

JAMAICAN TEAS LIMITED
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SECOND QUARTER ENDED 31 MARCH 2011

Jamaican Teas Limited

Board of Directors Statement

Second Quarter ended 31 March 2011

The group continues to show strong results following on from the positive start in the first quarter. The results recorded improvements in both the pre tax and after tax levels compared with the 2010 financial year's figures. Profit after tax and minority interest amounted to \$44.4 million for the six months to March 2011 and \$22.6 million for the quarter. This compares favourably to the \$26.1 million recorded in the similar six month period and \$14 million for the similar quarter of the prior year.

Profit before tax is up 13.6 percent for the six month period and 34.6 percent before taking into account the loss from the group's share of the associated company results.

There is no tax charge to date on the profit of Jamaican Teas - the listed company is not subject to income tax, having listed on the Junior Stock Exchange in June 2010. Profit in the comparative period was fully taxed.

The sales of our core business, manufacturing, increased by 10.2 percent compared to the six months of the prior year. This represents growth in volume, as there was no price adjustment in the period. The sales of our 80 percent owned supermarket was \$110.4 million for the six months and \$55.9 for quarter and shows continuing improvement since start up, bettering the \$54.5 million in the first quarter. The JRG Shoppers Delite supermarket commenced operations in the third quarter of the prior financial year; there is therefore no comparative data.

Jamaican Teas increased its investments in Bay City Foods Limited by \$14 million in the second quarter, bringing the total investment to \$30 million. This investment is accounted for on the equity basis with only the net profit and loss position factored into the Group results which is the accepted accounting policy.

The sales at the Montego Bay supermarket have increased steadily since the opening in late November and we are within our forecast for the business.

We recorded a loss of \$4.5 million as our share of the investment in the second quarter and \$8.3 million for the year-to-date. These results for this operation reflect an improvement over the first quarter as the first quarter figures represents two months only. While we expect that this investment will yield good returns in the long term, our forecast indicates that this operation is not likely to be profitable in the current fiscal year. We, however, expect to record the loss in remaining quarters of the fiscal year to be lower than in the amount recorded to date.

The amount reported in the first quarter for share of the associate company result has been adjusted upwards and the profit for the subsidiary JRG increased based on additional information which became available subsequent to reporting the first quarter results.

Statement of Financial Position

Investments

As we indicated in our report for the first quarter, investment portfolio is an increasingly important area and is likely to increase in import as the group generates positive cash flows. At

the end of the quarter total investments stood at \$173.7 million. For the year to date the portfolio generated income from interest, dividends and realized gains from disposal of investment amounting to \$11.5 Million and gains from valuation at market of \$5.2 million for a total of \$16.7 million. During the quarter, interest and dividend income grew to \$3.9 million versus \$1.9 million in the similar quarter last fiscal year. There was an appreciation in the underlying value of investments amounting to \$2.7 million during the quarter which is reflected in other comprehensive income. We also realized gains from disposal of investments amounting to \$1/2 million which is included in profit for the quarter.

The portfolio is a mix of medium and short term fixed interest securities and mainly stocks listed on the local stock exchange.

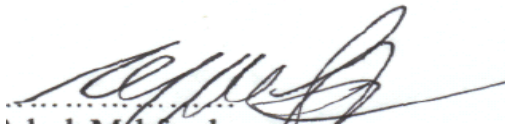
Current Assets & Liabilities

These continue to be held at satisfactory levels consistent with management's expectations. The quality of receivables remains strong with no bad or doubtful debts on the books. Inventories held are at the expected levels and are adequate to meet the demand of the market place.

Receivables increased, resulting from a temporary slow-down in payments by our main distributors, while the increase in inventory is due entirely to stocking of the supermarket in Kingston. The rise in current liabilities is mainly due to the operations of the JRG Supermarket.

OUTLOOK

We are encouraged by the performance of the Group in the first two quarters and expect to see a continuation of this trend in the third quarter. We however, expect to experience a reduced loss from our investment in the Montego Bay supermarket in the second half of the financial year as indications are that sales continue to improve on a monthly basis.



