JAMAICAN TEAS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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INDEX

BDO

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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
Jamaican Teas Limited

Report on the Consolidated and Company Stand Alone Financial Statements

We have audited the accompanying consolidated financial statements of Jamaican Teas Limited and its subsidiaries set out on pages 3 to 51, which comprise the consolidated statement of financial position as at 30 September 2014, consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and the accompanying financial statements of Jamaican Teas Limited standing alone which comprise the statement of financial position as at 30 September 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Company Stand Alone Financial Statements

Management is responsible for the preparation of the consolidated and company stand alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and stand alone 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 consolidated and company stand alone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation of consolidated and company stand alone financial statements that give a true and fair view 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 consolidated and company stand alone 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 consolidated financial statements of Jamaican Teas Limited and its subsidiaries, and the financial statements of Jamaican Teas Limited standing alone give a true and fair view of the financial position of Jamaican Teas Limited and its subsidiaries and Jamaican Teas Limited standing alone as at 30 September 2014, and of their financial performance and cash flows for the year then ended, so far as it concerns the members of Jamaican Teas Limited 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 accompanying consolidated and stand alone financial statements are in agreement therewith, and give the information required by the Act, in the manner so required.

BDO

Chartered Accountants

29 December 2014

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 $'000	2013 $'000
REVENUE	6	1,142,904	1,226,435
Cost of sales		(938,758)	(1,005,586)
GROSS PROFIT		204,146	220,849
Other operating income	7	24,669	12,861
		228,815	233,710
ADMINISTRATIVE AND OTHER EXPENSES			
Selling and marketing		35,934	24,005
Administrative expenses		114,378	91,709
		150,312	115,714
OPERATING PROFIT		78,503	117,996
Finance costs	9	(15,932)	(7,643)
Share of results of associated company	17	(11,202)	(11,145)
PROFIT BEFORE TAXATION		51,369	99,208
Taxation expense	11	240	(5,615)
NET PROFIT		51,609	93,593
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified to profit or loss -			
Unrealised losses on available-for-sale investment		(4,856)	(1,107)
TOTAL COMPREHENSIVE INCOME		46,753	92,486
Net profit attributable to:			
Owners of Jamaican Teas Limited		52,742	93,256
Non-controlling interest		(1,133)	337
		51,609	93,593
Total comprehensive income attributable to:			
Owners of Jamaican Teas Limited		47,886	92,149
Non-controlling interest		(1,133)	337
		46,753	92,486
Earnings per stock unit for profit attributable to owners of the company during the period:			
Basic	12	$ 0.31	$ 0.55

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2014

	Note	2014 $'000	2013 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	14	293,248	124,109
Investment properties	15	55,754	54,227
Intangible assets	16	1,390	-
Investment in associate	17	24,770	14,700
Investments	19	101,523	113,047
Deferred tax assets	20	7,121	4,678
		483,806	310,761
CURRENT ASSETS:			
Inventories	21	288,906	176,696
Receivables	22	219,644	279,491
Taxation recoverable		9,253	6,897
Short term investment	19	21,884	37,607
Cash and bank balances	23	14,657	93,643
		554,344	594,334
		1,038,150	905,095
EQUITY AND LIABILITIES			
STOCKHOLDERS' EQUITY:			
Share capital	24	141,420	141,420
Capital reserve	25	7,059	7,059
Fair value reserve	26	(11,913)	(7,057)
Retained earnings		498,257	445,515
		634,823	586,937
Non-controlling interest		(708)	425
		634,115	587,362
NON-CURRENT LIABILITIES:			
Long term liabilities	27	200,179	11,283
CURRENT LIABILITIES:			
Payables	28	100,766	67,084
Taxation payable		-	548
Short term borrowings	29	53,091	192,244
Bank overdraft	23	49,999	46,574
		203,856	306,450
		1,038,150	905,095

Approved for issue by the Board of Directors on 29 December 2014 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 2014

		Attributable to owners of the company				Non-Controlling Interest	Total Equity
	Note	Share Capital $'000	Capital Reserve $'000	Fair Value Reserve $'000	Retained Earnings $'000	$'000	$'000
BALANCE AT 1 OCTOBER 2012		141,420	7,059	(5,950)	368,874	176	511,579
TOTAL COMPREHENSIVE INCOME							
Net profit		-	-	-	93,256	337	93,593
Other comprehensive income		-	-	(1,107)	-	-	(1,107)
		-	-	(1,107)	93,256	337	92,486
TRANSACTONS WITH OWNERS							
Dividends paid	13	-	-	-	(8,435)	-	(8,435)
Acquisition of additional shares in a subsidiary		-	-	-	(8,180)	(88)	(8,268)
		-	-	(1,107)	76,641	249	75,783
BALANCE AT 30 SEPTEMBER 2013		141,420	7,059	(7,057)	445,515	425	587,362
TOTAL COMPREHENSIVE INCOME							
Net profit		-	-	-	52,742	(1,133)	51,609
Other comprehensive income		-	-	(4,856)	-	-	(4,856)
		-	-	(4,856)	52,742	(1,133)	46,753
BALANCE AT 30 SEPTEMBER 2014		141,420	7,059	(11,913)	498,257	(708)	634,115

