JAMAICAN TEAS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2011

JAMAICAN TEAS LIMITED

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30 SEPTEMBER 2011

I N D E X

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Chartered Accountants
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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 49, which comprise the consolidated statement of financial position as at 30 September 2011 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 2011 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 2011, 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.

BDO

Chartered Accountants

28 December 2011

JAMAICAN TEAS LIMITED

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 SEPTEMBER 2011

	Note	2011 $'000	2010 $'000
REVENUE	7	645,701	451,512
COST OF SALES		(498,634)	(326,974)
GROSS PROFIT		147,067	124,538
Other income	8	25,162	12,279
		172,229	136,817
ADMINISTRATIVE AND OTHER EXPENSES			
Selling and marketing		14,743	14,566
Administrative expenses		58,657	45,678
		73,400	60,244
Exchange (gain)/loss		(1,603)	5,971
		71,797	66,215
PROFIT FROM OPERATIONS	10	100,432	70,602
Finance costs	11	(3,346)	(1,976)
Share of results of associated company	18	(11,575)	-
PROFIT BEFORE TAXATION		85,511	68,626
Taxation	13	(2,948)	(10,591)
NET PROFIT FOR THE YEAR		82,563	58,035
Net profit attributable to:			
Owners of Jamaican Teas Limited		82,232	58,102
Non-controlling interest		331	(67)
		82,563	58,035
Earnings per stock unit for profit attributable to owners of the company during the period:			
Basic	14	0.50	0.39

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2011

	2011 $'000	2010 $'000
NET PROFIT FOR THE YEAR	82,563	58,035
Other Comprehensive Income:		
Unrealised valuation gain on financial instruments	13,963	1,245
Realised fair value gain transferred to the statement of income	-	(446)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	96,526	58,834
Total comprehensive income attributable to:		
Owners of Jamaican Teas Limited	96,195	58,901
Non-controlling interest	331	(67)
	96,526	58,834

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2011

	Note	2011 $'000	2010 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	16	52,556	31,724
Investment property	17	31,411	31,411
Investment in associate	18	21,510	-
Investments	19	220,681	163,502
Deferred tax assets	20	3,755	4,098
		329,913	230,735
CURRENT ASSETS:			
Inventories	21	95,814	84,299
Receivables	22	80,833	74,646
Taxation recoverable		2,875	2,498
Short term investments	23	10,787	27,910
Cash and cash equivalents	24	24,066	17,466
		214,375	206,819
		544,288	437,554
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES:			
Share capital	25	137,643	137,643
Share premium		697	697
Capital Reserve	26	7,059	7,059
Fair value reserve	27	15,208	1,245
Retained earnings		310,954	245,502
		471,561	392,146
Non-controlling interest		264	(67)
		471,825	392,079
NON-CURRENT LIABILITIES:			
Deferred tax liabilities	20	4,546	4,401
Long term liabilities	28	25,059	8,390
		29,605	12,791
CURRENT LIABILITIES:			
Payables	29	27,382	30,107
Short term borrowings	30	15,427	2,577
Taxation payable		49	-
		42,858	32,684
		544,288	437,554

Approved for issue by the Board of Directors on 28 December 2011 and signed on its behalf by:

John Mahfood - Chief Executive Officer

John Jackson - Director

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2011

									Non-Controlling Interest	Total Equity
			Attributable to owners of the company							
	Note	Number of Shares	Share Capital $'000	Share Premium $'000	Capital Reserve $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000	$'000	$'000
Balance as at 30 September 2009		28,532,534	57,065	697	7,059	446	202,400	267,667	-	267,667
Dividends paid		-	-	-	-	-	(15,000)	(15,000)	-	(15,000)
Stock split		114,130,346	-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	799	58,102	58,901	(67)	58,834
Issue of shares, net of transaction costs		25,165,695	80,578	-	-	-	-	80,578	-	80,578
Balance as at 30 September 2010		167,828,575	137,643	697	7,059	1,245	245,502	392,146	(67)	392,079
Dividend paid	15	-	-	-	-	-	(16,780)	(16,780)	-	(16,780)
Total comprehensive income		-	-	-	-	13,963	82,232	96,195	331	96,526
Balance as at 30 September 2011		167,828,575	137,643	697	7,059	15,208	310,954	471,561	264	471,825