Adeeb Mahfood
Chairman



John Mahfood
CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
SECOND QUARTER ENDING 31 MARCH 2011

	<u>2nd Quarter</u>		<u>Year to March</u>	
	2011	2010	2011	2010
SALES				
Sales - Local	59,300,754	56,273,468	121,652,516	108,506,499
Sales - Foreign	38,949,948	39,553,787	73,698,304	68,683,959
Sales - Retail	55,876,044	0	110,406,468	0
TOTAL SALES	154,126,746	95,827,255	305,757,288	177,190,458
COST OF GOODS SOLD	114,206,725	62,951,347	227,231,948	117,143,854
GROSS PROFIT	39,920,021	32,875,908	78,525,341	60,046,604
Interest Income	3,891,795	1,790,479	9,075,401	3,753,858
Rental Income	775,700	0	1,490,810	0
Gain on Sale of Investments	526,817	0	1,649,706	0
Foreign Exchange Gain	495,643	(544,083)	634,307	460,056
Gain on Sale of Fixed Assets	747,920	785,193	747,920	785,193
Other Income	34,987	0	34,987	0
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES	46,392,883	34,907,497	92,158,472	65,045,711
Sales & Marketing Cost	4,121,963	4,309,571	8,355,461	8,248,243
Administration cost	14,211,271	8,476,680	28,569,481	15,251,536
Depreciation	573,085	490,883	1,134,075	1,047,718
Finance cost	410,637	384,553	769,349	876,022
	19,316,956	13,661,687	38,828,366	25,423,519
NET PROFIT BEFORE SHARE OF ASSOCIATED COMPANY LOSS	27,075,927	21,245,810	53,330,106	39,622,192
SHARE OF ASSOCIATED COMPANY LOSS	(4,497,179)	0	(8,315,388)	0
PROFIT BEFORE TAXATION	22,578,749	21,245,810	45,014,718	39,622,192
TAXATION	0	(7,231,905)	0	(13,491,757)
Profit after tax	22,578,749	14,013,905	45,014,718	26,130,435
NON-CONTROLLING INTEREST	427,826	0	788,963	0
PROFIT AFTER TAX & MINORITY INTEREST	22,150,922	14,013,905	44,225,755	26,130,435
OTHER COMPREHENSIVE INCOME				
FAIR VALUE GAINS				
Appreciation In Investments	2,754,950	0	5,136,518	0
TOTAL COMPREHENSIVE INCOME	\$24,905,872	\$14,013,905	\$49,362,273	26,130,435
Earnings per share	\$0.13	\$0.10	\$0.26	\$0.18
Earnings per share after comprehensive income	\$0.15	\$0.10	\$0.29	\$0.18

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2011

	UNAUDITED	UNAUDITED	AUDITED
	<u>31 March</u>	<u>31 March</u>	<u>30 September</u>
	<u>2011</u>	<u>2010</u>	<u>2010</u>
FIXED ASSETS	41,371,918	29,862,963	31,724,151
INVESTMENT PROPERTY	47,157,590	34,794,098	31,411,271
INVESTMENTS	173,668,469	89,937,968	163,501,765
ASSOCIATED COMPANY	22,290,764	-	-
DEFERRED TAX ASSETS	4,200,261	-	4,097,972
CURRENT ASSETS			
Inventories	83,942,693	64,291,087	84,299,435
Receivables	78,943,965	61,229,796	65,076,300
Other Receivables	8,350,989	25,813,865	9,570,000
Taxation recoverable	3,797,428	-	2,498,419
Short term investments			27,910,000
Cash and Bank	16,639,608	11,804,072	20,798,369
Total Current Assets	191,674,683	163,138,820	210,152,523
CURRENT LIABILITIES			
Accounts Payable	36,358,850	7,790,772	30,107,249
Demand Loan	1,444,840	1,377,727	5,909,698
Bank Overdraft	6,058,482	-	-
Taxation	-	5,935,030	-
Total Current Liabilities	43,862,172	15,103,529	36,016,947
NET CURRENT ASSETS	147,812,511	148,035,291	174,135,576
	<u>\$436,501,513</u>	<u>302,630,320</u>	<u>404,870,735</u>
CAPITAL & RESERVES			
STOCKHOLDERS EQUITY	431,311,095	293,797,712	392,146,749
NON-CONTROLLING INTEREST	788,963	-	(67,659)
DEFERRED TAX LIABILITY	4,401,455	4,664,448	4,401,452
LONG-TERM LOAN	-	4,168,160	8,390,193
	<u>\$436,501,513</u>	<u>302,630,320</u>	<u>404,870,735</u>

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SECOND QUARTER ENDING 31 MARCH 2011

