

December 2012
Interim Results

JAMAICAN TEAS LIMITED

***UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS
FIRST QUARTER - DECEMBER 2012***

Jamaican Teas Limited

Board of Directors' Commentary

Fourth quarter results to December 2012

FINANCIAL HIGHLIGHTS	<u>1st quarter to December</u>		
	2012	2011	Change
	\$'000		
Sales	273,713	173,176	58%
Profit after tax & minority interest	25,471	20,718	23%
Total Comprehensive Income	27,395	23,665	16%
Earnings per share	\$0.151	\$0.123	23%
Shareholder's Equity	537,338	482,780	11%
working capital & Investments	379,359	395,374	-4%

The 2013 financial year commenced in a more encouraging mode in the first quarter than in the similar period in 2011, with growth in revenues and profit. This comes against the background where the parent company of the group encountered one of the more difficult periods for some time in the similar quarter in 2011. We are encouraged that the improvement comes from the main lines of business unlike last year when investments made up for lower income generated due to difficult market conditions that the parent company encountered.

For the latest quarter sales are ahead of 2011 period for all companies. Jamaican Teas' local and foreign sales are up over 2011, while our supermarket in Montego Bay is yet to report a profit, we are encouraged by the progress being made with increasing sales and reduced losses. That operation is not far from a break even position. It reported a small profit in the December but that was inadequate to cover the losses incurred in the prior two months. We, however, enjoyed increased month over month sales in each month of the quarter.

Jamaican Teas made consolidated profit of \$25.5 million for the December 2012 quarter versus \$20.7 million in the December quarter of 2011

Sales for the manufacturing division are up 56% for the latest quarter over that of 2011, with exports growing by 126% in the quarter. The strong growth in export sales is due to the sale of a new product to a market that came on stream during the previous quarter but also from growth of our regular products. We added new products to our mix during the quarter and expect to see increased sales from them in the period ahead. Additional products are in the pipeline and will be rolled out in the coming months.

Sales at JRG supermarket in Kingston during this latest quarter were up on the similar period in 2011. Our store in Savannah La Mar which we took over in March 2012, enjoyed steady sales during the quarter, in line with prior months, except for December, when sales climbed above the average of previous ones.

Associated company

Our jointly owned supermarket in Montego Bay continues to show improvement but has not shown a profit to date. Sales in the December quarter rose 10 percent above the similar quarter of 2011. We enjoyed an encouraging improvement in sales since the start of the quarter pushing us closer to a break even position. Our share of the loss is \$1.39 million in the quarter but we made adjustment to deferred tax asset in that company to reflect the reduction in tax rate from 33 1/3 percent to 25 percent effective this year.

Investment portfolio

Our fixed interest securities continued to perform and we enjoyed some recovery in our equity portfolio by the end of the quarter. During the quarter 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 few foreign ones.

Apartment complex

We obtained building approval for the apartment complex in Kingston and are currently at an advanced stage in the construction. Projection is for completion and delivery of units to purchasers during the June quarter.

Statement of Financial Position

The group continues to maintain a healthy financial position, however, there are a few items that we highlight for a better understanding of major changes in our finances. Inventories increased mainly due to the purchase of local ginger in support of the thrust to increase local production and the addition of the Savannah La Mar supermarket. The increase in payables was due solely to the Savannah La Mar supermarket coming on stream.

With the continued growth in sales and new products at Jamaican Teas – the manufacturing arm, the need for more space is an issue we have to deal with on an ongoing basis, accordingly, we took a decision to acquire our own premises to house our operations. The move will result in some cost savings for us. Importantly it will provide space for expansion into the future.

Outlook

We continue to see buoyancy in sales after the end of the quarter at all locations. The equity portion of the investment portfolio has fluctuated with recent market volatility. We expect that with the expected completion of the apartment complex that it will contribute positively to profit during the year.

