

**June 2012 Interim
Results**

**JAMAICAN TEAS
LIMITED**

***UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS
THIRD QUARTER - JUNE 2012***

Jamaican Teas Limited

Board of Directors' Commentary Third Quarter results to June 2012

FINANCIAL HIGHLIGHTS	<u>June quarter</u>			<u>9 months to June</u>		
	2012	2011	Change	2012	2011	Change
	\$'000			\$'000		
Equity	513,622	466,335	10%	513,622	466,335	10%
Working capital & Investments	364,139	406,847	-10%	364,139	406,847	-10%
Sales	215,998	169,535	27%	581,860	475,292	22%
Profit after tax	22,012	22,268	-1%	64,759	69,495	-7%
Total Comprehensive Income	16,708	30,144	-45%	57,500	82,580	-30%
EPS	\$0.13	\$0.13	-2%	\$0.38	\$0.41	-7%
ROE annualised	18%	21%	-13%	20%	24%	-18%

Jamaican Teas made consolidated profit of \$64.8 million for the 9 months ended June 2012 (YTD) and \$22 million in the June quarter. In 2011 the group made profit of \$69.5 million for the 9 months ended June 2011 and \$22.3 million in the June quarter. In spite of the above results, we faced challenges during the last quarter but are pleased to advise that we are seeing progress in a number of areas. The results are negatively affected as we position the group for growth and expansion with the acquisition of certain assets and a retail outlet, which have resulted in some losses, as the operations are geared up to grow and improve income and profit in future periods.

Overall, sales for manufacturing operations are up 6.6% for the latest quarter and 8% year to date. We are encouraged by the progress being made in exports that continue to grow with a 7.9% increase in the quarter but a 15.7% increase year to date. Local sales at Jamaican Teas are up in the quarter over the March quarter by 9% and 5.8% over the June 2011 quarter.

Year to date, local sales are up 3% in monetary terms. Some of the increase would have been occasioned by the addition of our **Caribbean Dreams – Jamaica Blue Spring Water** to our product line late in the 2011 fiscal year.

JRG supermarket in Kingston continues to be profitable with increasing sales year over year. During this latest quarter, sales were up on the previous quarter by 3%, as well as up on the similar quarter in 2011 by 15.8 percent and up by 22.6 percent over the nine months for the prior financial year. Our new store in Savannah La Mar which we took over in March this year, is enjoying steady sales but is not yet at a profit level, having lost \$2.54 million in the quarter and \$5.72 million year to date.

Associated company

Our jointly owned supermarket in Montego Bay continues to show improvement but has not shown profit to date. Sales in the June quarter rose 13 percent above the similar quarter of 2011. This supermarket was acquired in November 2010 with trading commencing in that month. Sales revenue from December 2011 to June 2012 is up 50 percent ahead of the similar period of the prior year. The June quarter has been our best period for sales with the exception of the December 2011 quarter which was strongly impacted by Christmas sales and was just marginally ahead of the latest quarter's sales. We incurred as our share of the losses \$1.45 million in the latest quarter, an improvement over the prior quarter when we reported \$2.36 million as our share of loss. Year to date, this operation incurred a loss of \$5.2 million versus \$7.9 million for the similar period last year. Management is constantly reviewing this operation, so as to place it in a profitable position at the earliest possible time.

Investment portfolio

Our fixed interest securities continued to perform to expectations. Our holdings of equities did not do as well as expected, nevertheless these are expected to do well over the medium to longer term. We also disposed of some items in the portfolio during the period resulting in a decline in our holdings at the end of the June 2012 compared with June last year.

Apartment complex

We expect to obtain building approval for the apartment complex in Kingston during the fourth quarter and anticipate that it should be completed and ready to be delivered to purchasers in the first half of the calendar year 2013. Funding for the development has been secured from internally generated funds but completion of the project will be partially financed by borrowed funds which will be repaid when units are sold. We have signed a loan commitment for the funding to complete the project.

