

September 2016
Interim Results



***UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS
FOURTH QUARTER - SEPTEMBER 2016***

Jamaican Teas Limited

Board of Directors' Commentary

Fourth quarter results to September 2016

Financial highlights	4th Quarter			Year to Date		
	2016	2015	Change %	2016	2015	Change %
	\$'000			\$'000		
Sales	342,092	363,657	(5.9)	1,285,024	1,172,900	9.6
Gross profit	77,139	73,155	5.4	300,409	253,383	18.6
Profit before tax	44,064	25,249	74.5	166,859	105,092	58.8
Profit after tax from continued operations	39,014	23,100	68.9	146,022	98,912	47.6
Profit including discontinued operations	21,170	11,973	76.8	111,211	71,684	55.1
Total comprehensive income	31,639	15,592	102.9	146,659	87,652	67.3
Shareholders' equity	869,438	723,337	20.2	869,438	723,337	20.2
Working capital & investments	650,678	639,382	1.8	650,678	639,382	1.8
Net asset per share	-	-	-	\$2.58	\$2.14	20.2
Earnings per share	\$0.063	\$0.035	76.8	\$0.330	\$0.212	55.1
Return on equity (annualised)	18.2%	12.8%	41.5	23.5%	18.6%	25.2%

Directors' Report

Jamaican Teas Group completed another successful year resulting in profits growing by 55% to \$111 million after tax, inclusive of discontinued operations. Results, excluding losses from discontinued operations grew by 47.6% to \$146 million. The discontinued operations relate to the disposal of our interest in our supermarkets in Western Jamaica. Sales, investment and other revenues grew by 10% from \$1.2 billion in the prior year to \$1.3 billion for the current year for continued operations.

During the 4th Quarter total sales declined by 6% compared to the same period in the prior year, however, gross profit increased by 5.4% from continuing operations. The increase in gross profit is attributed to lower raw material costs in the manufacturing division of the Group and the implementation of other cost savings measures. The decline in sales in the 4th Quarter was due to the timing of booking real estate sales.

Other Revenues

Operating profit before taxation increased to \$44 million for the current Quarter compared to \$25 million for the same period during the prior year. During the current Quarter one of the properties owned by the Group was transferred from fixed assets to investment property, resulting in an appreciation of \$6.8 million over book value with the gain included in other income.

Investments

The Group recorded \$10 million gain on the sale of investments for the Quarter and \$35 million for the year. The value of the portfolio at the end of the year includes an appreciation of \$35 million versus \$16 million at the end of the prior year.

Changes in Working Capital

Your group's involvement in property development results in \$268 million being included in inventory for development in progress. Receivables declined by \$100 million from the year-end balance due partially to collections from completed sales of our residential real estate units.

Real Estate - Orchid Estate

Forty - five units have been completed out of a total planned number of seventy-one units. Sales agreements have been signed for all the completed units.

Future Developments

Sales for the month subsequent to the Quarter end increased by 33% from the operations of Jamaican Teas and the remaining Supermarket over the same period in the prior year. We expect sales from real estate to generate positive cash flows for the Group during the quarter.



John Jackson
Director



John Mahfood
CEO

JAMAICAN TEAS LIMITED
Consolidated Statement of Comprehensive Income
30 September 2016

			(Restated)		(Restated)
	Note	4 th Quarter 2016	4 th Quarter 2015	Unaudited 2016	Audited 2015
		\$	\$	\$	\$
REVENUE	6	342,092,099	363,656,872	1,285,024,315	1,172,899,921
Cost of sales		<u>(264,953,166)</u>	<u>(290,501,697)</u>	<u>(984,614,912)</u>	<u>(919,517,025)</u>
GROSS PROFIT		77,138,933	73,155,175	300,409,403	253,382,896
Other operating income	7	<u>21,008,232</u>	<u>4,693,665</u>	<u>63,375,753</u>	<u>24,736,141</u>
		<u>98,147,165</u>	<u>77,848,840</u>	<u>363,785,156</u>	<u>278,119,037</u>
ADMINISTRATIVE AND OTHER EXPENSES					
Selling and marketing		14,681,892	11,165,982	42,722,080	33,116,898
Administrative expenses		30,551,965	30,698,838	115,396,387	107,403,947
Finance costs		<u>8,849,439</u>	<u>10,734,939</u>	<u>38,807,721</u>	<u>32,504,832</u>
		<u>54,083,296</u>	<u>52,599,759</u>	<u>196,926,188</u>	<u>173,025,677</u>
PROFIT BEFORE TAXATION		44,063,869	25,249,081	166,858,968	105,093,360
TAXATION		<u>(5,050,185)</u>	<u>(2,149,438)</u>	<u>(20,837,017)</u>	<u>(6,179,747)</u>
NET PROFIT FOR THE PERIOD FROM CONTINUED OPERATIONS		39,013,684	23,099,643	146,021,951	98,913,613
Net loss from discontinued operations		<u>(17,843,839)</u>	<u>(11,126,400)</u>	<u>(34,811,337)</u>	<u>(27,227,614)</u>
NET PROFIT FOR THE PERIOD FROM OPERATIONS		21,169,845	11,973,243	111,210,614	71,685,999
Unrealised gains on available-for-sale investment		<u>10,469,115</u>	<u>3,618,375</u>	<u>35,448,578</u>	<u>15,967,742</u>
TOTAL COMPREHENSIVE INCOME		<u>31,638,960</u>	<u>15,591,618</u>	<u>146,659,192</u>	<u>87,653,741</u>
Earnings per share from continued operations		<u>\$0.116</u>	<u>\$0.068</u>	<u>\$0.433</u>	<u>\$0.293</u>
Earnings per share after discontinued operations		<u>\$0.063</u>	<u>\$0.035</u>	<u>\$0.330</u>	<u>\$0.212</u>
EPS after other comprehensive income and Loss from discontinued operations		<u>\$0.094</u>	<u>\$0.046</u>	<u>\$0.435</u>	<u>\$0.260</u>
Net assets per share		<u>\$2.577</u>	<u>\$2.144</u>	<u>\$2.577</u>	<u>\$2.144</u>