JAMAICAN TEAS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2014

	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	51,609	93,593
Items not affecting cash resources:		
Loss on disposal of investments	28	5,126
Impairment losses on available-for-sale financial assets	-	8,450
Gain on disposal of property, plant and equipment	(672)	(568)
Interest income	(5,523)	(8,722)
Exchange gain on foreign balances	(178)	(6,932)
Share of loss from associate	11,202	11,145
Amortisation on investment property	-	(1,000)
Depreciation	13,984	11,779
Amortisation	537	-
Interest expense	15,931	7,644
Taxation	(240)	5,616
	86,678	126,131
Changes in operating assets and liabilities:		
Inventories	(112,210)	14,884
Receivables	59,847	(179,148)
Payables	33,682	15,171
	67,997	(22,962)
Tax recoverable/(paid)	(5,107)	(4,310)
Net cash provided by/(used in) operating activities	62,890	(27,272)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from disposal of property, plant and equipment	1,100	3,530
Acquisition of investment property	(1,527)	(23,227)
Acquisition of property, plant and equipment	(184,608)	(13,149)
Investment is subsidiaries	-	(8,268)
Purchase of intangibles	(870)	-
Net (increase)/decrease in investment on associate	(21,272)	(5,384)
Net decrease in investments	21,051	19,075
Interest received	6,892	9,475
Net cash used in investing activities	(179,234)	(17,948)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	193,740	158,644
Loan repayments	(143,997)	(58,425)
Dividends paid	-	(8,435)
Interest paid	(15,931)	(7,644)
Net cash provided by financing activities	33,812	84,140
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(82,532)	38,920
Cash and cash equivalents at beginning of year	47,069	1,217
Exchange gain on foreign cash balances	121	6,932
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	(35,342)	47,069

JAMAICAN TEAS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 $'000	2013 $'000
REVENUE	6	625,533	576,820
Cost of sales		(456,974)	(427,422)
GROSS PROFIT		168,559	149,398
Other operating income	7	31,658	35,056
		200,217	184,454
Administrative and other expenses		(110,719)	(84,679)
OPERATING PROFIT		89,498	99,775
Finance costs	9	(14,698)	(6,603)
PROFIT BEFORE TAXATION		74,800	93,172
Taxation expense	11	-	-
NET PROFIT		74,800	93,172
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified to profit or loss -			
Unrealised losses on available- for- sale investments		(4,856)	(1,107)
TOTAL COMPREHENSIVE INCOME		69,944	92,065

JAMAICAN TEAS LIMITED

STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2014

	Note	2014 $'000	2013 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	14	204,419	30,859
Investment properties	15	31,000	31,000
Intangible assets	16	804	-
Investment in subsidiaries		13,806	13,806
Investment in associate	17	67,054	45,782
Investments	19	77,292	97,301
Due from subsidiaries	18	288,043	241,906
		682,418	460,654
CURRENT ASSETS:			
Inventories	21	128,555	113,096
Receivables	22	198,247	156,516
Taxation recoverable		8,736	6,611
Short term investment	19	21,884	37,607
Cash and bank balances	23	10,842	84,939
		368,264	398,769
		1,050,682	859,423
EQUITY AND LIABILITIES			
STOCKHOLDERS' EQUITY:			
Share capital	24	141,420	141,420
Fair value reserve	26	(11,913)	(7,057)
Retained earnings		558,269	483,469
		687,776	617,832
NON-CURRENT LIABILITIES:			
Long term liabilities	27	200,179	-
CURRENT LIABILITIES:			
Due to subsidiaries	18	15,678	26,259
Payables	28	59,344	26,051
Short term borrowings	29	50,870	158,490
Bank overdraft	23	36,835	30,791
		162,727	241,591
		1,050,682	859,423

Approved for issue by the Board of Directors on 29 December 2014 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 2014

	Note	Share Capital $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 1 OCTOBER 2012		141,420	(5,950)	398,732	534,202
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	93,172	93,172
Other comprehensive income		-	(1,107)	-	(1,107)
		-	(1,107)	93,172	92,065
TRANSACTION WITH OWNERS					
Dividends paid	13	-	-	(8,435)	(8,435)
		-	(1,107)	84,737	83,630
BALANCE AT 30 SEPTEMBER 2013		141,420	(7,057)	483,469	617,832
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	74,800	74,800
Other comprehensive income		-	(4,856)	-	(4,856)
		-	(4,856)	74,800	69,944
BALANCE AT 30 SEPTEMBER 2014		141,420	(11,913)	558,269	687,776

JAMAICAN TEAS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2014

	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	74,800	93,172
Items not affecting cash resources:		
Loss on disposal of investments	28	5,126
Impairment losses on available-for-sale financial asset	-	8,450
Gain on disposal of property, plant and equipment	(672)	(568)
Exchange gain on foreign balances	(131)	(6,683)
Net gain on investment property	-	(1,000)
Depreciation	8,361	5,776
Amortisation	66	-
Interest expense	14,698	6,603
Interest income	(5,523)	(19,798)
Operating cash flows before movements in working capital	91,627	91,078
Changes in operating assets and liabilities:		
Inventories	(15,459)	(17,321)
Receivables	(41,731)	(62,250)
Related companies	(56,718)	(70,124)
Payables	33,293	3,591
Taxation recoverable	(2,125)	(1,880)
Net cash provided by/(used in) operating activities	8,887	(56,906)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in associate	(21,272)	(5,384)
Proceeds from disposal of property, plant and equipment	1,100	3,530
Acquisition of property, plant and equipment	(182,349)	(10,239)
Investment in subsidiary	-	(8,268)
Purchase of intangible assets	(870)	-
Net decrease in investments	29,536	19,075
Interest received	6,892	20,551
Net cash (used in)/provided by investing activities	(166,963)	19,265
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	193,740	95,000
Loan repayment	(101,181)	(1,384)
Dividends paid	-	(8,435)
Interest paid	(14,698)	(6,603)
Net cash provided by financing activities	77,861	78,578
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(80,215)	40,937
Cash and cash equivalents at beginning of year	54,148	6,528
Exchange gain on foreign cash balances	74	6,683
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	(25,993)	54,148

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

Jamaican Teas Limited (the company) is a company limited by shares incorporated and domiciled in Jamaica. The registered office of the company is 2 Bell Road, Kingston 11.

The company was listed on the Junior Market of the Jamaica Stock Exchange on 3 July 2010.