The economy

The local economy has been tight and may well remain that way what with the increased taxes announced by the government and a lower fiscal target set for the current fiscal year.

Our diversified business portfolio has held up well and as can be seen, we are making progress in a number of important areas.

We purchased 15 tons of dried Jamaican ginger during the last 4 months to June, the equivalent of approximately 100 tons of green ginger. This represents the greatest amount of ginger that has been available locally since we started packing ginger over 10 years ago and indicates the success of the Ministry of Agriculture's efforts in developing this sector. This has had a major impact on our results as the cost is higher than imported ginger and we have to pay for it in advance of our requirements. However, this is our investment in the long term growth of the sector and we hope that the end result will be a further increase in production so that we become self sufficient in ginger and we see a reduction in prices.

Statement of Financial Position

The total amount shown in investment property is up based on the acquisition of the property that houses the JRG supermarket in Kingston. We obtained the title to the property during the quarter. The purchase was partially financed by a vendor's mortgage, accordingly, both the long term portion and current portion of the loan has increased to reflect the added loan amount. A portion of the other loans was used to support the purchase of investment securities and property. Inventories were increased mainly by the purchase of ginger mentioned above and the addition of the Savannah La Mar supermarket, both accounted equally for the increase. The increase in payables was due solely to the Savannah La Mar supermarket. Notwithstanding these loans, the company has more than adequate investments securities to cover all interest bearing debt.

Outlook

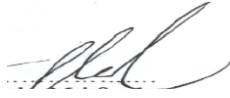
Revenues continue to be in line with that of the latest quarter. Barring any unforeseen development we expect that results for the fourth quarter should not deviate substantially from the results of the June quarter. At the same time, we are focusing on improved efficiency and have taken certain steps to reduce cost and improve

revenues going forward.

We have also undertaken certain strategies and enhance our marketing effort that will redound to our benefit in the future.



John Jackson
Director



John Mahfood
CEO



JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED 30th JUNE 2012

	Note	3 rd Quarter		Year to June	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
SALES	6	215,997,679	169,535,140	581,859,998	475,292,426
COST OF GOODS SOLD		<u>176,938,197</u>	<u>131,857,601</u>	<u>468,038,611</u>	<u>358,016,364</u>
GROSS PROFIT		39,059,482	37,677,539	113,821,387	117,276,062
OTHER INCOME	7	<u>10,175,521</u>	<u>5,633,475</u>	<u>32,273,478</u>	<u>19,650,841</u>
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES		<u>49,235,003</u>	<u>43,311,014</u>	<u>146,094,865</u>	<u>136,926,903</u>
Sales & Marketing Cost		4,490,419	2,196,644	16,152,236	10,552,105
Administration cost		17,066,069	13,538,238	48,146,676	42,036,067
Depreciation		1,406,968	1,167,263	3,816,848	3,433,003
Finance cost		<u>2,468,640</u>	<u>913,872</u>	<u>6,514,500</u>	<u>2,139,108</u>
		<u>25,432,096</u>	<u>17,816,017</u>	<u>74,630,260</u>	<u>58,160,283</u>
NET PROFIT BEFORE SHARE OF ASSOCIATED COMPANY LOSS		23,802,907	25,494,997	71,464,605	78,766,620
SHARE OF ASSOCIATED COMPANY LOSS		<u>(1,453,693)</u>	<u>(2,361,889)</u>	<u>(5,172,593)</u>	<u>(7,905,481)</u>
PROFIT BEFORE TAXATION		22,349,214	23,133,108	66,292,012	70,861,139
TAXATION		0	0	0	0
PROFIT AFTER TAX		22,349,214	23,133,108	66,292,012	70,861,139
NON-CONTROLLING INTEREST		<u>337,082</u>	<u>865,043</u>	<u>1,532,644</u>	<u>1,365,685</u>
PROFIT AFTER TAX & MINORITY INTEREST		<u>22,012,132</u>	<u>22,268,065</u>	<u>64,759,368</u>	<u>69,495,454</u>
OTHER COMPREHENSIVE INCOME					
FAIR VALUE GAINS/(LOSS)					
Change in investment value		<u>(5,304,299)</u>	<u>7,875,919</u>	<u>(7,258,932)</u>	<u>13,084,089</u>
TOTAL COMPREHENSIVE INCOME		<u>\$16,707,833</u>	<u>\$30,143,984</u>	<u>\$57,500,436</u>	<u>\$82,579,543</u>
Earnings per share (EPS)		\$0.130	0.133	0.384	0.414
EPS after comprehensive income		\$0.099	0.180	0.341	0.489