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



John Jackson
Director



John Mahfood
CEO



JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FIRST QUARTER ENDING 31 DECEMBER 2012

		<u>December</u>		<u>Audited</u>
		<u>2012</u>	<u>2011</u>	<u>Sep. 2012</u>
OPERATING REVENUES	note 6	273,713,114	173,176,432	824,532,178
COST OF SALES		<u>224,353,088</u>	<u>137,034,111</u>	<u>674,517,823</u>
GROSS PROFIT		49,360,026	36,142,321	150,014,355
Other Income	note 7	<u>10,079,397</u>	<u>9,765,674</u>	<u>23,001,228</u>
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES		<u>59,439,423</u>	<u>45,907,995</u>	<u>173,015,583</u>
Sales & Marketing Cost		6,490,510	6,184,411	17,950,397
Administration cost		22,262,486	15,668,159	71,887,999
Finance cost		<u>2,392,689</u>	<u>1,185,449</u>	<u>7,919,001</u>
		<u>31,145,685</u>	<u>23,038,019</u>	<u>97,757,397</u>
NET PROFIT BEFORE SHARE OF ASSOCIATED COMPANY LOSS		28,293,738	22,869,976	75,258,186
SHARE OF ASSOCIATED COMPANY LOSS *		<u>(2,016,919)</u>	<u>(1,285,752)</u>	<u>(8,361,437)</u>
PROFIT BEFORE TAXATION		26,276,819	21,584,224	66,896,749
TAXATION		<u>0</u>	<u>0</u>	<u>(7,763,939)</u>
Profit after taxation		26,276,819	21,584,224	74,660,688
NON-CONTROLLING INTEREST		<u>805,761</u>	<u>865,956</u>	<u>(87,866)</u>
PROFIT AFTER TAX & MINORITY INTEREST		25,471,058	20,075,488	74,748,554
OTHER COMPREHENSIVE INCOME				
FAIR VALUE GAINS/(LOSS)				
Change in investment value		<u>1,923,974</u>	<u>2,946,401</u>	<u>(21,157,932)</u>
TOTAL COMPREHENSIVE INCOME		<u>\$27,395,032</u>	<u>\$23,664,669</u>	<u>\$53,590,622</u>
Earnings per share (EPS)		\$0.151	0.123	\$0.443
EPS after comprehensive income		\$0.162	0.137	\$0.318

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FIRST QUARTER ENDING 31 DECEMBER 2012

	<u>December. 2012</u>	<u>December. 2011</u>	Audited <u>30 Sept. 2012</u>
FIXED ASSETS	126,586,305	57,088,382	125,701,558
INVESTMENT PROPERTY	30,000,000	31,411,271	30,000,000
INVESTMENTS	173,283,870	213,587,872	185,163,718
ASSOCIATED COMPANY	22,875,730	22,924,945	20,461,238
DEFERRED TAX ASSETS	7,327,453	3,855,509	7,327,453
CURRENT ASSETS			
Inventories	137,654,820	100,567,365	131,351,871
Development Property	81,392,667	32,475,500	60,227,921
Receivables	131,940,163	103,356,150	105,349,051
Short term investments	-	2,121,182	-
Cash and Bank	16,211,633	24,290,775	9,863,547
Total Current Assets	367,199,283	278,831,135	306,792,390
CURRENT LIABILITIES			
Accounts Payable	54,522,248	45,020,241	51,913,463
Short Term Borrowings	61,991,257	33,978,687	39,488,712
Bank Overdraft	16,469,054	3,691,478	8,646,292
Current portion - Long Term Loan	28,142,000	14,355,850	28,142,000
Total Current Liabilities	161,124,559	97,046,256	128,190,467
NET CURRENT ASSETS	<u>206,074,724</u>	<u>181,784,879</u>	<u>178,601,923</u>
	<u>\$ 566,148,083</u>	<u>510,010,579</u>	<u>547,255,890</u>
EQUITY & NON-CURRENT LIABILITIES			
STOCKHOLDERS EQUITY	537,337,868	482,780,367	511,402,648
NON-CONTROLLING INTEREST	981,619	1,129,680	175,858
DEFERRED TAX LIABILITY	-	4,546,044	-
LONG-TERM LOAN	<u>27,828,596</u>	<u>21,554,487</u>	<u>35,677,384</u>
	<u>\$ 566,148,083</u>	<u>510,010,579</u>	<u>547,255,890</u>

