

**June 2011
Interim**

**JAMAICAN
TEAS
LIMITED**

**UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS
THIRD QUARTER -JUNE 2011**

Jamaican Teas Limited

Board of Directors' Commentary Third Quarter results to June 2011

Third quarter profit up 188%

Our company maintained the positive performance reported in the earlier part of the fiscal year recording strong increase in profits in the third quarter compared with the similar period in 2010. Profits rose by 188 percent to \$21.3 million for the quarter compared to \$7.4 million recorded in 2010. Strong improvement was recorded in both pre-tax and after tax profits for the nine months compared with the comparative period in the 2010 financial year with profit after tax and minority interest amounting to \$65.5 million for 2011 compared to \$33.6 million recorded in the similar period of the prior year. Profit before tax is up 30.9 percent for the nine month period and 54.1 percent before taking into account the loss from the group's share of the associated company results. Jamaican Teas Ltd – the listed company is not subject to income tax, having listed on the Junior Stock Exchange in 2010. Profits in the comparative period was fully taxed. We enjoyed increased sales volume of 12.8 percent in our core business - manufacturing, over the nine months of the prior year, even as we contended successfully with both tight domestic and overseas economies.

Supermarkets

Our JRG Shoppers Delite supermarket in Kingston had sales of \$173.2 million for the nine months and \$62.8 million for the quarter.

The revenue performance to date reflects continuing improvement since the start of business in April 2010. Revenues and profit for the latest quarter bettered the results of each of the previous quarters. This business has been consistently profitable during this financial year. The company is producing positive cash flow and has almost repaid the advances made in 2010 relating to the start up of operations. Sales at our other supermarket located in Montego Bay and jointly owned, continues to show steady improvement and continuing reduction in losses in keeping with our forecast for this fiscal year. We recorded a loss of \$3.5 million as our share of the investment in the third quarter and a loss of \$11.8 million for the nine month period. The result for the third quarter is an improvement on the loss of \$4.5 million recorded in the second quarter. We expect that this positive trend of reduced losses will continue into the fourth quarter as revenues subsequent to the quarter continue to grow.

Capital Spend

We acquired a new packaging machine at a cost of US\$40,000 in order to keep up with the increased demand for our products which has been commissioned. We are nearing completion of an off- site storage warehouse and have spent \$16 million in this financial year. We also plan to add more packaging machinery to meet growing demand which is expected to reduce operating cost and should have a pay back of one year.

FINANCIAL POSITION

Loans

We negotiated a loan of US\$500,000 at a favourable interest rate of 6% during the quarter. These funds were received in May and will be used for further income generating acquisitions. Most of the funds received are included in investments until needed.

Investments

Our investments portfolio of bonds and equities stood at \$211.2 million at the end of the quarter. For the year to date, the portfolio generated interest and dividend income together with realized gains on disposal of investments amounting to \$15.5 million. In addition to the investment income earned, the portfolio also appreciated in value based on prices at the end of June amounting to \$13 million for a total growth of \$28.5 million. During the quarter, interest and dividend income was \$4 million compared to \$2.8 million in the comparative quarter of the prior year. There was an appreciation in the underlying value of investments amounting to \$7.9 million during the quarter which is reflected in other comprehensive income. We also realized gains from disposal of investments amounting to \$0.3 million which is included in profit in 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 expectations. The quality of receivables remains strong. Inventories are held at the expected levels and are adequate to meet the demand of the market place.

Inventories increased as a result of management's decision to increase stock levels on certain critical raw materials that are in short supply. Receivables increased, resulting from a temporary slow-down in

payments by a few of our overseas customers. The overdraft represents cheques in the course of payments which were not presented to the bank at the balance sheet date.

Dividend

The Board of Directors declared a dividend of 5 cents per share or \$8.4 million payable on August 31, 2011. The board will later in the year review the results for 2011 and determine if a final dividend will be declared against our commitment given in the prospectus to pay at least 15 percent of profits as dividend.

Outlook

The business environment remains challenging with many of the major countries of the world still faced with uncertainties in their economies. We still see opportunities to expand our product line and continue to grow existing lines. We are pleased that subsequent to June sales continue to track our forecast. We launched a new product under the Caribbean Dreams Jamaica Blue Spring Water brand in June to take advantage of our distribution network. The product now adds to the growing list of products we sell. The product Caribbean Dreams Jamaica Blue Spring Water is being sold locally and in the export market.

Our jointly owned Bay City supermarket in Montego Bay recorded encouraging increase in sales in July over June. Management is cautiously optimistic that this trend will continue and expect the operation to become profitable during the December quarter if the current trend in sales and cost continue. We expect to see a continuation of the positive performance for the fourth quarter as the performance for the various companies continue to be in line with our forecast.