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30th JUNE 2012

	<u>Note</u>	<u>June 2012</u>	<u>June 2011</u>	<u>Audited</u> <u>Sept. 2011</u>
FIXED ASSETS		124,574,608	46,502,439	52,556,333
INVESTMENT PROPERTY		79,029,245	31,411,271	31,411,271
INVESTMENTS	9	197,128,770	182,979,656	220,681,333
ASSOCIATED COMPANY		18,928,305	22,771,171	21,509,484
DEFERRED TAX ASSETS		3,754,787	4,361,842	3,754,787
CURRENT ASSETS				
Inventories		141,503,745	102,947,413	95,813,594
Receivables		74,254,003	77,604,029	68,452,000
Other Receivables		26,357,175	18,523,273	15,256,801
Short term Investments	9	4,644	43,987,647	10,787,143
Cash and Bank		10,333,742	26,248,631	26,156,825
Total Current Assets		252,453,309	269,310,993	216,466,363
CURRENT LIABILITIES				
Accounts Payable		40,894,858	35,424,489	27,431,000
Short Term Borrowings		73,287,424	21,244,599	17,518,234
Total Current Liabilities		114,182,282	56,669,088	44,949,234
NET CURRENT ASSETS		138,271,027	212,641,905	171,517,129
		\$ 561,686,742	500,668,284	501,430,337
EQUITY & NON-CURRENT LIABILITIES				
STOCKHOLDERS EQUITY		513,622,421	466,335,473	471,561,404
NON-CONTROLLING INTEREST		1,796,368	1,298,026	263,724
DEFERRED TAX LIABILITY		4,546,044	4,401,452	4,546,044
LONG-TERM LOAN		41,721,909	28,633,333	25,059,165
		\$561,686,742	500,668,284	501,430,337

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
THIRD QUARTER ENDING 30th JUNE 2012

	Attributable to the company's owners					Non-Controlling Interest	Total Equity
	Share Capital	Capital Reserves & share Premium	Fair Value Reserves	Retained Earnings	Total		
Balance - September 2010	137,643,474	7,755,824	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	-	-	<u>13,084,089</u>	<u>69,495,454</u>	<u>82,579,543</u>	<u>1,365,685</u>	<u>83,945,228</u>
Balance - June 2011	<u>\$137,643,474</u>	<u>7,755,824</u>	<u>14,329,662</u>	<u>306,606,513</u>	<u>466,335,473</u>	<u>1,298,026</u>	<u>467,633,499</u>
30th September 2011	137,643,474	7,755,824	15,208,189	310,953,915	471,561,404	263,724	471,825,128
Realised investment gains	-	-	(10,125,469)	-	(10,125,469)	-	(10,125,469)
Dividend paid	-	-	-	(8,393,950)	(8,393,950)	-	(8,393,950)
Issue of Shares	3,080,000	-	-	-	3,080,000	-	3,080,000
Comprehensive income	-	-	<u>(7,258,932)</u>	<u>64,759,368</u>	<u>57,500,436</u>	<u>1,532,644</u>	<u>59,033,080</u>
Balance - June 2012	<u>\$140,723,474</u>	<u>7,755,824</u>	<u>(2,176,212)</u>	<u>367,319,333</u>	<u>513,622,421</u>	<u>1,796,368</u>	<u>515,418,789</u>

