

**September 2011
Interim**

**JAMAICAN TEAS
LIMITED**

**UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS
FOURTH QUARTER -SEPTEMBER 2011**

Jamaican Teas Limited

Board of Directors' Commentary

Fourth Quarter results to September 2011

Profits up 37% for year

The results of Jamaican Teas first full financial year of trading as a public company shows satisfactory increases in sales and profits. Profits for the year increased from \$58.1 million to \$79.6 million an increase of 37%. The group recorded sales of \$646 million for the year compared with \$450 million in the prior year, an increase of 43%. This growth comes from continued improvement in our core business at Jamaican Teas and growth in sales of our majority owned supermarket in Kingston. The supermarket, however, only operated from March last year while this year account for a full year of sales from that operation.

During the last quarter, sales increased from \$144 million to \$170 million, an increase of 18%. Profit before taxation for the quarter amounted to \$13.6 million compared to \$18.0 million. Net profit declined from \$24.4 million to \$14.1 million, a decrease of 73% but after a reversal for a portion of taxation previously provided for in the nine months period last year. The reduced tax liability is due to the tax free status the company enjoys for listing on the Junior Market of the JSE.

The profits in the quarter were lower than expected due to the combined effects of a down turn in economic activity in our main markets, in particular our domestic market and an increase in raw material costs. We did not increase our selling prices to the full extent of the increases in the cost of raw materials as we expect to see some improvement in raw material prices next year.

Supermarkets

Our JRG Shoppers Delite supermarket in Kingston had sales of \$240 million for the twelve months and \$66.7 million for the quarter.

The sales performance compares favourably to the \$62.8 million recorded in previous quarter this year and a major improvement to the \$45.8 million recorded in the comparative period of the prior year. This business has been consistently profitable during this financial year. This subsidiary company is producing positive cash flow and has fully repaid the advances made in 2010 relating to the start-up of operations.

Sales at our jointly owned supermarket in Montego Bay, continues to show steady improvement. Sales for the current quarter improved by 18% compared to the previous quarter. However, the increase in sales for the period to September has been at a slower pace than originally anticipated. We however expect to achieve a break-even position by the second quarter of the new year. We recorded a loss of \$5.6 million as our share of the investment in the fourth quarter and a loss of \$17.5 million for the twelve month period. We are pleased that we have experienced significant growth in customer visits during the quarter compared to the previous quarter which translated into increased sales which has continued to grow after the year ended.

Capital Spend

We completed an off-site storage warehouse including racking and shelving at a cost of \$20 million in this financial year. This will allow us to store raw materials that are in short supply. It will also improve our ability to achieve quicker turn-around of export orders by improving our capacity to store finished goods.

FINANCIAL POSITION

Investments

Our investments portfolio of bonds and equities stood at \$212 million at the end of the quarter which includes unrealized gains of \$15 million garnered during the year. The portfolio is a mix of medium and short term fixed interest securities and mainly stocks listed on the local stock exchange. For the year, the portfolio generated interest and dividend income together with realized gains on disposal of investments amounting to \$20.3million.

During the quarter, interest and dividend income was \$3.1 million compared to \$4.1 million in the comparative quarter of the prior year. There was an appreciation in the underlying value of investments amounting to \$1.9 million during the quarter which is reflected in other comprehensive income. We also realized gains from disposal of investments amounting to \$1.7 million which is included in profit in the quarter.

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.

Outlook

The business environment both locally and overseas remains challenging due to uncertainty about the global economy. Locally, Jamaica appears to be entering a period of general election campaigning which could affect our business in some cases it could be positive in the medium term as more money is spent ahead of a general election thus providing consumers with disposable income on the other hand it could also negatively affect business as well. The policies that could be pursued after an election with a new administration in place are factors that are unknown at this stage.

We are dealing with these likely scenarios in our manufacturing division by increasing our spend on marketing activities, maintaining our price competitiveness and seeking new customers in our export markets. On the retail side we are focusing on customer service and price competitiveness in order to attract new customers. We are confident that our strategies will ensure positive performance next year. We also expect to see a significant improvement in the results of our supermarket in Montego Bay in line with the growth in sales seen for 2011 to date. Our investment portfolio continues to perform well and we continue to look for opportunities to enhance the performance in this area. We are also examining some new opportunities that will add to improved results going forward.



