. **SHARE CAPITAL:**

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
Authorised - 250,000,000 (2009 - 50,000,000) ordinary shares of no par value		
Stated capital - Issued and fully paid - 167,828,575 (2009 - 28,532,534) ordinary shares of no par value	<u>137,643,473</u>	<u>57,065,068</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 increased its share capital by 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.
- (d) In June 2010 the company offered 27 million shares to the public which were fully taken up pursuant to the Jamaica Stock Exchange listing.

26. **CAPITAL RESERVES:**

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
This represents realized surplus arising on -		
Disposal of property, plant and equipment	6,759	6,759
Waiver of directors' loans	229	229
Disposal of investments	<u>71</u>	<u>71</u>
	<u>7,059</u>	<u>7,059</u>

27. **FAIR VALUE RESERVES:**

This represents unrealised surplus on revaluation of investments.

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28. LONG TERM LIABILITIES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Ex-im Bank -12%	-	1,090	-	1,090
First Global Bank Limited - 10.00%	-	2,800	-	2,800
7.88%	<u>5</u>	<u>4,667</u>	<u>5</u>	<u>4,667</u>
	5	8,557	5	8,557
Less current portion	(<u>5</u>)	(<u>2,273</u>)	(<u>5</u>)	(<u>2,273</u>)
	-	6,284	-	6,284
Other loans	<u>8,390</u>	<u>8,130</u>	-	-
	<u>8,390</u>	<u>14,414</u>	-	<u>6,284</u>

The First Global Bank Limited demand loan is secured by a term deposit with the same institution.

The other loan is non interest bearing and unsecured with no agreed period of repayment.

29. PAYABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Trade payables	8,734	1,496	9,834	1,603
Other payables	<u>21,373</u>	<u>7,419</u>	<u>4,225</u>	<u>5,815</u>
	<u>30,107</u>	<u>8,915</u>	<u>14,059</u>	<u>7,418</u>

30. SHORT TERM BORROWINGS:

	<u>The Group and Company</u>	
	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Other loan	5,904	2,960
Current portion of long term loans (note 28)	<u>5</u>	<u>2,273</u>
	<u>5,909</u>	<u>5,233</u>

31. EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE:

In November 2010, the company acquired 50% of the shares of Bay City Foods Limited, which operates a supermarket under lease located in Montego Bay, St. James.