Adeeb Mahfood
Chairman

John Mahfood
CEO



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THIRD QUARTER ENDING 30 JUNE 2011

	<u>3rd Quarter</u>		<u>Year to June</u>	
	2011	2010	2011	2010
SALES				
Sales - Local	64,482,200	55,937,497	186,134,716	164,443,996
Sales - Foreign	42,266,977	34,758,328	115,965,281	103,442,286
Sales - Retail	62,787,245	38,419,003	173,193,714	38,419,003
TOTAL SALES	169,536,422	129,114,828	475,293,711	306,305,285
COST OF GOODS SOLD	132,488,479	99,564,882	359,720,427	216,708,737
GROSS PROFIT	37,047,943	29,549,946	115,573,284	89,596,548
Interest Income	3,742,575	2,685,822	12,774,391	6,336,081
Dividend Income	226,127	93,878	725,598	197,476
Rental Income	785,700	120,000	2,276,510	120,000
Gain on Sale of Investments	336,439	0	1,986,145	0
Foreign Exchange Gain	253,939	(3,801,760)	888,246	(3,341,704)
Gain on Sale of Fixed Assets	0	0	747,920	785,193
Other Income	288,695	54,166	323,682	54,166
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES	42,681,418	28,702,052	135,295,776	93,747,760
Sales & Marketing Cost	2,196,644	4,838,222	10,552,105	13,086,464
Administration cost	13,512,738	11,478,734	42,082,220	26,730,270
Depreciation	619,986	428,727	1,754,059	1,476,445
Finance cost	913,872	469,897	2,139,109	1,345,919
NET PROFIT BEFORE SHARE OF ASSOCIATED COMPANY LOSS	25,438,178	11,486,472	78,768,284	51,108,662
SHARE OF ASSOCIATED COMPANY LOSS	(3,542,833)	0	(11,858,221)	0
PROFIT BEFORE TAXATION	21,895,345	11,486,472	66,910,063	51,108,662
TAXATION	0	(4,043,396)	0	(17,535,152)
Profit after tax	21,895,345	7,443,076	66,910,063	33,573,510
NON-CONTROLLING INTEREST	576,724	0	1,365,687	0
PROFIT AFTER TAX & MINORITY INTEREST	21,318,621	7,443,076	65,544,376	33,573,510
OTHER COMPREHENSIVE INCOME				
FAIR VALUE GAINS				
Appreciation In Investments	7,947,571	0	13,084,089	0
TOTAL COMPREHENSIVE INCOME	\$29,266,192	\$7,443,076	\$78,628,465	33,573,510
Earnings per share	\$0.13	\$0.05	\$0.39	\$0.24
Earnings per share after comprehensive income	\$0.17	\$0.05	\$0.47	\$0.24

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2011

	<u>2011</u>	<u>2010</u>	Audited <u>30 September</u> <u>2010</u>
FIXED ASSETS	46,502,439	35,388,033	31,724,151
INVESTMENT PROPERTY	47,157,589	41,051,089	31,411,271
INVESTMENTS	166,424,038	82,922,478	163,501,765
ASSOCIATED COMPANY	18,818,431	-	-
DEFERRED TAX ASSETS	4,200,261	-	4,097,972
CURRENT ASSETS			
Inventories	102,947,413	72,847,075	84,299,435
Receivables	79,056,495	65,743,709	65,076,300
Other Receivables	12,556,688	13,182,158	9,570,000
Taxation recoverable	4,514,120	-	2,498,419
Short term investments	44,796,947	15,798,136	27,910,000
Cash and Cash Equivalent	26,248,631	19,181,874	20,798,369
Total Current Assets	270,120,294	186,752,952	210,152,523
CURRENT LIABILITIES			
Accounts Payable	35,261,243	21,415,617	30,107,249
Demand Loan	767,255	2,929,860	5,909,698
Bank Overdraft	6,160,677	2,168,777	-
Taxation	-	9,776,724	-
Total Current Liabilities	42,189,175	36,290,978	36,016,947
NET CURRENT ASSETS	227,931,119	150,461,974	174,135,576
	<u>\$ 511,033,877</u>	<u>309,823,574</u>	<u>404,870,735</u>
CAPITAL & RESERVES			
STOCKHOLDERS EQUITY	462,384,394	301,240,966	392,146,749
NON-CONTROLLING INTEREST	1,298,028	-	(67,659)
DEFERRED TAX LIABILITY	4,401,455	4,664,448	4,401,452
LONG-TERM LOAN	42,950,000	3,918,160	8,390,193
	<u>\$ 511,033,877</u>	<u>\$ 309,823,574</u>	<u>404,870,735</u>