The principal activities of the company, its subsidiaries and associated company (the Group) are as follows:

i. The importing of tea in bulk, packaging and the distribution of black and herbal teas. The company also distributes other items such as: bottled water, coconut milk and other pre-packaged food items;
ii. The operation of supermarkets which involves the retail distribution of pharmaceutical, consumable and household products; and
iii. The rental of residential properties and the development of real estate for resale.

2. **SIGNIFICANT ACCOUNTING POLICIES**:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) **Basis of preparation –**

The consolidated financial statements are presented in Jamaican dollar which is also the company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention as modified by the revaluation of investment properties and financial assets that are measured at fair value.

The preparation of financial statements in conformity with IFRSs 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. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(a) **Basis of preparation (cont'd) -**

Amendments to published standards effective in the current year that are relevant to the Group's operations

IAS 27 (Revised), 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2013). The revised standard now only includes the requirements for separate financial statements. There have been no significant changes to these requirements as presented under IAS 27 'Consolidated and Separate Financial Statement'. The requirements for consolidated financial statements are now included in IFRS 10 'Consolidated Financial Statements'.

***IFRS 10, 'Consolidated Financial Statements'* (effective for annual periods beginning on or after 1 January 2013)**. IFRS 10 supersedes IAS 27 (2008) *Consolidated and Separate Financial Statements* and SIC- 12 *Consolidation – Special Purpose Entities*, and introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby control exists when all of the following conditions are present: Power over investee; exposure, or rights to variable returns from investee; and ability to use power over investee to affect the entity's returns from investee. The adoption of IFRS 10 has had no significant impact on the Group's consolidation.

IFRS 11, 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2013) IFRS 11 supersedes IAS 31 Interest in Joint Ventures and SIC-14 Jointly-controlled Entities *Non-monetary Contributions by Venturers*, and requires joint arrangements to be classified as either: *Joint operations* - where parties with joint control have rights to assets and obligations for liabilities or *Joint ventures* - where parties with joint control have rights to the net assets of the investee. Joint arrangements that are structured through a separate vehicle will generally be treated as joint ventures, unless the terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets. Joint ventures are accounted for using the equity method (proportionate consolidation is not permitted by IFRS 11). The adoption of IFRS 11 has had no significant impact on the Group's financial statements.

IFRS 12, 'Disclosure of Interests in Other Entities', (effective for annual periods beginning on or after 1 January 2013). IFRS 12 requires entities to disclose information that helps financial statement users to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group's financial statements.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(a) **Basis of preparation (cont'd) -**

Amendments to published standards effective in the current year that are relevant to the Group's operations (cont'd)

IFRS 13, 'Fair Value Measurement', (effective for annual periods beginning on or after 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The requirements are similar to those in IFRS 7, 'Financial instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial assets and liabilities. The adoption of this standard has no significant impact on the Group's financial statements.

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

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018). IFRS 9 addresses classification and measurement of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

Classification of financial assets under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9 also removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value.

For financial liabilities IFRS 9 retains most of the IAS 39 requirements including amortised cost accounting for most financial liabilities and the requirement to separate embedded derivatives. The main changer is where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in Other Comprehensive income rather that in profit or loss, unless this creates an accounting mismatch. The adoption of IFRS 9 is currently not expected to have a material impact on the Group's financial position or results.

IFRS 15, 'Revenue from contracts with customers', (effective for annual periods beginning on or after 1 January 2017). IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Management is currently assessing the impact on the Group's financial statements.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(b) **Basis of consolidation -**

The consolidated financial statements comprise a consolidation of the accounts of the Group and its subsidiaries. The results of the Group's subsidiaries have been prepared to align with the Group's reporting date.

Subsidiaries which are consolidated are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has the power to govern the financial and operating policies in order to obtain benefits from its activities. Subsidiaries are consolidated from the date on which the Group effectively takes control until the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated.

The subsidiaries consolidated are as follows:-

H Mahfood & Sons Limited	– 100% owned
JRG Shoppers Delite Enterprise Limited	- 90% owned

Subsequent to the year end, Jamaican Teas Limited purchased the remaining 10% shareholding in JRG Shoppers Delite Enterprise Limited, thereby making the company a wholly owned subsidiary.

(c) **Associate –**

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. The associate is initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method where the Group's share of post-acquisition profits and losses is recognised in the consolidated statement of income and other comprehensive income, (except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associate are recognised only to the extent of unrelated investors' interest in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

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

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(d) **Foreign currency translation -**

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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 recognized in profit or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in equity.

(e) **Property, plant and equipment -**

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Plant and equipment	10%
Furniture and fixtures	10%
Motor vehicles	20%
Computer	20%
Building	2½%
Leasehold improvements - shorter of lease and useful lives	

(f) **Intangible assets -**

Intangible asset which represents computer software is deemed to have a finite useful life of five years and is measured at cost, less accumulated amortisation and accumulated impairment losses, if any.

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

(g) **Investment property -**

Investment property is initially recognised at cost and subsequently carried at fair value with changes in the carrying value recognised in the statement of comprehensive income.

Fair value is determined every three years by an independent registered valuer, and in each of the two intervening years by the directors. Fair value is based on current prices in an active market for similar properties in the same location and condition.

Rent receivable is spread on a straight-line basis over the period of the lease.

(h) **Impairment of non-current assets -**

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) **Financial instruments-**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) **Classification**

The Group classifies its financial assets in the following 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.

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 are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables and cash and cash equivalents.

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

(i) **Financial instruments (cont'd) -**

Financial assets (cont'd)

(i) **Classification (cont'd)**

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within 12 months of the reporting date. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

(ii) **Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value, with fair value gains or losses being recorded in other comprehensive income. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Translation differences and changes in the fair value of non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously recognized as other comprehensive income are recycled to profit or loss.

