

**September 2012  
Interim Results**

**JAMAICAN TEAS  
LIMITED**

***UNAUDITED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOURTH QUARTER - SEPTEMBER 2012***

# *Jamaican Teas Limited*

## *Board of Directors' Commentary*

### *Fourth quarter results to September 2012*

FINANCIAL HIGHLIGHTS	<u>September quarter</u>			<u>Year to September</u>		
	2012	2011	Change	2012	2011	Change
	\$'000			\$'000		
Equity				529,124	471,561	12%
Working capital & Investments				303,400	376,453	-19%
Sales	239,236	170,474	40%	821,096	645,716	27%
Profit after tax	21,155	19,168	10%	86,338	83,683	3%
Total Comprehensive Income	14,736	27,043	-46%	75,389	97,648	-23%
Earnings per share	\$0.13	\$0.11	10%	\$0.51	\$0.50	3%
ROE annualised	16%	17%	-4%	17%	16%	4%

The financial year ended September was one of the more difficult ones your company has experienced for some time. A number of developments accounted for this; one was tighter fiscal policy pursued by government, the holding of general elections in December last year which lead to a change in government and delay in the tabling of the 2012-13 budget. We believe that some of these developments created levels of uncertainty and may have resulted in lower spending by consumers. Data also showed that the economy suffered minor contraction for the first two quarters of the calendar year. The local currency lost value against all the main currencies that we trade in. This development is not negatively affecting us as we hold sufficient investments that are denominated in currencies other than the Jamaican dollar, we are also earn foreign exchange from our exports.

Against the above background Jamaican Teas made consolidated profit of \$86.3 million for the year ended September 2012 (2011 \$83.7 Million) and \$21.2 million in the September quarter (2011 \$19.2 million in the similar quarter). The results were

positively impacted by gains realized on the disposal of a part of the investment portfolio during the year. It was a year in which we saw steady progress in all our business segments, even as the manufacturing business started off the year slowly, we gradually consolidated sales locally, and also benefited from continued robust export growth from existing and new products.

Sales for the manufacturing division are up 3% for the latest quarter and 13% year to date. Exports grew by 70% in the quarter and 29% for the year. The strong growth in export sales in the quarter is due to the sale of a new product to a market that came on stream during the quarter. This customer continued to place orders after the year end.

Local sales at the manufacturing division are up 3% in the quarter as well as for the year over 2011. The sales performance was helped by the addition of our **Caribbean Dreams – Jamaica Blue Spring Water** to the product line late in the 2011 fiscal year.

**Sales at JRG supermarket** in Kingston during this latest quarter were up on the similar quarter in 2011

by 15.8 percent and up by 20 percent for the financial year. Our new store in Savannah-La-Mar which we took over in March this year, enjoyed steady sales, but incurred a loss of \$8.7 million since start up.

**Associated company**

Our jointly owned supermarket in Montego Bay continues to show improvement but has not shown profit to date. Sales in the September quarter rose 13 percent above the similar quarter of 2011. For the year to September sales grew by 58 percent.

The operation incurred a loss for the year. Our share of the losses amounted to \$2.7 million in the latest quarter, an improvement over the same quarter of 2011 when we incurred \$3.7 million as our share of loss. Year to date, this operation incurred a loss of \$8.5 million versus \$11.6 million for the similar period last year.

**Investment portfolio**

Our fixed interest securities continued to perform to expectations. During the year we took profit from gains accumulated in some of our equity holdings. We still hold investments in a number of locally listed companies as well as foreign companies.

Our diversified business portfolio held up well during a difficult period. Despite the challenges experienced, we continue to make progress in a number of important areas that will be beneficial to the group going forward. We recently took certain initiatives that have helped to strengthen our customer base in our supermarkets.

The Caribbean Dreams products were featured on the LifeTime Television Network in the U.S.A. on the Balancing Act Program which has a good viewership and bodes well in exposing our business for future growth in that market. We started an online store in conjunction with our USA distributor [WWW.CARRIBEANDREAMSUSA.COM](http://WWW.CARRIBEANDREAMSUSA.COM) and have commenced increased marketing in the tri state area.

**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. The purchase was partially financed by a vendor’s mortgage, accordingly, both the long term portion and current portion of the loan increased to reflect the additional loan. Inventories increased mainly by the purchase of locally produced ginger and the addition of the Savannah-La-Mar supermarket. The increase in payables was due solely to the Savannah-La-Mar supermarket.