SHARE CAPITAL:	June 2012	June 2011	September 2011
Authorised ordinary shares - no par value	<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Issued and fully paid ordinary shares of no par value			
Beginning of Period	167,828,575	167,828,575	167,828,575
Shares Issued during the period	<u>880,000</u>	<u>-</u>	<u>-</u>
Shares issued end of period	<u>168,708,575</u>	<u>167,828,575</u>	<u>167,828,575</u>

JAMAICAN TEAS LIMITED
SEGMENT RESULTS
FOR THE NINE MONTHS TO 30th JUNE 2012

SEGMENT RESULTS - 2012

	Manufacture	Retail	Investments	Property	TOTAL
REVENUES	<u>\$326,417,739</u>	<u>255,442,259</u>	<u>25,568,441</u>	<u>2,639,068</u>	<u>610,067,507</u>
Segment Results	37,610,827	7,514,623	21,242,325	1,030,861	67,398,636
Associated Company	<u>-</u>	<u>(5,172,593)</u>	<u>-</u>	<u>-</u>	<u>(5,172,593)</u>
Total Segment Results	<u>37,610,827</u>	<u>2,342,030</u>	<u>21,242,325</u>	<u>1,030,861</u>	<u>62,226,043</u>
Gain on Sale of Fixed Assets					296,882
Gain on Exchange					<u>3,769,087</u>
Net Profit before tax					<u>\$66,292,012</u>
Segment Assets	<u>295,842,574</u>	<u>55,538,629</u>	<u>203,583,414</u>	<u>102,606,268</u>	<u>\$657,570,885</u>
Segment Liabilities	<u>13,134,014</u>	<u>49,376,760</u>	<u>105,351,438</u>	<u>41,987,286</u>	<u>\$209,849,498</u>

SEGMENT RESULTS - 2011

	Manufacture	Retail	Investments	Property	TOTAL
REVENUES	<u>\$302,099,997</u>	<u>173,192,429</u>	<u>15,796,405</u>	<u>2,218,270</u>	<u>493,307,101</u>
Segment Results	50,331,432	10,081,262	14,845,184	1,872,577	77,130,455
Associated Company	<u>-</u>	<u>(7,905,481)</u>	<u>-</u>	<u>-</u>	<u>(7,905,481)</u>
Total Segment Results	<u>50,331,432</u>	<u>2,175,781</u>	<u>14,845,184</u>	<u>1,872,577</u>	<u>69,224,974</u>
Gain on Sale of Fixed Assets					747,920
Gain on Exchange					<u>888,246</u>
Net Profit before tax					<u>\$70,861,140</u>
Segment Assets	<u>298,327,757</u>	<u>30,610,789</u>	<u>211,220,985</u>	<u>53,149,238</u>	<u>593,308,769</u>
Segment Liabilities	<u>17,424,486</u>	<u>24,117,250</u>	<u>0</u>	<u>19,092,415</u>	<u>\$60,634,151</u>