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FIRST QUARTER ENDING 31 DECEMBER 2012

	<u>Attributable to the company's owners</u>					Non-	
	Share	Capital s	Fair Value	Retained		controlling	Total
	Capital	Reserve	Reserves	Earnings	Total	Interest	Equity
	S'000	S'000	S'000	S'000	S'000	S'000	S'000
Balance as at							
30 September 2011	137,643,474	7,755,824	15,208,189	310,953,917	471,561,404	263,724	471,825,128
Dividend payable	-		-	(8,383,950)	(8,383,950)	-	(8,383,950)
Comprehensive income	-		2,946,401	20,718,268	23,664,669	865,956	24,530,625
Transfer to Profit & Loss			(4,061,756)		(4,061,756)		(4,061,756)
Balance as at							
31 December 2011	<u>137,643,474</u>	<u>7,755,824</u>	<u>14,092,834</u>	<u>323,288,235</u>	<u>482,780,367</u>	<u>1,129,680</u>	<u>483,910,047</u>
Balance as at							
30 September 2012	141,420,862	7,058,436	(5,949,743)	368,873,093	511,402,648	175,858	511,578,506
Dividend paid	-	-	-	-	-	-	-
Comprehensive income	-	-	1,923,974	25,471,058	27,395,032	805,761	28,200,793
Transfer to Profit & Loss			(1,459,812)		(1,459,812)		(1,459,812)
Balance as at							
31 December 2012	<u>141,420,862</u>	<u>7,058,436</u>	<u>(5,485,581)</u>	<u>394,344,151</u>	<u>537,337,868</u>	<u>981,619</u>	<u>538,319,487</u>

	December <u>2012</u>	December <u>2011</u>	September <u>2012</u>
Share Capital:			
Authorised 250,000,000 ordinary shares of no par value			
Issued and fully paid ordinary shares of no par value	<u>168,708,365</u>	<u>167,828,365</u>	<u>168,708,365</u>

JAMAICAN TEAS LIMITED
STATEMENT OF CASH FLOWS
FIRST QUARTER ENDING 31 DECEMBER 2012

	Unaudited <u>2012</u> \$	Unaudited <u>2011</u> \$
Comprehensive income for the period	27,395,032	23,664,669
Adjustments for::		
Change in investment value	(1,923,974)	(2,946,401)
Gain on Sale of Fixed Assets	-	(296,882)
Depreciation	3,206,550	1,669,562
Deferred tax	<u> </u>	<u> </u> -
Operating cash flows before movements in working capital	28,677,608	22,090,948
Changes in operating assets and liabilities	<u>(30,285,275)</u>	<u>154,401</u>
Net cash provided by operating activities	(1,607,668)	22,245,349
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by investing activities	<u>(9,284,899)</u>	<u>(39,186,242)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends Paid	-	(8,383,950)
Financing activity	<u>9,417,891</u>	<u>21,858,441</u>
Net cash used in financing activities	<u>9,417,891</u>	<u>13,474,491</u>
 Decrease in cash and cash equivalent	 <u>(1,474,676)</u>	 <u>(3,466,402)</u>
Cash and cash equivalent at beginning of the period	<u>1,217,255</u>	<u>24,065,699</u>
Cash and cash equivalent at the end of period	<u>\$ (257,421)</u>	<u>20,599,297</u>
 Cash & Cash equiv made up as follows:		
Cash & Bank Balance	16,211,633	24,290,775
Bank overdraft	<u>(16,469,054)</u>	<u>(3,691,478)</u>
Cash and cash equivalent at the end of period	<u>\$ (257,421)</u>	<u>20,599,297</u>