	<u>Number of of shares</u>	<u>Share capital</u> \$	<u>Share Premium</u> \$	<u>Capital Reserves</u> \$	<u>Attributable to the company's owners</u>			<u>Non- Controlling Interest</u> \$	<u>Total Equity</u> \$
					<u>Fair Value Reserves</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$		
Balance as at 30 September 2009	28,532,534	57,065,068	697,388	7,058,436	446,385	202,400,000	267,667,277	0	267,667,277
Dividend paid	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	26,130,435	26,130,435	-	26,130,435
Balance as at 31 March 2010	<u>28,532,534</u>	<u>57,065,068</u>	<u>697,388</u>	<u>7,058,436</u>	<u>446,385</u>	<u>228,530,435</u>	<u>293,797,712</u>	<u>0</u>	<u>293,797,712</u>
30 September 2010	167,828,575	137,643,474	697,388	7,058,436	1,245,573	235,303,952	381,948,823	361,000	382,309,823
Dividend paid	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	5,136,518	44,225,755	49,362,273	788,963	50,151,236
Balance as at 31 March 2011	<u>167,828,575</u>	<u>137,643,474</u>	<u>697,388</u>	<u>7,058,436</u>	<u>6,382,091</u>	<u>279,529,707</u>	<u>431,311,095</u>	<u>1,149,963</u>	<u>432,461,058</u>

JAMAICAN TEAS LIMITED
STATEMENT OF CASHFLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2011

	Unaudited	Unaudited
	2011	2010
	\$	\$
Comprehensive income for the period to date	49,362,273	26,130,435
Adjustments for:		
Gain on Sale of Fixed Assets	(747,920)	(785,193)
Depreciation	1,134,075	1,047,718
Cash provided in operating activities	1,067,279	(27,663,632)
Net cash provided by (used in) operating activities	<u>50,815,707</u>	<u>(1,270,672)</u>
Net cash provided by investing activities	(39,546,787)	(2,661,904)
Dividends Paid	(8,390,819)	-
Net loan repayment	<u>(4,101,047)</u>	<u>(1,378,638)</u>
Net cash used in financing activities	(12,491,866)	(1,378,638)
Decrease in cash and cash equivalent	<u>(1,222,946)</u>	<u>(5,311,214)</u>
Cash and cash equivalent at beginning of the period	11,804,072	17,115,286
Cash and cash equivalent at the end of period	<u><u>10,581,126</u></u>	<u><u>11,804,072</u></u>
Cash & Cash equiv made up as follows:		
Cash & Bank Balance	16,639,608	11,804,072
Bank overdraft	(6,058,482)	-
Cash and cash equivalent at the end of period	<u><u>10,581,126</u></u>	<u><u>11,804,072</u></u>

JAMAICAN TEAS LIMITED
SEGMENT RESULTS
FOR THE SIX MONTHS ENDED 31 MARCH 2011

SEGMENT RESULTS - 2011					
	Manufacture 2011	Rental 2011	Retail 2011	Investments 2011	TOTAL 2011
REVENUES	195,350,820	1,490,810	110,406,468	11,508,014	318,756,112
Segment Results	33,545,038	1,435,693	6,242,040	11,473,027	52,695,798
Gain on Exchange					634,307
Net Profit before tax					<u>\$ 53,330,105</u>
Segment Assets	268,035,370	53,014,115	25,587,313	173,668,469	\$520,305,267
Segment Liabilities	<u>24,855,675</u>	<u>18,704,602</u>	<u>21,977,393</u>	-	<u>\$ 65,537,669</u>

SEGMENT RESULTS - 2010					
	Manufacture 2010	Rental 2010	Retail 2010	Investments 2010	TOTAL 2010
REVENUES	177,190,458	-	-	4,539,051	181,729,509
Segment Results	34,623,085	-	-	4,539,051	39,162,136
Gain on Exchange					460,056
Net Profit before tax					<u>\$39,622,192</u>
Segment Assets	222,487,369	26,731,962.86	1,938,980	89,937,968	\$341,096,279
Segment Liabilities	<u>15,555,957</u>	<u>26,528,402.46</u>	-	-	<u>\$ 42,084,360</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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 subsidiaries are as follows:

- JAMAICAN TEAS LIMITED processes local teas which it packages along with imported teas and distributes them for the Jamaican and overseas markets.
- 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 Limited and H Mahfood & Sons Limited and its 50% ownership in Bay City Foods Ltd.

3. 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.

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, 2010 and comply with the requirements of the International Financial Reporting Standards (IAS 34, interim Financial Reporting).

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 amortized 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.

6. SHARE CAPITAL:

	<u>2011</u>	<u>2010</u>
	\$	\$
Authorised – Ordinary shares	<u>250,000,000</u>	<u>50,000,000</u>
Issued and fully paid - Ordinary shares	<u>167,828,575</u>	<u>28,532,534</u>

- (a) By ordinary resolution of the company dated in 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 then existing 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) In June 2010, the company offered 25,165,695 shares to the public which were fully taken up.