Dividend on available-for-sale equity instruments are recognized in profit or loss as part of other operating income when the Group's right to receive payments is established.

JAMAICAN TEAS LIMITED

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

(i) **Financial instruments (cont'd) -**

Financial assets (cont'd)

(ii) **Recognition and Measurement (cont'd)**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Impairment testing of trade receivables is described in note 2(k).

Financial liabilities

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: long term liabilities, short term liabilities, bank overdraft and trade payables.

(j) **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.

Housing units completed and development costs are stated at the lower of cost and net realisable value.

Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses and the costs of completion.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(k) **Trade 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. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

(l) **Cash and cash equivalents -**

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 and in hand and short term deposits with original maturity of 90 days or less.

(m) **Borrowings -**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(n) **Current and deferred income taxes -**

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(n) **Current and deferred income taxes (cont'd) -**

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

Deferred income tax liabilities are not recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of subsidiaries as such amounts are permanently reinvested and are not subject to tax.

(o) **Employee benefits -**

The Group participates in a defined contribution plan whereby it pays contributions to a privately administered fund, the contributions are charged to the statement of comprehensive income in the year to which they relate and are included in staff costs.

(p) **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.

(q) **Leases -**

Leases of property where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

As Lessor –

Rental income under operating leases is recognised in income on the straight line basis over the term of the relevant lease.

As Leasee –

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.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(r) **Revenue recognition -**

Revenue is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs 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.

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

Dividend income is recognised when the right to receive payment is established.

(s) **Segment reporting -**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the Group's chief operating decision maker.

(t) **Dividend distribution-**

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders and is recorded as a deduction from equity.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

Judgements 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 the Group's accounting policies -**

In the process of applying the Group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

(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) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(ii) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

Level 1 Quoted prices in active markets for identical assets or liabilities (unadjusted).

Level 2 Observable direct or indirect inputs other than level 1 inputs.

Level 3 Unobservable inputs (i.e. not derived from market data).

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd) -**

(ii) Fair value measurement (cont'd)

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfer of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

- Investment properties
- Financial instruments

For more detailed information in relation to the fair value measurement of the items above, please refer to applicable notes.

4. **FINANCIAL RISK MANAGEMENT:**

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the Group's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(i) **Principal financial instruments**

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

- Trade receivables
- Cash and bank balances
- Investments in quoted and unquoted equity securities
- Trade payables
- Bank overdrafts
- Government of Jamaica bonds
- Loans and borrowings

(ii) **Financial instruments by category**

The Group

Financial assets

	Loans and Receivables		Available-for-sale	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash and cash equivalents	14,657	93,643	-	-
Trade receivables	147,880	209,002	-	-
Government of Jamaica bonds	-	-	21,884	59,977
Equities	-	-	101,523	90,677
Total financial assets	162,537	302,645	123,407	150,654

Financial liabilities at amortised cost -

	2014 $'000	2013 $'000
Bank overdraft	49,999	46,574
Trade payables	84,651	45,748
Loans and borrowings	253,270	203,527
Total financial liabilities	387,920	295,849

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(ii) **Financial instruments by category (cont'd)**

The Company

Financial assets -

	Loans and Receivables		Available-for-sale	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Cash and bank balances	10,842	84,939	-	-
Trade receivables	145,819	102,885	-	-
Government of Jamaica bonds	-	-	21,884	59,977
Equities	-	-	77,292	74,931
Total financial assets	156,661	187,824	99,176	134,908

Financial liabilities at amortised cost -

	2014 $'000	**2013 $'000**
Bank overdraft	36,834	30,791
Trade payables	48,613	22,649
Loans and borrowings	251,049	158,490
Total financial liabilities	336,496	211,930

(iii) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value includes cash and bank balances, trade receivables, trade payables, bank overdraft and loans and borrowings.

Due to their short-term nature, the carrying value of cash and bank balances, trade receivables, bank overdraft and trade payables approximates their fair value.

The carrying values of loans and borrowings approximate their fair values, as they are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

The fair value of unquoted equity instruments could not be determined and there is no active market for them.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(iv) **Financial instruments measured at fair value**

The fair value hierarchy of financial instruments measured at fair value is provided below:

`

	2014		
	Level 1 $'000	**Level 2 $'000**	**Total $'000**
Available-for-sale:			
Quoted equities	76,293	-	76,293
Government of Jamaica bonds	-	21,884	21,884
	76,293	21,884	98,177

	2013		
	Level 1 $'000	**Level 2 $'000**	**Total $'000**
Available-for-sale:			
Quoted equities	73,932	-	73,932
Government of Jamaica bonds	-	59,977	59,977
	73,932	59,977	133,909

There were no transfers between levels during the period.

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.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(v) **Financial risk factors**

The Board of Directors 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 monthly 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 Audit Committee also reviews the risk management policies and processes.

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:

(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 Group's of related counterparties.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be 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.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(v) **Financial risk factors (cont'd)**

(i) **Credit risk (cont'd)**

The maximum exposure to credit risk is as follows:

The Group

	2014 $'000	2013 $'000
Financial assets -		
Cash and bank balances	14,657	93,643
Trade receivables	147,880	209,002
Investments	123,407	150,654
Total financial assets	285,944	453,299

The Company

	2014 $'000	2013 $'000
Financial assets -		
Cash and bank balances	10,842	84,939
Trade receivables	145,819	102,885
Investments	99,176	134,908
Total financial assets	255,837	322,732

Trade receivables that are past due but not impaired

As at 30 September 2014, trade receivables of $22,041 (2013 - $10,720) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

(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.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(v) **Financial risk factors (cont'd)**

(ii) **Market risk (cont'd)**

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar, Canadian dollar and Pound Sterling. 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. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

Concentration of currency risk

The table below summaries the Group and Company exposure to foreign exchange rate risk as at 30 September 2014.