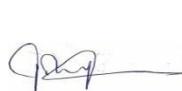
**Outlook**

We expect to build on the foundation built up to date. We added new lines recently that will positively impact sales and profit in the new fiscal year. Export sales should continue to perform well and so far the local market seems to have stabilized.

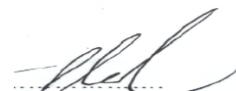
The performance in the last six months along with new products recently introduced suggest that the results for the 2013 fiscal year should build on that achieved in 2012 barring unforeseen developments.

**Dividends**

An interim payment of 5 cents per share out of profits for the 2012 fiscal year was paid in August. The company is embarking on a period of capital intensiveness and as such the directors deferred payment of another dividend until the second quarter of 2013.



John Jackson  
Director



John Mahfood  
CEO



**JAMAICAN TEAS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOURTH QUARTER ENDING 30<sup>TH</sup> SEPTEMBER 2012**

		4 <sup>TH</sup> Quarter		Year to September	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
SALES	Note 6	239,236,382	170,408,063	821,096,379	645,700,489
COST OF GOODS SOLD		<u>201,233,503</u>	<u>136,535,623</u>	<u>669,879,832</u>	<u>494,639,267</u>
GROSS PROFIT		38,002,879	33,872,440	151,216,547	151,061,222
Other Income	Note 7	<u>10,712,270</u>	<u>8,104,706</u>	<u>42,784,171</u>	<u>26,764,502</u>
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES		<u>48,745,149</u>	<u>41,977,146</u>	<u>194,000,718</u>	<u>177,825,724</u>
Sales & Marketing Cost		3,690,464	4,443,847	19,842,701	14,995,952
Administrative Cost		19,544,882	13,358,541	67,013,322	55,454,766
Depreciation		3,238,534	1,775,716	8,421,647	6,612,328
Finance cost		<u>2,883,677</u>	<u>1,206,570</u>	<u>9,398,177</u>	<u>3,345,678</u>
		<u>29,357,557</u>	<u>20,784,674</u>	<u>104,675,847</u>	<u>80,408,724</u>
NET PROFIT BEFORE SHARE OF ASSOCIATED COMPANY LOSS		19,357,592	21,192,472	89,324,871	97,417,000
SHARE OF ASSOCIATED COMPANY LOSS		<u>(2,748,165)</u>	<u>(3,669,519)</u>	<u>(8,528,847)</u>	<u>(11,575,000)</u>
PROFIT BEFORE TAXATION		16,609,427	17,522,953	80,796,024	85,842,000
TAXATION		<u>4,546,044</u>	<u>0</u>	<u>5,257,667</u>	<u>(2,948,000)</u>
Profit after tax		21,155,471	17,522,953	86,053,691	82,894,000
NON-CONTROLLING INTEREST		<u>0</u>	<u>1,644,563</u>	<u>284,649</u>	<u>(331,000)</u>
PROFIT AFTER TAX & MINORITY INTEREST		21,155,471	19,167,516	86,338,340	82,563,000
OTHER COMPREHENSIVE INCOME					
FAIR VALUE GAINS/(LOSS)					
Change in investment value		<u>(6,419,201)</u>	<u>7,875,919</u>	<u>(10,949,238)</u>	<u>13,963,000</u>
TOTAL COMPREHENSIVE INCOME		<u>\$14,736,270</u>	<u>27,043,435</u>	<u>75,389,102</u>	<u>96,526,000</u>
Earnings per share (EPS)		\$0.125	0.114	0.508	0.492
EPS after comprehensive income		\$0.087	0.142	0.443	0.582