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
THIRD QUARTER ENDING 30 JUNE 2011

	Number of of shares	Share capital S'000	Share Premium S'000	Capital Reserves S'000	Attributable to the company's owners			Non- controlling Interest S'000	Total Equity S'000
					Fair Value Reserves S'000	Retained Earnings S'000	Total S'000		
Balance as at 30 September 2009	28,532,534	57,065,068	697,388	7,058,436	446,385	202,400,179	267,667,456	0	267,667,456
Dividend paid	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	-	33,573,510	33,573,510	-	33,573,510
Balance as at 30 June 2010	28,532,534	57,065,068	697,388	7,058,436	446,385	235,973,689	301,240,966	0	301,240,966
30 September 2010	167,828,575	137,643,474	697388	7,058,436	1,245,573	245,501,878	392,146,749	(67,659)	392,079,090
					-				
Dividend paid	-	-	-	-	-	(8,390,819)	(8,390,819)	-	(8,390,819)
Comprehensive income	-	-	-	-	13,084,089	65,544,376	78,628,465	1,365,687	79,994,152
Balance as at 30 June 2011	167,828,575	137,643,474	697,388	7,058,436	14,329,662	302,655,435	462,384,394	1,298,028	463,682,422

JAMAICAN TEAS LIMITED
STATEMENT OF CASHFLOWS
FOR THE NINE MONTHS ENDED 30 JUNE 2011

	Unaudited	
	2011	2010
	\$	\$
Comprehensive income for the period to date	78,628,465	33,573,510
Adjustments for:	-	-
Gain on Sale of Fixed Assets	(1,986,145)	-
Depreciation	1,754,059	1,476,445
Cash provided in operating activities	(50,299,629)	(29,190,004)
Net cash provided by (used in) operating activities	28,096,750	5,859,951
Net cash provided by investing activities	(61,891,128)	5,229,399
Dividends Paid	-	-
Net Loan repayment	36,869,235	(3,527,616)
Net cash used in financing activities	36,869,235	(3,527,616)
Decrease in cash and cash equivalent	3,074,857	7,561,734
Cash and cash equivalent at beginning of the period	17,013,097	9,451,363
Cash and cash equivalent at the end of period	20,087,954	17,013,097
Cash & Cash equiv made up as follows:		
Cash & Bank Balance	26,248,631	19,181,874
Bank overdraft	(6,160,677)	(2,168,777)
Cash and cash equivalent at the end of period	20,087,954	17,013,097

JAMAICAN TEAS LIMITED
SEGMENT RESULTS
FOR THE NINE MONTHS ENDED 30 JUNE 2011

SEGMENT RESULTS - 2011

	Manufacture	Rental	Retail	Investments	TOTAL
REVENUES	302,099,997	2,276,510	173,193,714	16,557,736	494,127,957
Segment Results	<u>49,633,905</u>	<u>1,930,817</u>	<u>10,081,261</u>	<u>16,234,054</u>	77,880,038
Gain on Exchange					888,246
Net Profit before tax					<u>\$78,768,284</u>
Segment Assets	<u>298,327,757</u>	<u>53,149,238</u>	<u>30,610,789</u>	<u>211,220,985</u>	<u>\$593,308,769</u>
Segment Liabilities	<u>17,424,486</u>	<u>19,092,415</u>	<u>24,117,250</u>		<u>\$60,634,151</u>

SEGMENT RESULTS - 2010

	Manufacture	Rental	Retail	Investments	TOTAL
REVENUES	267,886,282	120,000	38,419,003	7,372,916	313,798,201
Segment Results	<u>47,845,327</u>	<u>120,000</u>	<u>(833,711)</u>	<u>7,318,750</u>	54,450,366
Loss on Exchange					(3,341,704)
Net Profit before tax					<u>\$51,108,662</u>
Segment Assets	<u>205,544,785</u>	<u>26,731,963</u>	<u>20,433,760</u>	<u>98,720,614</u>	<u>\$351,431,122</u>
Segment Liabilities	<u>14,119,232</u>	<u>18,398,210</u>	<u>21,267,369</u>	-	<u>\$53,784,811</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 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. INVESTMENTS

	2011	2010
Government Bonds	76,480,904	17,085,753
Corporate Bonds	70,049,777	55,539,698
Other	19,989,187	15,798,136
Quoted Equities	44,701,117	10,297,027
Total Investments	<u>211,220,985</u>	<u>98,720,614</u>
Less Short Term Portion	44,796,947	15,798,136
Investments	<u>\$166,424,038</u>	<u>82,922,478</u>

7. 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.