JAMAICAN TEAS LIMITED
SEGMENT RESULTS
FIRST QUARTER ENDING 31 DECEMBER 2012

SEGMENT RESULTS -
2012

	Manufacture	Rental	Retail	Investments	TOTAL
	2012	2012	2012	2012	2012
REVENUES	157,553,493	1,775,230	114,384,391	7,874,575	281,587,689
Segment Results	14,720,879	(537,711)	4,031,173	7,874,575	26,088,916
Associated Company	_____	_____	(2,016,919)	_____	(2,016,919)
Total Segment Results	<u>14,720,879</u>	<u>(537,711)</u>	<u>2,014,254</u>	<u>7,874,575</u>	24,071,997
Gain on Sale of Fixed Assets					-
Gain on Exchange					<u>2,204,822</u>
Net Profit before tax					<u>\$26,276,819</u>
Segment Assets	<u>258,087,483</u>	<u>245,283,291</u>	<u>71,957,135</u>	<u>179,733,870</u>	<u>\$755,061,780</u>
Segment Liabilities	<u>19,999,191</u>	<u>35,843,393</u>	<u>50,188,467</u>	<u>117,961,853</u>	<u>\$223,992,904</u>

SEGMENT RESULTS -
2011

	Manufacture	Rental	Retail	Investments	TOTAL
	2011	2011	2011	2011	2011
REVENUES	101,042,687	778,500	71,355,245	8,778,438	181,954,870
Segment Results	8,480,159	429,914	4,494,229	8,478,438	21,882,740
Associated Company	_____	_____	(1,285,752)	_____	(1,285,752)
Total Segment Results	<u>8,480,159</u>	<u>(429,914)</u>	<u>3,208,477</u>	<u>8,478,438</u>	20,596,988
Gain on Sale of Fixed Assets					296,882
Gain on Exchange					690,354
Net Profit before tax					<u>\$21,584,224</u>
Segment Assets	<u>224,389,040</u>	<u>42,677,648</u>	<u>29,560,656</u>	<u>222,159,054</u>	<u>\$518,786,399</u>
Segment Liabilities	<u>19,999,191</u>	<u>307,055</u>	<u>22,049,372</u>	<u>69,889,024</u>	<u>\$112,244,642</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 December 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.

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

6. OPERATING REVENUES

	1st Quarter - December	
	<u>2012</u>	<u>2011</u>
Local - Manufacturing	68,138,949	61,453,545
Foreign - Manufacturing	89,414,544	39,589,142
Retail	114,384,391	71,355,245
Rental	<u>1,775,230</u>	<u>778,500</u>
	<u><u>\$ 273,713,114</u></u>	<u><u>\$173,176,432</u></u>

7. OTHER INCOME

	1st Quarter - December	
	<u>2012</u>	<u>2011</u>
Interest Income	4,351,101	3,659,996
Dividend Income	1,722,770	658,616
Gain on Sale of Investments	344,203	4,159,826
Foreign Exchange Gain	2,204,822	690,354
Gain on Sale of Fixed Assets	-	296,882
Other Income	<u>1,456,501</u>	<u>300,000</u>
	<u><u>\$ 10,079,397</u></u>	<u><u>\$ 9,765,674</u></u>

8. INVESTMENTS

At market value	<u>2012</u>	<u>2011</u>
Government Bonds	58,468,722	63,151,883
Corporate Bonds	22,873,503	45,672,840
Quoted Equities	76,195,327	89,016,831
Commercial Paper	<u>-</u>	<u>2,122,182</u>
	157,537,552	199,963,736
Unquoted equities	<u>15,746,318</u>	<u>15,746,318</u>
Total Investments	173,283,870	215,710,054
Less short term portion	<u>-</u>	<u>(2,121,182)</u>
	<u><u>173,283,870</u></u>	<u><u>213,588,872</u></u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 December 2012

9. ASSOCIATED COMPANY

Effective 2013, the corporation taxation rate is changed from 33 1/3 percent to 25 percent. Prior to the current quarter deferred tax asset was computed at the old rate. Effective with the current quarter until the end of the financial year deferred taxation asset will be adjusted quarterly to reflect the lower rate, accordingly, the current quarter adjustment amounts to \$640,000.