**JAMAICAN TEAS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30<sup>TH</sup> SEPTEMBER, 2012**

	<u>2012</u>	<u>2011</u>
FIXED ASSETS	124,001,741	52,556,333
INVESTMENT PROPERTIES	91,940,418	31,411,271
INVESTMENTS	190,357,796	220,681,333
ASSOCIATED COMPANY	20,294,195	21,509,484
DEFERRED TAX ASSETS	4,466,410	3,754,788
<b>CURRENT ASSETS</b>		
Inventories	135,168,593	95,813,594
Receivables	102,068,852	80,833,000
Taxation Recoverable	5,005,759	2,875,801
Short term Investments	4,644	10,787,143
Cash and Bank	19,281,827	26,156,825
Total Current Assets	261,529,675	216,466,363
<b>CURRENT LIABILITIES</b>		
Accounts Payable	50,106,837	27,431,000
Short Term Borrowings	39,488,712	1,107,108
Bank Overdraft	10,403,760	2,091,126
Current portion - Long Term Loans	32,741,050	14,320,001
Total Current Liabilities	<u>132,740,359</u>	<u>44,949,235</u>
NET CURRENT ASSETS	<u>128,789,316</u>	<u>171,517,128</u>
	<u>\$559,849,876</u>	<u>501,430,337</u>
<b>EQUITY &amp; NON-CURRENT LIABILITIES</b>		
STOCKHOLDERS' EQUITY	529,123,645	471,561,404
NON-CONTROLLING INTEREST	(21,308)	263,724
DEFERRED TAX LIABILITY	-	4,546,044
LONG-TERM LOANS	30,747,539	25,059,165
	<u>\$559,849,876</u>	<u>501,430,337</u>

**JAMAICAN TEAS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOURTH QUARTER ENDING 30th SEPTEMBER 2012**

	<u>Attributable to the company's owners</u>						Non- controlling <u>Interest</u>	Total <u>Equity</u>
	<u>Share Capital</u>	<u>Capital Reserves &amp; Premium</u>	<u>Fair Value Reserves</u>	<u>Retained Earnings</u>	<u>Total</u>	<u>Interest</u>		
	\$	\$	\$	\$	\$	\$		
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	-	-	-	(16,781,638)	(16,781,638)	-	(16,781,638)	
Comprehensive income	-	-	13,963,000	83,683,000	97,646,000	331,000	97,977,000	
Balance - September 2011	137,643,474	7,755,824	15,208,573	312,283,240	473,,011,111	263,341	473,274,452	
			-					
Realised gains transferred	-	-	(5,284,051)	-	(4,164,019)	-	(4,164,019)	
Dividend paid	-	-		(16,787,900)	(16,787,900)	-	(16,787,900)	
Issue of Shares	3,080,000	-	-	-	3,080,000	-	3,080,000	
Comprehensive income	-	-	(10,949,238)	86,053,723	75,104,453	(284,649)	74,819,804	
Balance - September 2012	140,723,474	7,755,824	(1,024,716)	381,669,063	529,123,645	(21,308)	529,102,337	

**Share Capital:**

	<b>2012</b>	<b>2011</b>
Authorised ordinary shares of no par value	<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
Shares Issued during the period	880,000	-
End of period	<u>168,708,575</u>	<u>167,828,575</u>

**JAMAICAN TEAS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDING 30<sup>TH</sup> SEPTEMBER 2012**

	<b>2012</b>	<b>2011</b>
Comprehensive income for the period to date	75,389,103	97,646,000
Adjustments for:		
Change in Investment value	(10,949,238)	13,963,000
Gain on Sale of Fixed Assets	(296,882)	(747,920)
Depreciation	8,421,647	6,612,328
Income Tax Charge	(5,257,667)	2,640,000
Deferred tax	<u>-</u>	<u>488,000</u>
Operating cash flows before movements in working capital	67,306,963	120,601,408
Changes in operating assets and liabilities	<u>(40,043,972)</u>	<u>(51,684,408)</u>
Net cash provided by operating activities	27,262,023	68,917,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash provided by investing activities	<u>(102,015,249)</u>	<u>(75,056,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issue of Shares	3,080,000	-
Dividends Paid	(16,787,900)	(16,780,301)
Financing activity	<u>72,273,526</u>	<u>29,519,000</u>
Net cash used in financing activities	<u>59,565,626</u>	<u>12,738,699</u>
<b>Decrease in cash and equivalent</b>	<u>(15,187,600)</u>	<u>6,599,699</u>
Cash and cash equivalent at beginning of the period	<u>24,065,699</u>	<u>17,466,000</u>
Cash and cash equivalent at the end of period	<u>\$8,878,099</u>	<u>24,065,699</u>
<b>Cash &amp; Equivalent made up as follows:</b>		
Cash & Bank Balance	19,281,828	26,156,825
Bank overdraft	<u>(10,403,760)</u>	<u>(2,091,126)</u>
Cash and cash equivalent at the end of period	<u>\$ 8,878,067</u>	<u>24,065,699</u>