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2011

	2011 $'000	2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	82,563	58,035
Adjustments for:		
Gain on disposal of investments	(4,697)	(446)
Gain on disposal of property, plant and equipment	(748)	(878)
Deferred taxation	488	(527)
Income tax charge	2,460	11,118
Depreciation	6,616	5,229
Operating cash flows before movements in working capital	86,682	72,531
Changes in operating assets and liabilities:		
Inventories	(11,515)	(25,341)
Receivables	(6,187)	(3,213)
Payables	2,725	21,191
Cash generated from operations	71,705	65,168
Tax paid	(2,788)	(26,341)
Net cash provided by operating activities	68,917	38,827
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in investments	(48,356)	(50,302)
Proceeds from disposal of property, plant and equipment	1,290	2,750
Additions of property, plant and equipment	(27,990)	(16,590)
Additions to investment property	-	(20,030)
Net cash used in investing activities	(75,056)	(84,172)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of shares	-	80,578
Dividends paid	(16,780)	(15,000)
Loan proceeds	42,950	-
Decrease in loans	(13,431)	(8,680)
Net cash provided by financing activities	12,739	56,898
INCREASE IN CASH AND CASH EQUIVALENTS	6,600	11,553
Cash and cash equivalents at beginning of year	17,466	5,913
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)	24,066	17,466

JAMAICAN TEAS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2011

	Note	2011 $'000	2010 $'000
TURNOVER	7	405,825	366,203
COST OF SALES		(283,748)	(249,295)
GROSS PROFIT		122,077	116,908
Other income	8	33,434	12,129
		155,511	129,037
Administrative and other expenses		61,509	52,907
Exchange (gain)/loss		(1,483)	5,971
		60,026	58,878
PROFIT FROM OPERATIONS	10	95,485	70,159
Finance costs	11	(1,165)	(867)
PROFIT BEFORE TAXATION		94,320	69,292
Taxation	13	(2,556)	(10,855)
NET PROFIT FOR THE YEAR		91,764	58,437
Other Comprehensive Income:			
Unrealised valuation gain on financial instruments		13,963	1,245
Realised fair value gain transferred to the statement of income		-	(446)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		105,727	59,236

JAMAICAN TEAS LIMITED

STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2011

	Note	2011 $'000	2010 $'000
ASSETS			
NON-CURRENT ASSETS :			
Property, plant and equipment	16	24,636	20,602
Investment property	17	31,411	31,411
Investment in subsidiaries		5,538	5,538
Investment in associate	18	33,085	-
Investments	19	204,935	139,646
Due from subsidiary	18	48,167	28,820
		347,772	226,017
CURRENT ASSETS:			
Inventories	21	77,183	69,378
Receivables	22	78,090	71,013
Taxation recoverable		2,803	2,426
Short term investments	23	10,787	27,910
Cash and cash equivalents	24	25,265	20,113
		194,128	190,840
		541,900	416,857
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES:			
Share capital	25	137,643	137,643
Share premium		697	697
Fair value reserve	27	15,208	1,245
Retained earnings		330,949	255,965
		484,497	395,550
NON-CURRENT LIABILITIES:			
Deferred tax liabilities	20	4,546	4,401
Long term liabilities	28	25,059	-
		29,605	4,401
CURRENT LIABILITIES:			
Due to subsidiary	18	671	270
Payables	29	11,700	14,059
Short term borrowings	30	15,427	2,577
		27,798	16,906
		541,900	416,857

Approved for issue by the Board of Directors on 28 December 2011 and signed on its behalf by:

John Mahfood - Chief Executive Officer

John Jackson - Director

JAMAICAN TEAS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2011

	Note	Number of Shares	Share Capital $'000	Share Premium $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 30 September 2009		28,532,534	57,065	697	446	212,528	270,736
Dividends paid		-	-	-	-	(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
Dividends paid		-	-	-	-	(16,780)	(16,780)
Total comprehensive income		-	-	-	13,963	91,764	105,725
Balance at 30 September 2011		167,828,575	137,643	697	15,208	330,949	484,497