JAMAICAN TEAS LIMITED
STATEMENT OF CASHFLOWS
THIRD QUARTER ENDING 30th JUNE 2012

	Unaudited 2012 \$	Unaudited 2011 \$
Comprehensive income for the period to date	57,500,436	82,579,543
Adjustments for:		
Change in investment value	(7,258,932)	13,084,089
Gain on Sale of Fixed Assets	(296,882)	(747,920)
Depreciation	3,816,848	3,433,003
Deferred tax	(607,055)	100,772
Operating cash flows before movements in working capital	<u>53,154,415</u>	<u>98,449,487</u>
Changes in operating assets and liabilities	<u>(31,119,840)</u>	<u>(37,654,743)</u>
Net cash provided by operating activities	22,034,575	60,794,745
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by investing activities	<u>23,383,889</u>	<u>(130,460,620)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of Shares	3,080,000	80,578,406
Dividends Paid	(8,393,950)	(8,390,819)
Financing activity	<u>(59,516,622)</u>	<u>1,556,752</u>
Net cash used in financing activities	<u>(64,830,572)</u>	<u>73,744,339</u>
Decrease in cash and cash equivalent	<u>(19,412,108)</u>	<u>4,078,464</u>
Cash and cash equivalent at beginning of the period	<u>20,087,954</u>	<u>16,009,490</u>
Cash and cash equivalent at the end of period	<u>675,846</u>	<u>20,087,954</u>
Cash & Cash equivalent made up as follows:		
Cash & Bank Balance	10,333,742	26,248,631
Bank overdraft	<u>(9,657,896)</u>	<u>(6,160,677)</u>
Cash and cash equivalent at the end of period	<u>675,846</u>	<u>20,087,954</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2012

1. IDENTIFICATION:

JAMAICAN TEAS LIMITED (the Company) is incorporated and domiciled in Jamaica. Its registered office is situated at 7 Norman Road, Kingston, Jamaica WI. 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 and development 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, 2011 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 JUDGEMENTS:

(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. SALES

	<u>3rd Quarter</u>		<u>Year to June</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Local - Manufacturing	68,224,171	64,482,200	192,183,105	186,134,716
Foreign - Manufacturing	45,597,296	42,266,977	134,234,634	115,965,281
Retail	<u>102,176,212</u>	<u>62,785,963</u>	<u>255,442,259</u>	<u>173,192,429</u>
TOTAL SALES	<u>\$215,997,679</u>	<u>169,535,140</u>	<u>581,859,998</u>	<u>475,292,426</u>

7. OTHER INCOME

	<u>3rd Quarter</u>		<u>Year to June</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Interest Income	6,414,086	3,742,575	12,821,991	12,774,392
Dividend Income	811,689	226,127	2,155,377	725,598
Rental Income	841,472	785,700	2,639,068	2,218,270
Gain on Sale of Investments	281,121	336,439	10,125,469	1,914,493
Foreign Exchange Gain	1,752,153	253,939	3,769,087	888,246
Gain on Sale of Fixed Assets	-	-	296,882	747,920
Other Income	<u>75,000</u>	<u>288,695</u>	<u>465,604</u>	<u>381,922</u>
	<u>\$10,175,521</u>	<u>5,633,475</u>	<u>32,273,478</u>	<u>19,650,841</u>

8. INVESTMENTS

At market value	2012	2011
Government Bonds	62,243,762	76,480,904
Corporate Bonds	47,265,922	45,242,017
Quoted Equities	71,877,412	45,508,417
Commercial Paper	<u>0</u>	<u>43,989,647</u>
	181,387,096	211,220,985
Unquoted equities (at cost)	<u>15,746,318</u>	<u>15,746,318</u>
Total Investments	197,133,414	226,967,303
Less Short Term Portion	<u>(4,644)</u>	<u>(43,987,647)</u>
	<u>\$197,128,770</u>	<u>\$182,979,656</u>

9. MOVEMENT IN FAIR VALUE RESERVES

Balance at beginning of the year	15,208,189	1,245,573
Fair value gains during period	(7,258,932)	13,084,089
Gain on sale of Investment transfer to P & L	<u>(10,125,469)</u>	<u>0</u>
Balance at the end of the period	<u>\$(2,176,212)</u>	<u>\$14,329,662</u>

10. PRIOR PERIOD ADJUSTMENT

a. Comprehensive Income Statement

The share of the loss for associated company in the June quarter of 2011 has been adjusted for deferred tax asset resulting in an increase in the profit previously reported by the group from \$21.3 million to \$23.1 million for the quarter and \$65.5 million to \$69.5 million for the year to June 2011 before other comprehensive income.

b. Statement of Financial Position

Certain items on the statement of financial position were adjusted to conform with the classification in the 2011 audited financial statements.