**JAMAICAN TEAS LIMITED**  
**SEGMENT RESULTS**  
**FOR YEAR TO 30th SEPTEMBER 2012**

**September 2012**

	<u>Manufacture</u>	<u>Retail</u>	<u>Investments</u>	<u>Property</u>	<u>Total</u>
REVENUES	459,179,755	361,916,624	31,576,362	1,862,648	858,588,893
Segment Results	58,343,248	(2,134,870)	24,900,748	1,061,472	82,170,598
Associated Company	<u>0</u>	<u>(8,528,847)</u>	<u>0</u>	<u>0</u>	<u>(8,528,847)</u>
Total Segment Results	<u>58,343,248</u>	<u>(10,663,717)</u>	<u>24,900,748</u>	<u>1,061,472</u>	73,641,751
					296,882
Gain on Sale of Fixed Assets					6,857,423
Foreign Exchange Gain					<u>\$80,796,056</u>
Net Profit before Tax					
Segment Assets	<u>241,932,318</u>	<u>64,558,966</u>	<u>190,362,440</u>	<u>175,442,316</u>	<u>\$672,296,040</u>
Segment Liabilities	<u>22,052,576</u>	<u>37,870,779</u>	<u>64,542,877</u>	<u>38,895,229</u>	<u>\$163,361,461</u>

**September 2011**

	<u>Manufacture</u>	<u>Retail</u>	<u>Investments</u>	<u>Property</u>	<u>Total</u>
REVENUES	405,824,818	239,875,671	21,376,751	2,105,560	669,182,800
Segment Results	73,121,000	2,763,000	21,376,751	1,111,069	98,371,820
Associated Company	<u>0</u>	<u>(11,575,000)</u>	<u>0</u>	<u>0</u>	<u>(11,575,000)</u>
Total Segment Results	<u>73,121,000</u>	<u>(8,812,000)</u>	<u>21,376,751</u>	<u>1,111,069</u>	86,796,820
					787,920
Gain on Sale of Fixed Assets					1,602,715
Foreign Exchange Gains					<u>\$89,187,455</u>
Net Profit before tax					
Segment Assets	<u>209,044,584</u>	<u>30,610,789</u>	<u>211,220,985</u>	<u>53,149,238</u>	<u>\$504,025,596</u>
Segment Liabilities	<u>51,734,317</u>	<u>18,597,447</u>	<u>0</u>	<u>37,870,779</u>	<u>\$108,202,543</u>

**JAMAICAN TEAS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30th September 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>4<sup>rd</sup> Quarter</u>		<u>Year to September</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Local - Manufacturing	66,040,423	64,362,912	258,223,527	250,497,628
Foreign - Manufacturing	66,721,594	39,361,909	200,956,228	155,327,190
Retail	<u>107,269,748</u>	<u>66,749,161</u>	<u>362,712,007</u>	<u>239,941,590</u>
TOTAL SALES	<u>\$240,031,765</u>	<u>170,473,982</u>	<u>821,891,762</u>	<u>645,766,408</u>

## 7. OTHER INCOME

	<u>4<sup>rd</sup> Quarter</u>		<u>Year to September</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Interest Income	4,765,159	2,607,751	17,587,150	15,382,143
Dividend Income	750,997	643,406	2,906,374	1,369,004
Rental Income	644,830	1,270,810	3,160,148	3,547,320
Gain on Sale of Investments	957,369	2,711,111	11,082,838	4,625,604
Foreign Exchange Gain	2,794,910	705,299	6,857,391	1,602,715
Gain on Sale of Fixed Assets	0	0	296,882	747,920
Other Income	<u>799,005</u>	<u>166,329</u>	<u>893,388</u>	<u>609,796</u>
	<u>\$10,712,270</u>	<u>8,104,706</u>	<u>42,784,171</u>	<u>27,884,502</u>

## 8. INVESTMENTS

### At market value

	<b>2012</b>	<b>2011</b>
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>
<b>Total Investments</b>	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. PRIOR PERIOD ADJUSTMENT

### Comprehensive Income Statement

The share of the loss for associated company previously reported in the unaudited quarterly report for 2011 has been adjusted for deferred tax asset resulting in an increase in the profit previously reported.