JAMAICAN TEAS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2011

	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit for the year	91,764	58,436
Adjustments for:		
Gain on disposal of investments	-	(446)
Gain on disposal of property, plant and equipment	(748)	(878)
Deferred taxation	145	(263)
Income tax charge	2,411	11,117
Depreciation	4,525	4,224
Operating cash flows before movements in working capital	98,097	72,190
Changes in operating assets and liabilities:		
Inventories	(7,805)	(10,420)
Receivables	(7,077)	(9,832)
Related company	(18,946)	(10,152)
Directors' current account	-	60
Payables	2,359	6,643
Cash generated from operations	66,628	48,489
Tax paid	(2,788)	(26,341)
Net cash provided by operating activities	63,840	22,148
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	42,950	-
Loan repayment	(5,036)	(8,940)
Share Issue	-	80,578
Dividends paid	(16,780)	(15,000)
Long term receivables	-	9,968
Net cash provided by financing activities	21,134	66,606
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net decrease in investments	(40,596)	(52,808)
Investment in associate	(33,085)	-
Proceeds from disposal of property, plant and equipment	1,290	2,750
Additions of property, plant and equipment	(9,101)	(4,465)
Additions to investment property	-	(20,030)
Net cash used in investing activities	(81,492)	(74,553)
INCREASE IN CASH AND CASH EQUIVALENTS	3,482	14,201
Cash and cash equivalents at beginning of year	20,113	5,912
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 24)	23,595	20,113

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

   (a) Jamaican Teas Limited (the company) is 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 teas (black and herbal).
      ii. The operation of supermarkets.
      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 polices applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, prior year comparatives have been restated and reclassified to conform to current year's presentation. In particular short term borrowings of $3,320,000 was reclassified as cash and cash equivalents.

   (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 2011

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 interpretation became effective:

IFRIC 17, *Distribution of Non-Cash Assets to Owners,*(effective for annual reporting periods beginning on or after 1 January 2010). IFRIC 17 states that a dividend payable should be recognised when appropriately authorised and no longer at the entity's discretion. Where an owner has a choice of a dividend of a 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 recognised in profit or loss. This change had no impact on the Company's and the Group's 2011 financial statements.

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

*IAS 1 Presentation of Financial Statements, (*effective for accounting periods beginning on or after 1 January 2011). The standard was amended to state that for each component of equity a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity, showing separately changes arising from items recognized in profit or loss, in other comprehensive income and from transactions with owners acting in their capacity as owners. The Group is assessing the impact that the standard will have on its 2012 financial statements.

IAS 24, Related Party Disclosure, revised (effective 1 January 2011). Changes were introduced to the related party disclosure requirements for government-related entities and amend the definition of a related party. The standard also expands the list of transactions that require disclosure. The Group is assessing the impact, if any, the amendment will have on the 2012 financial statements.

IAS 27 (2011), *Separate Financial Statements, (*effective for annual periods beginning on or after 1 January 2013). The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27. The Group is assessing the impact that the standard will have on the 2014 financial statements.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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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)

IAS 34 Interim Financial Reporting, (effective for accounting periods beginning on or after 1 January 2011). Provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification;
- Transfer of financial instruments between different levels of the fair value hierarchy;
- Changes in the classification of financial assets; and
- Changes in contingent liabilities and assets.

The Group is assessing the impact that the standard will have on the 2012 financial year.

*IFRS 7 Financial Instruments: Disclosures (*effective for accounting periods beginning on or after 1 January 2011). The standard was amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial statements. The Group is assessing the impact that the standard will have on its 2012 financial statements.

IFRS 9 Financial Instruments,(effective for annual reporting 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: amortised cost and fair value. The revised standard now includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and derecognition of financial assets and financial liabilities. The Group is considering the implication of the standard and the impact that this standard would have on its 2014 financial statements.

IFRS 10, *Consolidated Financial Statements, (* effective for annual periods beginning on or after 1 January 2013). This standard supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation Special Purpose Entities* and provides a single model to be applied in the control analysis for all investees. The Group is assessing the impact that the standard will have on the 2014 financial statements.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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)

IFRS 12, *Disclosure of Interests in Other Entities (*effective for annual periods beginning on or after 1 January 2013). The disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate:

- the nature of, and risks associated with, an entity's interests in other entities; and
- the effects of those interests on the entity's financial position, financial performance and cash flows

IFRS 13, *Fair Value Measurement, (*effective for annual periods beginning on or after 1 January 2013). It replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. The Group will apply the amended standard from the 1 October 2013.

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 -

(i) Subsidiaries:

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements include the financial statements of the company and its subsidiaries, made up to 30 September 2011.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

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

(ii) Subsidiaries (cont'd):

The subsidiaries consolidated are as follows:-

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

(iii) Associates:

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on the equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to $Nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal, or constructive obligations, or made payments on behalf of an associate.

The Group's associated company, incorporated in Jamaica is Bay City Foods Limited. The Group has a 49% interest in the company.

(iv) Transactions eliminated on consolidation:

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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, Chief Accountant and the Finance Committee.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(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%
Computers	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.

(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.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(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.

(j) Impairment -

The carrying amounts of the Group'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 profit or loss.