	2014			2013		
	US J$'000	GBP J$'000	CAN J$'000	USD J$'000	GBP J$'000	CAN J$'000
Financial assets:						
Cash and cash equivalents	6,922	291	2,201	490	747	131
Investment securities	279	-	-	63	-	-
Trade receivables	87,685	458	1,958	43,388	-	-
Total financial assets	94,886	749	4,159	43,941	747	131
Financial liabilities:						
Trade payables	23,291	10,023	2,178	43,373	-	-
Net financial assets/ (liabilities)	71,595	(9,274)	1,981	568	747	131

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(v) **Financial risk factors (cont'd)**

(ii) **Market risk (cont'd)**

Foreign currency sensitivity

The following table indicate the currencies to which the Group had significant exposure on its monetary assets and liabilities and its forecast cash flows. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% increase (2013 – 10%) and 1% (2013 – 1%) appreciation of the Jamaican dollar against the various currencies. The changes below would have no impact on other components of equity.

	% Change in Currency Rate	Effect on Profit Before Taxation 2014 $'000	% Change in Currency Rate	Effect on Profit Before Taxation 2013 $'000
Currency:				
US$	+1	(716)	+1	(6)
GPB	+1	93	+1	(7)
CAN$	+1	(20)	+1	(1)
US$	-10	7,159	-10	57
GBP	-10	(927)	-10	75
CAN$	-10	198	-10	13

Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of 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.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of investments. The Group also analyses its interest exposure arising from borrowings on an ongoing basis taking into consideration the options of refinancing, renewal of existing positions and alternative financing. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial bearing liabilities.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(v) **Financial risk factors (cont'd)**

(ii) **Market risk (cont'd)**

Interest rate risk (cont'd)

The Group's interest rate risk arises from deposits, Government of Jamaica bonds, bank overdraft and loans and borrowings.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits as these deposits have a short term to maturity and are constantly reinvested at current market rates. Investments are at fixed rates.

There is no significant exposure to interest rate risk on borrowings as these are at fixed rates and are carried at amortised cost.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of equity investments held and classified on the statement of financial position as available-for-sale. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact of a 10% change in the quoted prices for these equities would be an increase or decrease in the carrying value of $7,629,000 (2013 - $7,393,200) in other comprehensive income.

(iii) **Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(v) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Liquidity risk management process

The Group's liquidity management process, as carried out within the company and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a bi-weekly basis.
(ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

The Group

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
At 30 September 2014:				
Trade payables	84,651	-	-	84,651
Bank overdraft	49,999	-	-	49,999
Loans and borrowings	53,091	11,999	188,180	253,270
Total	187,741	11,999	188,180	387,920

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
At 30 September 2013				
Trade payables	45,748	-	-	45,748
Bank overdraft	46,574	-	-	46,574
Loans and borrowings	192,244	11,283	-	203,527
Total	284,566	11,283	-	295,849

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(v) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

The Company

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
At 30 September 2014				
Trade payables	48,613	-	-	48,613
Bank overdraft	36,834	-	-	36,834
Loans and borrowings	50,870	11,999	188,180	251,049
Total	136,317	11,999	188,180	336,496

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Total $'000
At 30 September 2013				
Trade payables	22,649	-	-	22,649
Bank overdraft	30,791	-	-	30,791
Loans and borrowings	158,490	-	-	158,490
Total	211,930	-	-	211,930

(vi) **Capital Management**

The Group 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.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as debt divided by owner's equity. Debt is calculated as total borrowings as shown in the consolidated statement of financial position. Owners' equity is calculated as capital and reserves attributable to the Group's owners as shown in the consolidated statement of financial position.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

(vi) **Capital Management (cont'd)**

The debt to equity ratio at 30 September based on these calculations were as follows:

	2014 $'000	2013 $'000
Total borrowing	253,270	203,527
Owners' equity	635,329	586,937
Debt to equity ratio	39.9%	34.7%

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

5. **BUSINESS SEGMENTS:**

The Group is managed in three main business segments based on business activities. The segments are as follows:

- Manufacturing – 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 54% of its external revenue.
- Retailing – this segment is involved in the operation of supermarkets and contributed 43% of the Group's external revenue.
- Rental and development – this segment rents and develops properties for resale and contributed 3% of the Group's external revenue.

The share of results of associated company is not included in the measure of segments results and is not reviewed as part of the results of reportable segments. The results of the associated company are reviewed by the Board of Directors on a monthly basis.

Deferred tax assets are not included in the measure of segment assets and are not reviewed as part of the result of the reportable segments. Deferred tax assets are however reviewed by the Chief Executive Officer.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

	2014			
	Manufacturing $'000	Retailing $'000	Rental & Development $'000	Total $'000
Revenue				
Total revenue from external customers	625,533	491,321	26,050	1,142,904
Depreciation	8,361	3,438	2,185	13,984
Amortisation	66	471	-	537
Segment profit/(loss)	74,800	(13,916)	1,687	62,571
Share of results of associated Company				(11,202)
Group profit before tax				51,369
(Reductions)/additions (in)/to non-current assets	140,274	(1,651)	(658)	137,965
Reportable segments assets	681,782	68,316	256,161	1,006,259
Investments in associate				24,770
Deferred tax assets				7,121
Total Group assets				1,038,150
Reportable segment liabilities	347,226	45,303	11,506	404,035

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NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2014

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

	2013			
	Manufacturing $'000	Retailing $'000	Rental & Development $'000	Total $'000
Revenue				
Total revenue from external customers	576,820	464,489	185,126	1,226,435
Depreciation	5,776	4,223	1,780	11,779
Segment profit	79,693	18,523	20,587	118,803
Impairment losses on available-for-resale financial assets				(8,450)
Share of results of associated Company				(11,145)
Group profit before tax				99,208
(Reductions)/additions (in)/to non-current assets	(32,009)	(1,313)	21,446	(11,876)
Reportable segments assets	558,021	66,724	260,972	885,717
Investments in associate				14,700
Deferred tax assets				4,678
Total Group assets				905,095
Reportable segment liabilities	215,328	46,523	55,882	317,733