John Jackson
Director



John Mahfood
CEO



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOURTH QUARTER ENDED 30 SEPTEMBER 2011

	<u>4th Quarter</u>		<u>Year to September</u>	
	2011	2010	2011	2010
SALES				
Sales - Local	64,362,912	59,449,668	250,497,628	223,893,664
Sales - Foreign	39,361,909	38,866,665	155,327,190	142,308,952
Sales - Retail	66,747,876	45,857,164	239,941,590	84,126,167
TOTAL SALES	170,472,697	144,173,497	645,766,408	450,328,783
COST OF GOODS SOLD	137,498,781	108,602,118	497,219,208	326,692,924
GROSS PROFIT	32,973,916	35,571,091	148,547,200	123,635,859
Interest Income	2,602,273	3,996,091	15,376,664	11,548,067
Dividend Income	503,406	142,898	1,229,004	142,898
Rental Income	885,700	704,836	3,162,210	1,683,360
Gain on Sale of Investments	1,765,269	0	3,751,414	0
Foreign Exchange Gain	714,469	(2,377,889)	1,602,715	(5,971,985)
Gain on Sale of Fixed Assets	0	0	747,920	878,427
Other Income	103,715	33,589	427,397	87,755
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES	39,548,748	38,070,904	174,844,524	132,004,381
Sales & Marketing Cost	4,619,529	2,154,854	15,171,634	14,566,278
Administration cost	13,788,303	17,193,345	55,870,522	45,994,477
Depreciation	645,072	474,744	2,399,133	1,951,188
Finance cost	1,206,571	217,327	3,345,679	867,069
	20,259,475	20,040,270	76,786,968	63,379,012
NET PROFIT BEFORE SHARE OF ASSOCIATED COMPANY LOSS	19,289,273	18,030,634	98,057,556	68,625,369
SHARE OF ASSOCIATED COMPANY LOSS	(5,633,641)	0	(17,491,862)	0
PROFIT BEFORE TAXATION	13,655,632	18,030,634	80,565,694	68,625,369
TAXATION	(413,061)	6,417,019	(413,061)	(10,591,329)
Profit after tax	13,242,571	24,447,653	80,152,633	58,034,040
NON-CONTROLLING INTEREST	(840,059)	0	524,628	(67,659)
PROFIT AFTER TAX & MINORITY INTEREST	14,082,630	24,447,653	79,628,005	58,101,699
OTHER COMPREHENSIVE INCOME				
FAIR VALUE GAINS				
Appreciation In Investments	1,896,021	1,018,419	14,980,110	799,188
TOTAL COMPREHENSIVE INCOME	\$15,978,651	\$25,466,072	\$94,608,115	58,900,887
Earnings per share	\$0.08	\$0.17	\$0.47	\$0.41
Earnings per share after total comprehensive income	\$0.10	\$0.18	\$0.56	\$0.41

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

	<u>2011</u>	<u>2010</u>
FIXED ASSETS	54,583,334	40,292,162
INVESTMENT PROPERTY	47,157,590	38,589,579
INVESTMENTS	201,228,371	136,291,694
ASSOCIATED COMPANY	15,592,490	-
DEFERRED TAX ASSETS	4,200,261	4,200,261
CURRENT ASSETS		
Inventories	95,874,594	84,298,435
Receivables	75,476,085	67,643,564
Other Receivables	6,628,745	5,963,936
Taxation recoverable	5,213,053	2,426,100
Short term investments	10,787,143	27,910,000
Cash and Bank	24,363,693	20,435,978
Total Current Assets	218,343,313	208,678,013
CURRENT LIABILITIES		
Accounts Payable	23,695,132	25,662,468
Short term borrowings	15,439,942	2,572,358
Bank Overdraft	2,091,126	3,331,740
Total Current Liabilities	41,226,200	31,566,566
NET CURRENT ASSETS	177,117,113	177,111,447
	\$ 499,879,159	396,485,143
 EQUITY & NON-CURRENT LIABILITIES		
STOCKHOLDERS EQUITY	469,974,903	392,146,749
NON-CONTROLLING INTEREST	456,969	(67,659)
DEFERRED TAX LIABILITY	4,401,455	4,401,452
LONG-TERM LOAN	25,045,832	4,601
	\$ 499,879,159	396,485,143

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2011

	Number of of shares	Share capital S'000	Share Premium S'000	Capital Reserves S'000	<u>Attributable to the company's owners</u>			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	-	-	-	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Stock Split	114,130,346								
Issue of shares, net of transaction costs	25,165,695	80,578,406					80,578,406		
Comprehensive income	-	-	-	-	799,188	58,101,699	58,900,887	(67,659)	58,833,228
Balance as at									
30 September 2010	<u>167,828,575</u>	<u>137,643,474</u>	<u>697,388</u>	<u>7,058,436</u>	<u>1,245,573</u>	<u>245,501,878</u>	<u>392,146,749</u>	<u>(67,659)</u>	<u>392,079,090</u>
Dividend paid	-	-	-	-	-	(16,779,961)	(16,779,961)	-	(16,779,961)
Comprehensive income	-	-	-	-	14,980,110	79,628,005	94,608,115	524,628	95,132,743
Balance as at									
30 September 2011	<u>167,828,575</u>	<u>137,643,474</u>	<u>697,388</u>	<u>7,058,436</u>	<u>16,225,683</u>	<u>308,349,922</u>	<u>469,974,903</u>	<u>456,969</u>	<u>470,431,872</u>