(k) Financial instruments -

A financial instrument is any contract that gives rises 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 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.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(k) Financial instruments (cont'd) –

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 receivables and cash and cash equivalents in the 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 other comprehensive income. These available-for-sale financial assets are classified as investments in the statement of financial position.

Financial liabilities

The Group'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.

(l) Foreign currency translation -

Transactions in foreign currencies are converted at the exchange rates prevailing at the dates of the transactions. At the year end date, monetary assets and liabilities denominated in foreign currency are translated using the exchange rate ruling at that date. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(l) Foreign currency translation (cont'd) -

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognized in the statement of comprehensive income (applicable for financial assets fair valued through profit or loss), or within other comprehensive income if the non-monetary financial assets are equity instruments which are designated as fair valued through other comprehensive income.

(m) Investment properties -

Investment properties are stated at cost.

(n) Taxation -

Taxation expense in the statement of income 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.

(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 is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

Deferred tax assets is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(o) Revenue recognition -

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts and after eliminating sales within the Group.

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.

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.

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

(p) Leases -

Leases of property where the Group 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 statement of income on the straight-line basis over the period of the lease.

(q) Pension costs -

Pension scheme costs included in the Group's statement of income 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.

(r) Dividends -

Dividends are recorded as a deduction from equity in the period in which they are approved.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

4. **FINANCIAL AND CAPITAL RISK MANAGEMENT**

(a) Financial risk factors –

The Group has exposure to the following risks from its use of financial instruments and its operations: credit risk, liquidity risk, and market risk. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

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 polices 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:

Principal financial instruments -

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

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

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

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(a) Financial risk factors (cont'd) –

The Group

Financial assets -

	Loans and Receivables		Available-for-sale	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash and cash equivalents	24,066	17,466	-	-
Trade receivables	68,452	62,274	-	-
Repurchase agreements	-	-	10,787	27,910
Government of Jamaica bonds	-	-	77,043	66,899
Government of Cayman bonds	-	-	-	16,902
Corporate bonds	-	-	76,045	34,411
Equities	-	-	67,593	45,290
	92,518	79,740	231,468	191,412

Financial liabilities at amortised cost –

	2011	2010
	$'000	$'000
Trade and other payables	27,641	30,107
Loans and borrowings	40,486	10,967
Total financial liabilities	68,127	41,074

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(a) Financial risk factors (cont'd) –

The Company

Financial assets -

	Loans and Receivables		Available-for-sale	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash and cash equivalents	25,265	20,113	-	-
Trade and other receivables	68,452	62,274	-	-
Repurchase agreements	-	-	10,787	27,910
Government of Jamaica bonds	-	-	77,043	66,899
Government of Cayman bonds	-	-	-	16,902
Corporate bonds	-	-	76,045	34,411
Equities	-	-	51,847	21,434
	93,717	82,387	215,722	167,556

Financial liabilities at amortised cost –

	2011	2010
	$'000	$'000
Trade and other payables	11,700	14,059
Loans and borrowings	40,456	2,577
Total financial liabilities	52,156	16,636

(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 2011

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

(a) Financial risk factors (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

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.

Credit limits for all customers are reviewed at least annually, against the customers' payment history, assessment of customers' credit risk and sales department information.

Cash and cash equivalents and investments

The Group maintains cash resources and investments with reputable financial institutions. The credit risk is considered low.

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:

	2011 $'000	2010 $'000
Financial assets -		
Cash and cash equivalents	24,066	17,466
Trade receivables	68,452	62,274
Available-for-sale investments	231,468	191,412
Total financial assets	323,986	271,152

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(a) Financial risk factors (cont'd) –

(i) Credit risk (cont'd) -

The Company

The carrying values and maximum exposure is as follows:

	2011 $'000	2010 $'000
Financial assets -		
Cash and cash equivalents	25,265	20,113
Trade receivables	68,452	62,274
Available-for-sale investments	215,722	167,556
Total financial assets	309,439	249,943

Cash at bank -

A significant amount of cash is held with the following institution as at 30 September 2011:

	Balance at 30 September 2011 $'000
National Commercial Bank	25,319

(ii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

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

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(a) Financial risk factors (cont'd) –

(ii) Market risk (cont'd)

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United Sates 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.

At 30 September 2011 the Group and Company had net foreign assets/(liabilities) of:

	2011	2010
United States dollars	937,885	726,225
Canadian dollars	104,750	12,417
Pound Sterling	27,843	46,058

A weakening or strengthening of the Jamaican dollar against the United States dollar at 30 September, would increase/(decrease) net profit by the amount shown below. The analysis assumes that all the variables, in particular interest remain constant.