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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6. **REVENUE:**

The Group

	2014 $'000	2013 $'000
Revenue arises from -		
Export sales – manufacturing Group	281,172	292,864
Domestic sales – manufacturing Group	344,361	283,956
Retail sales	491,321	464,489
Sale of Apartments	21,750	181,475
Rental	4,300	3,651
	1,142,904	1,226,435

The Company

	2014 $'000	2013 $'000
Revenue arises from -		
Export sales	281,172	292,864
Domestic sales	344,361	283,956
	625,533	576,820

7. **OTHER OPERATING INCOME:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Interest income	5,523	8,722	5,523	19,798
Rental Income	4,247	4,070	2,887	2,749
Dividend income	4,072	3,204	4,072	3,204
Gain on sale of property, plant and equipment	672	568	672	568
Loss on sale of investments	(28)	(5,126)	(28)	(5,126)
Net foreign exchange gain	8,266	8,155	8,219	11,549
Impairment losses on available-for-sale financial assets	-	(8,450)	-	(8,450)
Miscellaneous income	1,917	1,718	10,313	10,764
	24,669	12,861	31,658	35,056

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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8. **EXPENSES BY NATURE:**

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

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Advertising and promotion	35,934	24,005	33,816	22,085
Auditors' remuneration	2,500	1,850	1,400	1,050
Directors' emoluments:				
Remuneration	8,120	9,877	8,120	9,877
Fees	1,930	1,007	1,930	1,007
Cost of inventories recognised as an expense	843,548	920,930	409,818	384,158
Amortised expense	537	-	66	-
Depreciation (net)	13,984	11,823	8,361	5,776
Insurance	7,132	5,932	5,179	4,320
Repairs and maintenance	17,986	18,732	12,907	13,960
Staff Costs (Note 10)	79,465	74,340	48,532	46,673
Utilities	24,703	21,162	7,429	5,435
Rental and security	10,930	6,692	2,711	233
Other expenses	42,301	24,950	27,424	17,527
	1,089,070	1,121,300	567,693	512,101

9. **FINANCE COSTS:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Interest expense	15,932	7,643	14,698	6,603

10. **STAFF COSTS:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Wages and salaries	68,198	62,846	38,706	41,365
Pension	897	914	897	914
Other employment benefits	10,370	10,580	8,929	4,394
	79,465	74,340	48,532	46,673

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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11. **TAXATION EXPENSE:**

Taxation is computed on the profit for the year, adjusted for taxation purposes and comprises income tax at 25% (2013 – 25%).

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current taxation @ 25%	570	1,375	-	-
Transfer tax	1,633	1,591	-	-
Deferred taxation (note 20)	(2,443)	2,649	-	-
	(240)	5,615	-	-

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.

The tax on the profit before taxation differs from the theoretical tax charge that would arise using the applicable tax rate of 2014 - 25% (2013 – 25%) for the companies within the Group and 2014 – 33 1/3% (2013 – 33 1/3%) for the company.

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Profit before taxation	51,369	99,208	74,800	93,172
Tax calculated at applicable rate	12,842	24,802	24,933	31,057
Adjusted for the effects of:				
Expenses not deducted for tax purposes	4,440	14,123	3,821	7,919
Net effects of other charges and allowances	3,128	(7,807)	(8,104)	(13,473)
	20,410	31,118	20,650	25,503
Adjusted for the effects of tax remission:				
Current tax	(20,650)	(25,503)	(20,650)	(25,503)
	(240)	5,615	-	-

JAMAICAN TEAS LIMITED

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12. **EARNINGS PER STOCK UNIT ATTRIBUTABLE TO STOCKHOLDERS OF THE GROUP:**

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.

	2014	2013
Net profit attributable to stockholders ($'000)	51,609	93,593
Weighted average number of ordinary stock units ('000)	168,708	168,708
Basic earnings per stock unit ($)	0.31	0.55

The company has no dilutive potential ordinary shares.

13. **DIVIDENDS:**

	2014 $'000	2013 $'000
Paid -		
Interim (2013 – 5 cents per stock unit)	-	8,435

JAMAICAN TEAS LIMITED

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14. **PROPERTY, PLANT AND EQUIPMENT:**

The Group

	Land & Building $'000	Plant, Equipment Furniture, & Fixtures $'000	Motor Vehicles $'000	Leasehold Improvement $'000	Total $'000
At cost:					
1 October 2012	76,791	66,141	12,561	8,568	164,061
Additions	-	5,838	6,774	537	13,149
Disposal	-	-	(6,400)	-	(6,400)
At 30 September 2013	76,791	71,979	12,935	9,105	170,810
Additions	171,876	12,224	-	508	184,608
Disposal	-	(1,272)	(587)	-	(1,859)
Transfer	-	(2,356)	-	-	(2,356)
At 30 September 2014	248,667	80,575	12,348	9,613	351,203
Depreciation:					
1 October 2013	993	26,047	6,478	4,842	38,360
Charge for the year	1,250	6,854	1,637	2,038	11,779
Eliminated on disposal	-	-	(3,438)	-	(3,438)
At 30 September 2013	2,243	32,901	4,677	6,880	46,701
Charge for the year	2,806	6,945	2,188	1,353	13,292
Eliminated on disposal	-	(844)	(587)	-	(1,431)
Adjustments	-	(38)	730	-	692
Transfers	-	(1,299)	-	-	(1,299)
At 30 September 2014	5,049	37,665	7,008	8,233	57,955
Net Book Value:					
30 September 2014	243,618	42,910	5,340	1,380	293,248
30 September 2013	74,548	39,078	8,258	2,225	124,109