JAMAICAN TEAS LIMITED
STATEMENT OF CASHFLOWS
FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2011

	2011	2010
	\$	\$
Cash flow from projected activities		
comprehensive income for the period to date	94,608,115	58,900,887
Adjustments for:		
Gain on Sale of Fixed Assets	(747,920)	(878,427)
Depreciation	2,399,133	1,951,188
Cash (used) Provided in operating activities	<u>(9,172,671)</u>	<u>(24,478,245)</u>
Net cash provided by (used in) operating activities	<u>87,086,657</u>	<u>35,495,403</u>
Net cash provided by investing activities	<u>(104,512,932)</u>	<u>(84,172,412)</u>
Issue of Shares	-	80,578,406
Dividends Paid	(16,779,961)	(15,000,000)
Net Loan received/payment	<u>25,045,832</u>	<u>(5,710,442)</u>
Net cash used in financing activities	22,594,604	59,867,964
Decrease in cash and cash equivalent	<u>5,168,329</u>	<u>11,190,955</u>
Cash and cash equivalent at beginning of the period	<u>17,104,238</u>	<u>5,913,283</u>
Cash and cash equivalent at the end of the period	<u>22,272,567</u>	<u>17,104,238</u>
Cash & Cash equiv made up as follows:		
Cash & Bank Balance	24,363,693	20,435,978
Bank overdraft	<u>(2,091,126)</u>	<u>(3,331,740)</u>
Cash and cash equivalent at the end of period	<u>22,272,567</u>	<u>17,104,238</u>

JAMAICAN TEAS LIMITED
SEGMENT RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER 2011

SEGMENT RESULTS - 2011

	Manufacture 2011	Rental 2011	Retail 2011	Investments 2011	TOTAL 2011
REVENUES	<u>405,824,818</u>	<u>3,162,210</u>	<u>239,941,590</u>	<u>20,784,479</u>	<u>669,713,097</u>
Segment Results	<u>61,790,777</u>	<u>642,527</u>	<u>12,916,534</u>	<u>20,357,082</u>	95,706,920
Gain on Sale of Fixed Assets					747,920
Gain on Exchange					1,602,715
Net Profit before tax and associated company results					98,057,555.00
Associated company					<u>17,491,862.00</u>
Net profit before tax					<u>80,565,594.00</u>
Segment Assets	<u>325,719,322</u>	<u>53,278,104</u>	<u>26,169,433</u>	<u>201,228,371</u>	<u>\$606,395,230</u>
Segment Liabilities	<u>15,350,427</u>	<u>18,984,265</u>	<u>23,076,556</u>		<u>\$57,411,248</u>

SEGMENT RESULTS - 2010

	Manufacture 2010	Rental 2010	Retail 2010	Investments 2010	TOTAL 2010
REVENUES	<u>366,202,616</u>	<u>50,000</u>	<u>84,126,167</u>	<u>11,778,720</u>	<u>462,157,503</u>
Segment Results	<u>62,623,769</u>	<u>500,000</u>	<u>701,091</u>	<u>11,690,965</u>	75,515,825
Gain on Sale of Fixed Assets					878,427
Gain on Exchange					(5,971,985)
Net Profit before tax					<u>\$69,543,840</u>
Segment Assets	<u>259,258,836</u>	<u>24,349,283</u>	<u>22,561,166</u>	<u>136,291,694</u>	<u>\$442,460,979</u>
Segment Liabilities	<u>16,238,727</u>	<u>26,528,402</u>	<u>22,896,062</u>	-	<u>\$65,663,191</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 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.

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

Available for sale at market value

	2011	2010
Government Bonds	77,043,272	66,898,800
Corporate Bonds	71,900,537	72,839,545
Other	11,225,193	3,029,211
Quoted Equities	51,846,512	21,434,128
Total Investments	<u>212,015,514</u>	<u>164,201,694</u>
Less Short Term Portion	10,787,143	27,910,000
	<u>\$201,228,371</u>	<u>136,291,694</u>

7. SHARE CAPITAL:

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