Changes in currency rate	Effect on net profit 2011 $'000	Changes in currency rate	Effect on net profit 2010 $'000
+.5%	(225)	+.5%	(295)
1%	449	-4%	1,182

(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.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(a) Financial risk factors (cont'd) –

(iii) Interest rate 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 bearing liabilities.

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

Interest rate sensitivity

The following tables indicate the sensitivity to a reasonably possible change in basis points in interest rates with all other variables held constant, on the Group's profit. The analysis assumes that all other variables, in particular foreign currency rates remain constant.

	Effect on profit 2011 $'000
Changes in basis points	
-50	(662)
+100	1,325

	Effect on profit 2010 $'000
Changes in basis points	
-400	(5,120)
+100	1,280

(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.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(a) Financial risk factors (cont'd) –

(iv) Liquidity risk (cont'd)

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.

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

The Group

	Up to 3 Months $'000	Between 3 and 12 months $'000	Between 1 and 2 years $'000	Total $'000
At 30 September 2011				
Trade and other payables	27,382	-	-	27,382
Loans and borrowings	-	15,427	25,059	40,486
Total	27,382	15,427	25,059	67,868

	Up to 3 Months $'000	Between 3 and 12 months $'000	Between 1 and 2 years $'000	Total $'000
At 30 September 2010				
Trade and other payables	30,107	-	-	30,107
Loans and borrowings	-	2,577	8,390	10,967
Total	30,107	2,577	8,390	41,074

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(a) Financial risk factors (cont'd) –

(iv) Liquidity risk (cont'd)

The Company

	Between Up to 3 Months $'000	Between 3 and 12 months $'000	1 and 2 years $'000	Over 2 years $'000	Total $'000
At 30 September 2011					
Trade and other payables	11,700	-	-	-	11,700
Loans and borrowings	-	15,427	-	25,059	40,486
Total	11,700	15,427	-	25,059	52,186

	Between Up to 3 Months $'000	Between 3 and 12 months $'000	1 and 2 years $'000	Over 2 years $'000	Total $'000
At 30 September 2010					
Trade and other payables	14,059	-	-	-	14,059
Loans and borrowings	-	2,577	-	-	2,577
Total	14,059	2,577	-	-	16,636

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(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.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(a) Financial risk factors (cont'd) –

(v) Capital Management (cont'd)

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:

	2011 $'000	2010 $'000
Debt	39,379	8,395
Equity	137,643	137,643
Total capital	177,022	146,038
Gearing ratio	22.25%	5.75%

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

(b) 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 2011 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)

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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

(a) Financial risk factors (cont'd) –

There were no transfers between levels during the year.

	Level 1 $'000	Level 2 $'000	Total $'000
Available-for-sale:			
Quoted equities	51,847	-	51,847
Unquoted equities	15,746	-	15,746
Repurchase agreements	-	10,787	10,787
Corporate bonds	-	76,045	76,045
Government of Jamaica bonds	-	77,043	77,043
	67,593	163,875	231,468

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.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

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 except, parent company, Jamaican Teas Limited. 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 company – This incorporates the packaging and the distribution of teas and other consumable items and accounts for the largest proportion of the Group's business generating 63% of its external revenue.

- Retailing companies – this segment is involved in the operation of a supermarket and contributed 37% of the Group's external revenue.

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 2011

6. **BUSINESS SEGMENTS (CONT'D):**

	2011			
	Manufacturing $'000	**Retailing $'000**	**Eliminated/ Unallocated $'000**	**Group $'000**
Revenue	405,825	239,876	-	645,701
Operating results	73,121	2,763	(614)	75,270
Other income	23,434	66	1,662	25,162
Profit from operations	96,555	2,829	1,048	100,432
Finance cost	(2,075)	(1,271)	-	(3,346)
Share of results of associate	-	(11,575)	-	(11,575)
Profit/(loss) before taxation	94,480	(10,017)	1,048	85,511
Taxation	(2,556)	(292)	(100)	(2,948)
Net profit/(loss) for year	91,924	(10,309)	948	82,563
Operating assets	541,900	28,079	(47,201)	522,778
Investment in associates	-	21,510	-	21,510
Total assets	541,900	49,589	(47,201)	544,288
Operating liabilities	57,403	27,132	(11,706)	72,829
Other segment items				
Additions to non-current assets	9,101	1,298	17,591	27,990
Depreciation	4,525	1,827	264	6,616