JAMAICAN TEAS LIMITED

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

The Company

	Land & Building $'000	Plant, Equipment Furniture, & Fixtures $'000	Motor Vehicles $'000	Leasehold Improvement $'000	Total $'000
At cost:					
1 October 2013	-	45,943	12,561	2,064	60,568
Additions	-	3,465	6,774	-	10,239
Disposal	-	-	(6,400)	-	(6,400)
At 30 September 2013	-	49,408	12,935	2,064	64,407
Additions	171,876	10,473	-	-	183,349
Disposal	-	(1,272)	(587)	-	(1,859)
At 30 September 2014	171,876	58,609	12,348	2,064	244,897
Depreciation:					
1 October 2013	-	22,932	6,478	1,800	31,210
Charge for the year	-	3,942	1,637	197	5,776
Eliminated on disposal	-	-	(3,438)	-	(3,438)
At 30 September 2013	-	26,874	4,677	1,997	33,548
Charge for the year	887	4,527	2,188	67	7,669
Eliminated on disposal	-	(844)	(587)	-	(1,431)
Adjustments	-	(38)	730	-	692
At 30 September 2014	887	30,519	7,008	2,064	40,478
Net Book Value:					
30 September 2014	170,989	28,090	5,340	-	204,419
30 September 2013	-	22,534	8,258	67	30,859

JAMAICAN TEAS LIMITED

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15. **INVESTMENT PROPERTIES:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At beginning of period	54,227	30,000	31,000	30,000
Change in fair value	-	1,000	-	1,000
Acquisition	1,527	23,227	-	-
At 30 September	55,754	54,227	31,000	31,000

The investment property as at September 2013 was valued at current market value by K.B. Real Estate Agents, Appraisers, Auctioneers and Consultants. In reviewing the value of the property, management believes that the value has not changed significantly.

During the year $4,247,000 (2013 - $4,070,000) was recognized in the consolidated statement of comprehensive income in relation to rental of investment properties. Direct operating expenses including repairs and maintenance amounted to $1,135,082 (2013 - $109,757).

16. **INTANGIBLE ASSETS:**

	The Group 2014 $'000	The Company 2014 $'000
Cost:		
Addition	870	870
Transfer	2,356	-
	3,226	-
Amortisation:		
Transfer	1,299	-
Amortisation for the year	537	66
	1,836	66
Carrying amounts:		
30 September 2014	1,390	804

17. **INVESTMENT IN ASSOCIATE:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Investment at beginning of year	14,700	20,461	45,782	40,398
Share of results after tax	(11,202)	(11,145)	-	-
Additions	21,272	5,384	21,272	5,384
At end of year	24,770	14,700	67,054	45,782

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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17. **INVESTMENT IN ASSOCIATE (CONT'D):**

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

	2014 $'000	2013 $'000
Assets	105,243	96,872
Liabilities	(191,079)	(160,305)
Revenue	387,044	394,362
Net loss	(22,404)	(22,736)

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

The following transactions were carried out with related parties.

(a) **Key management compensation -**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Salaries and other short-term employees benefits	24,292	16,011	20,503	16,011

(b) **Year-end balances with related parties -**

	The Company	
	2014 $'000	2013 $'000
Receivable from subsidiaries -		
H Mahfood & Ltd.	250,375	206,393
JRG Shoppers Delite Enterprise Limited	37,668	35,513
	288,043	241,906
Due to subsidiary –		
JRG Shoppers Delite Enterprise Limited	15,678	26,259

(c) **Year-end balances with directors -**

	2014 $'000	2013 $'000
Amounts included in –		
Receivables (note 22)	1,984	1,312
Other loans (note 29)	881	4,020

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

(d) **Transactions and balances with companies controlled by directors -**

Transactions -	**2014 $'000**	**2013 $'000**
Sale of goods	283,484	226,430
Services rendered	10,352	12,092

Balances -	**2014 $'000**	**2013 $'000**
Amounts included in receivables (note 22)	12,577	29,627
Amounts included in payables (note 28)	(1,286)	(2,420)

(e) **Transactions between the company and its related parties -**

During the year, the company earned management fees of $10,000,000 from JRG Shoppers Delite Enterprise Limited and interest of $7,602,930 from H Mahfood & Sons Limited.

19. **INVESTMENTS:**

	The Group		**The Company**	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Available-for-sale at market value –				
Government of Jamaica bonds	21,884	59,977	21,884	59,977
Quoted equities	76,293	73,932	76,293	73,932
Unquoted equities at cost	25,230	16,745	999	999
Short term investment	(21,884)	(37,607)	(21,884)	(37,607)
	101,523	113,047	77,292	97,301

Short term investment represents Government of Jamaica bonds due in 2019 which were sold subsequent to the reporting date.

JAMAICAN TEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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19. **INVESTMENTS (CONT'D):**

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

	2014	2013
Government of Jamaica Bonds -		
- J$	12.75%	12.38%
Corporate Bonds -		
- US$	-	8.87%

20. **DEFERRED INCOME TAXES:**

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% (2013 – 25%).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	2014 $'000	2013 $'000
Deferred tax assets	7,121	4,678

The movement in deferred taxation is as follows:

	2014 $'000	2013 $'000
Balance at start of year	4,678	7,327
Credit/(charge) for the year (note 11)	2,443	(2,649)
Balance at end of year	7,121	4,678

Deferred taxation includes the following, prior to offsetting of balances:

	2014 $'000	2013 $'000
Deferred tax assets to be recovered after more than 12 months	7,267	4,678
Deferred tax liabilities to be settled after more than 12 months	(146)	-

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20. **DEFERRED INCOME TAXES (CONT'D):**

Deferred taxation is due to the following temporary differences:

	2014 $'000	2013 $'000
Tax losses carry forward	3,016	-
Decelerated capital allowances	4,105	4,678
	7,121	4,678

Deferred taxation charged to profit or loss comprises the following temporary differences:

	2014 $'000	2013 $'000
Tax loss carried forward	3,016	-
Accelerated capital allowances	(573)	(2,649)
	2,443	(2,649)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable periods is probable. Subject to agreement with the Taxpayer Audit and Assessment Department, losses of approximately $12,062,948 for the company is available for set-off against future profits and may be carried forward indefinitely.