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

6. **BUSINESS SEGMENTS (CONT'D):**

	2010			
	Manufacturing $'000	Retailing $'000	Eliminated/ Unallocated $'000	Group $'000
Revenue	366,203	84,126	1,183	451,512
Operating results	58,884	(599)	38	58,323
Other income	12,129	150	-	12,279
Profit/(loss) From operations	71,013	(449)	38	70,602
Finance cost	(1,721)	(255)	-	(1,976)
Profit/(loss) before taxation	69,292	(704)	38	68,626
Taxation	(10,855)	366	(102)	(10,591)
Net profit/(loss)	58,437	(338)	(64)	58,035
Operating assets	416,857	25,892	(5,195)	437,554
Operating liabilities	21,307	26,231	(2,063)	45,475
Other segment items				
Additions to non-current assets	4,465	7,106	5,019	16,590
Depreciation	4,224	739	266	5,229

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

7. **REVENUE:**

The Group

	2011 $'000	2010 $'000
Revenue arises from -		
Export sales – manufacturing company	155,327	142,309
Domestic sales – manufacturing company	250,498	223,894
Retail sales and rentals	239,876	85,309
	645,701	451,512

The Company

	2011 $'000	2010 $'000
Revenue arises from manufacturing		
Export sales	155,327	142,309
Domestic sales	250,498	223,894
	405,825	366,203

8. **OTHER INCOME:**

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest income	15,382	11,691	15,382	11,691
Rental Income	3,162	500	1,500	350
Dividend income	1,229	-	1,229	-
Management fees	-	-	10,000	-
Gain on sale of property, plant and equipment	787	-	787	-
Gain on sale of investments	4,536	-	4,536	-
Miscellaneous income	66	88	-	88
	25,162	12,279	33,434	12,129

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

9. EXPENSES BY NATURE

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

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Advertising and promotion	14,982	15,317	14,743	14,566
Auditors' remuneration	1,310	1,180	800	720
Prior year over provision	(472)	(173)	-	-
Cost of inventories recognised as an expense	430,868	286,197	237,581	203,143
Depreciation	6,616	5,229	4,525	4,224
Insurance	4,250	3,001	3,451	2,543
Repairs and maintenance	12,504	8,322	9,050	8,111
Staff Costs (Note 12)	60,701	45,231	45,886	38,024
Utilities	14,171	7,228	7,656	4,480
Other expenses	36,304	22,766	21,623	32,362
	581,234	394,298	345,315	308,173

10. PROFIT FROM OPERATIONS:

Stated after charging the following:

	2011 $'000	2010 $'000
Directors' emoluments:		
Remuneration	7,215	5,784
Depreciation	6,616	5,229
Auditors' remuneration	1,310	1,180
Staff costs (note 12)	60,701	45,231

11. FINANCE COSTS:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest expense	3,346	1,976	1,165	867

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

12. **STAFF COSTS:**

	The Group	
	2011 $'000	2010 $'000
Wages and salaries	52,328	37,295
Pension	798	697
Other employment benefits	7,575	7,239
	60,701	45,231

13. **TAXATION:**

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

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current year income tax @ 33 1/3%	49	11,118	-	11,118
Prior year under-provision	2,411	-	2,411	-
Deferred taxation	488	(527)	145	(263)
	2,948	10,591	2,556	10,855

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, 2010 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 and 50% of income taxes will be remitted by the Minister of Finance during the second five years of listing on the Junior Market (Phase two) of the Jamaica Stock Exchange.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2011

13. TAXATION (CONT'D):

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

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Profit before taxation	85,511	68,626	94,320	69,292
Tax calculated at 33 1/3%	28,504	22,875	31,440	23,097
Adjusted for the effects of:				
Prior year under provision	2,411	-	2,411	-
Expenses not deducted for tax purposes	4,074	6,421	3,377	6,079
Net effects of other charges and allowances	(32,041)	(18,705)	(34,672)	(18,321)
	2,948	10,591	2,556	10,855

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.

	2011	2010
Net profit attributable to stockholders ($'000)	82,563	58,035
Weighted average number of ordinary stock units ('000)	167,828	148,954
Basic earnings per stock unit ($)	0.50	0.39

The company has no dilutive potential ordinary shares.

JAMAICAN TEAS LIMITED

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15. DIVIDENDS:

	2011 $'000	2010 $'000
Ordinary dividends -		
Interim dividends paid in respect of 2011	8,389	-
Final dividends paid	8,391	15,000

16. PROPERTY, PLANT AND EQUIPMENT:

The Group

	Land & Building $'000	Plant, Equipment Furniture, & Fixtures $'000	Motor Vehicles $'000	Construction in Progress & Leasehold Improvement $'000	Total $'000
At cost:					
1 October 2010	2,377	38,057	9,473	4,846	54,753
Additions	17,592	8,032	2,206	160	27,990
Disposal	-	-	(1,571)	-	(1,571)
	19,969	46,089	10,108	5,006	81,172
Depreciation:					
1 October 2010	8	17,252	3,789	1,980	23,029
Charge for the year	-	3,669	1,780	1,167	6,616
Eliminated on disposal	-	-	(1,029)	-	(1,029)
	8	20,921	4,540	3,147	28,616
Net Book Value:					
30 September 2011	19,961	25,168	5,568	1,859	52,556
30 September 2010	2,369	20,805	5,684	2,866	31,724

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

The Company

	Plant, Equipment Furniture, & Fixtures $'000	Motor Vehicles $'000	Construction in Progress & Leasehold Improvement $'000	Total $'000
At cost:				
1 October 2010	31,605	9,473	1,502	42,580
Additions	6,735	2,206	160	9,101
Disposal	-	(1,571)	-	(1,571)
	38,340	10,108	1,662	50,110
Depreciation:				
1 October 2010	16,687	3,789	1,502	21,978
Charge for the year	2,692	1,780	53	4,525
Eliminated on disposal	-	(1,029)	-	(1,029)
	19,379	4,540	1,555	25,474
Net Book Value:				
30 September 2011	18,961	5,568	107	24,636
30 September 2010	14,918	5,684	-	20,602

17. **INVESTMENTS PROPERTIES:**

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

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18. **RELATED PARTY TRANSACTIONS AND BALANCES:**

The following transactions were carried out with related parties.

(a) Key management compensation –

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Salaries and other short-term employees benefits	14,677	8,931	12,877	8,931

(b) Year-end balances with related companies

	The Company	
	2011 $'000	2010 $'000
Receivable from subsidiaries -		
H. Mahfood and Sons Ltd.	38,357	20,765
JRG Shoppers Delite Enterprise Ltd.	9,810	8,055
	48,167	28,820
Due to subsidiaries –		
H Mahfood and Sons Limited	671	270

(c) Year-end balances with directors

	2011 $'000	2010 $'000
Amounts included in –		
Receivables (note 22)	202	-
Other loans (note 30)	1,107	2,572

(d) Investment in associate -

	The Group	The Company
	2011 $'000	2010 $'000
Investment at cost	33,085	33,085
Share of results after tax	(11,575)	-
	21,510	33,085

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

(d) Investment in associate (cont'd) -

The assets, liabilities, revenue and net profit of the associate are as follows:

	2011 $'000
Assets	95,384
Liabilities	52,865
Revenue	216,616
Net loss	(23,623)

19. **INVESTMENTS:**

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Available-for-sale at market value –				
Government of Jamaica bonds	77,043	66,899	77,043	66,899
Government of Cayman bonds	-	16,902	-	16,902
Corporate bonds	76,045	34,411	76,045	34,411
Quoted equities	51,847	21,434	51,847	21,434
Unquoted equities	15,746	23,856	-	-
	220,681	163,502	204,935	139,646

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

	2011	2010
Government of Jamaica Bonds -		
- J$	12.38%	12.38%
Corporate and Government of Cayman Bonds -		
- US$	8.37%	7.1%

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NOTES TO THE FINANCIAL STATEMENTS

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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:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
At beginning of year	303	830	4,401	4,664
Income statement credit/(charge)	488	(527)	145	(263)
At end of year	791	303	4,546	4,401

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

Deferred tax liabilities –

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Accelerated tax depreciation -				
At beginning of year	4,401	4,664	4,401	4,664
Income statement credit/(charge)	145	(263)	145	(263)
At end of year	4,546	4,401	4,546	4,401

Deferred tax assets – The Group

	Accelerated Tax Depreciation	Tax Loss	2011 Total $'000	2010 Total $'000
Unutilised tax losses -				
At beginning of year	(102)	4,200	4,098	3,834
Income statement credit/(charge)	(175)	(168)	(343)	264
At end of year	(277)	4,032	3,755	4,098

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21. **INVENTORIES:**

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Machine spares	3,409	2,302	3,409	2,302
Raw materials	60,032	52,522	60,032	52,522
Merchandise - Retail	18,631	14,920	-	-
Finished goods- Manufacturing	13,742	14,554	13,742	14,554
	95,814	84,298	77,183	69,378

22. **RECEIVABLES:**

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade receivables	69,076	65,076	69,076	65,076
Less provision for bad debt	(624)	(2,802)	(624)	(2,802)
	68,452	62,274	68,452	62,274
Deposit	3,472	755	2,034	488
Receivable - director	202	-		
Prepaid expenses	3,417	2,568	2,715	1,993
Other receivables	5,290	9,049	4,889	6,258
	80,833	74,646	78,090	71,013

Trade receivables balance at the end of the year, approximately $25.6 million (2010 - $24.3 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.