21. **INVENTORIES:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Manufacturing:				
Machine spares	7,175	5,528	7,175	5,528
Finished goods	48,363	35,649	48,363	35,649
Raw materials	73,017	71,919	73,017	71,919
	128,555	113,096	128,555	113,096
Retail	39,064	43,474	-	-
Development:				
Housing under construction	121,287	-	-	-
Housing units completed	-	20,126	-	-
	288,906	176,696	128,555	113,096

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22. **RECEIVABLES:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade receivables	147,880	209,002	145,819	102,885
Deposit	12,014	37,712	3,222	23,885
Receivable - director	1,984	1,312	1,691	1,312
Prepaid expenses	31,988	15,854	31,419	15,513
Short term loan receivable	14,345	11,665	13,709	10,723
Other receivables	11,433	3,946	5,287	2,198
	219,644	279,491	198,247	156,516

Trade receivables balance at the end of the year, approximately $65.4 million (2013 - $25.6 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		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
0-30 days	104,115	178,112	103,889	74,768
31-60 days	9,678	5,352	9,676	5,237
61-90 days	10,389	11,350	10,213	11,314
Over 90 days	23,698	14,188	22,041	11,566
	147,880	209,002	145,819	102,885

23. **CASH AND CASH EQUIVALENTS:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash in hand	2,940	1,802	1,167	1,117
Cash at bank	11,717	91,841	9,675	83,822
Cash and bank balances	14,657	93,643	10,842	84,939
Bank overdrafts	(49,999)	(46,574)	(36,834)	(30,791)
	(35,342)	47,069	(25,992)	54,148

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23. **CASH AND CASH EQUIVALENTS (CONT'D):**

Interest rate exposure -

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

		2014	2013
Cash at bank	- US$	0.20%	0.55%
	- CAD$	0.20%	0.30%
	- Sterling £	0.25%	0.50%

The Group has bank overdraft facilities with Bank of Nova Scotia Jamaica Limited and National Commercial Bank Jamaica Limited. They are secured by unlimited guarantee by a director of the companies.

24. **SHARE CAPITAL:**

	2014 $'000	2013 $'000
Authorised -		
250,000,000 ordinary shares of no par value		
Stated capital -		
Issued and fully paid ordinary shares of no par value		
168,708,365	141,420	141,420

At the Annual General Meeting held on 2 March 2011, the stockholders passed a resolution for 16,000,000 of the authorised but unissued shares to be set aside 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 2013, 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 2013 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.

25. **CAPITAL RESERVES:**

	2014 $'000	2013 $'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

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26. **FAIR VALUE RESERVES:**

This represents unrealised deficit on revaluation of investments.

27. **LONG TERM LIABILITIES:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Inter-American Bank	-	10,738	-	10,738
Vendor's mortgage	-	28,261	-	-
Bank of Nova Scotia mortgage	109,000	-	109,000	-
Bond payable	103,178	-	103,178	-
	212,178	38,999	212,178	10,738
Less current portion	(11,999)	(27,716)	(11,999)	(10,738)
	200,179	11,283	200,179	-

The Inter-American Bank loan was repaid during the period. It attracted an interest rate of 6.09% and was secured by Government of Jamaica Bonds and personal guarantee of a director.

The vendor's mortgage was repaid during the year it attracted an interest rate of 5%. It was secured by the property located at 9 Chancery Street, St. Andrew.

The Bank of Nova Scotia mortgage is repayable over five years ending on the aamortised basis October 2018 at an interest rate of 8.95%. It is secured by 1st legal mortgage over property located at 2 Bell Road, Kingston; along with unlimited guarantee provided by related companies and directors.

The corporate bond is a fixed and floating rate note issued in November 2013 and is repayable on 6 November 2017; Jamaican Teas Limited has the right of early redemption after the expiration of two years. It attracts a fixed interest rate of 8.50% per annum for the first two years and thereafter 2.50% per annum above the weighted average yield rate per annum on 90 days Government of Jamaica Treasury Bills. The bond is secured by a debenture creating a first fixed and floating charge over the assets of Jamaican Teas Limited. The company believes that they are compliant with the covenants. Total interest expense for the year ended 30 September 2014 was $7,664,259.

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28. **PAYABLES:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables	84,651	45,748	48,613	22,649
Other payables	16,115	21,336	10,731	3,402
	100,766	67,084	59,344	26,051

29. **SHORT TERM BORROWINGS:**

	The Group		The Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
National Commercial Bank Jamaica Limited	-	30,000	-	15,000
Bank of Nova Scotia Jamaica Limited	-	80,000	-	80,000
Mayberry Investments Limited	31,458	46,308	31,458	46,308
Other loans	9,634	8,220	7,413	6,444
Current portion of long term loans (note 27)	11,999	27,716	11,999	10,738
	53,091	192,244	50,870	158,490

The National Commercial Bank Jamaica Limited and the Bank of Nova Scotia Jamaica Limited loans was repaid during the period.

The Mayberry Investments Limited loan is at an interest rate of 13%. This loan is secured by quoted equities held by the institution with a market value of $71 million.

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

30. **COMMITMENTS:**

The total future value of minimum lease payments due is $1,323,828 as follows:

	$
In financial year:	
2015	1,323,828

For the residential property development at Orchid Estate in Yallas, St. Thomas, the estimated/(additional) costs to completion of the development and to which the Group is contractually committed is $67 million.