The aging of trade receivables is as follows:

	The Group and Company	
	2011 $'000	2010 $'000
0-30 days	55,536	54,485
31-60 days	5,029	5,399
61-90 days	8,511	5,192
	69,076	65,076

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23. **SHORT TERM INVESTMENTS:**

	The Group and Company	
	2011 $'000	2010 $'000
Repurchase agreements – Unites States dollars	8,690	27,910
- Jamaican dollars	2,097	-
	10,787	27,910

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

	2011	2010
Repurchase agreements maturing within 3 months -		
- US$	2.30%	6.68%
- J$	5.10%	-

24. **CASH AND CASH EQUIVALENTS:**

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash in hand	579	1,067	144	382
Cash at bank	25,578	19,731	25,121	19,731
	26,157	20,798	25,265	20,113
Bank overdraft (unsecured)	(2,091)	(3,332)	-	-
	24,066	17,466	25,265	20,113

Interest rate exposure -

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

	2011	2010
Cash at bank - US$	0.70%	.95%
- CAD$	0.30%	.30%
- Sterling £	.60%	.60%

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NOTES TO THE FINANCIAL STATEMENTS

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25. SHARE CAPITAL:

	2011 $	2010 $
Authorised -		
250,000,000 (2010 – 250,000,000) ordinary shares of no par value		
Stated capital -		
Issued and fully paid -		
167,828,575 (2010 – 167,828,575) ordinary shares of no par value	137,643,473	137,643,473

By a resolution dated 2 March 2011 and duly passed at the company's Annual General Meeting an amount of 16 million new shares are to be issued as part of a stock option plan for directors and a stock purchase plan for employees in two tranches of 8 million shares between 30 June 2011, and 30 June 2021 subject to certain conditions. The directors' options are exercisable in amounts of 200,000 shares per annum in whole or in part within five years of June 2011 in whole or in part. The price to be paid for the first tranche when exercised is $7 per share payable in full at the time the option is exercised. The second tranche will come into effect immediately after the first option period ends. The pricing for the second tranche will be determined at the annual general meeting preceding the start date. Staff members will be allowed to purchase shares set aside for them at a 10 percent discount to the last stock market selling price and the date the offer is taken up. They will be given a specific time in each year in which to take up the offer, and interest free loans for a three year term to acquire the shares. At the end of the financial year no shares relating to the offer were issued.

26. CAPITAL RESERVES:

	2011 $'000	2010 $'000
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	71	71
	7,059	7,059

27. FAIR VALUE RESERVES:

This represents unrealised surplus on revaluation of investments.

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28. LONG TERM LIABILITIES:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Inter-American Bank	39,379	-	39,379	-
First Global Bank Limited	-	5	-	5
	39,379	5	39,379	5
Less current portion	(14,320)	(5)	(14,320)	(5)
	25,059	-	25,059	-
Other loans	-	8,390	-	-
	25,059	8,390	25,059	-

The Inter-American Bank loan is repayable over three years ending April 2014, at an interest rate of 6.09%. It is secured by Government of Jamaica bonds with a nominal value of $54 million and personal guarantee of a director.

29. PAYABLES:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade payables	18,263	8,734	2,927	9,834
Other payables	9,119	21,373	8,773	4,225
	27,382	30,107	11,700	14,059

30. SHORT TERM BORROWINGS:

	The Group	
	2011 $'000	2010 $'000
Other loans	1,107	2,572
Current portion of long term loans (note 28)	14,320	5
	15,427	2,577

The other loans are unsecured, interest free and have no fixed repayment terms.

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31. **EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE:**

(i) On 14 November 2011, the board of directors approve dividends of $0.05 per stock unit payable on 4 January 2012.

(ii) The company entered into an agreement to purchase the real estate and supermarket equipment at 9 Chancery Street for $58 million. The purchase will be partially financed by a vendor's mortgage of $42 million.

(iii) The company completed an agreement to purchase real estate in Kingston and plans to develop the property into residential apartments during 2012.