JAMAICAN TEAS LIMITED
Consolidated Statement of Financial Position
Year Ended 30 September 2016

	Notes	Unaudited 2016 \$	Audited 2015 \$
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment		293,299,060	288,845,699
Investment properties		86,898,484	58,145,383
Investments	8	157,789,405	117,570,857
Investment in associate		18,351,971	25,094,616
Deferred tax assets		5,471,481	3,788,880
CURRENT ASSETS:			
Inventories		468,104,652	389,279,716
Receivables		185,062,697	286,605,785
Cash and cash equivalents		31,768,874	22,900,008
Total Current Assets		684,936,223	698,785,509
CURRENT LIABILITIES:			
Payables		97,237,213	64,432,541
Short term borrowings		62,772,040	49,956,234
Bank overdraft		15,957,492	49,179,609
Current portion of long term loans	9	16,080,958	12,821,446
Total Current Liabilities		<u>192,047,703</u>	<u>176,389,830</u>
NET CURRENT ASSETS		<u>492,888,520</u>	<u>522,395,679</u>
		<u>1,054,698,921</u>	<u>1,015,841,114</u>
EQUITY & NON-CURRENT LIABILITIES:			
Shareholders' equity		869,438,348	723,337,177
Long term borrowings	9	<u>185,260,573</u>	<u>292,503,937</u>
		<u>1,054,698,921</u>	<u>1,015,841,114</u>

JAMAICAN TEAS LIMITED
Consolidated Statement of Changes in Equity
Year Ended 30 September 2016

	<u>Attributable to owners of the company</u>				Non-	Total <u>Equity</u>
	<u>Share Capital</u>	<u>Capital Reserve</u>	<u>Fair Value Reserve</u>	<u>Retained Earnings</u>	Controlling <u>Interest</u>	
	\$	\$	\$	\$	\$	\$
Balance at 30 September 2014	141,420,862	7,058,436	(11,913,584)	498,256,374	(707,324)	634,114,764
Acquisition of additional shares in a subsidiary	-	-	-	(5,310,892)	707,324	(4,603,568)
Fair value gain realized	-	-	6,172,240	-	-	6,172,240
Other comprehensive income	-	-	15,967,742	-	-	15,967,742
Net profit	-	-	-	71,685,999	-	71,685,999
Balance at 30 September 2015	141,420,862	7,058,436	10,226,398	564,631,481	-	723,337,177
Fair value loss realized	-	-	(558,021)	-	-	(558,021)
Other comprehensive income	-	-	35,448,578	-	-	35,448,578
Net profit	-	-	-	111,210,614	-	111,210,614
Balance at 30 September 2016	141,420,862	7,058,436	45,116,955	675,842,095	-	869,438,348

JAMAICAN TEAS LIMITED
Consolidated Statement of Cash Flows
Year Ended September 30, 2016

	Note	Unaudited 2016 \$	Audited 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		146,021,951	98,913,613
(Gain)/ Loss on sale of investments	7	(34,650,064)	2,306,366
Gain on sale of property, plant and equipment	7	(3,607,500)	(715,000)
Tax expense		20,837,017	6,179,747
Depreciation and amortization		<u>16,772,352</u>	<u>17,071,399</u>
		145,373,756	123,756,125
Changes in:			
Inventories		(78,824,936)	(100,373,185)
Receivables		101,543,088	(58,285,122)
Payables		32,804,672	(36,413,000)
Taxes paid		<u>(475,649)</u>	<u>(2,194,728)</u>
Net cash from/ (used in) operating activities		<u>200,420,931</u>	<u>(73,509,910)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment		(40,628,503)	(12,013,000)
Proceeds from sale of property, plant and equipment		4,847,500	1,450,000
Acquisition of investment properties		(21,913,891)	(2,391,148)
Investment in associate and subsidiaries		(15,598,234)	(31,697,341)
Net decrease in investments		<u>6,131,226</u>	<u>25,212,000</u>
Net cash used in investing activities		<u>(67,161,902)</u>	<u>(19,439,489)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loan proceeds		2,995,001	105,928,000
Loan repayments		<u>(94,163,047)</u>	<u>(3,917,000)</u>
Net cash (used in)/ provided by financing activities		<u>(91,168,046)</u>	<u>102,011,000</u>
Increase in cash and cash equivalents		42,090,983	9,061,601
Cash and cash equivalent at 1 October		<u>(26,279,601)</u>	<u>(35,341,202)</u>
Cash and cash equivalent at 30 September		<u>15,811,382</u>	<u>(26,279,601)</u>
Cash and cash equivalents is made up as follows:			
Cash and bank balances		31,768,874	26,097,399
Bank overdraft		<u>(15,957,492)</u>	<u>(52,377,000)</u>
Cash and cash equivalent at the end of year		<u>15,811,382</u>	<u>(26,279,601)</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

1. IDENTIFICATION

JAMAICAN TEAS LIMITED (the “Company”) is incorporated and domiciled in Jamaica. Its registered office is situated at 2 Bell Road, Kington 11, Jamaica W I. The Company is listed on the Junior Market of the Jamaica Stock Exchange. The principal activity of the Company and its subsidiaries are as follow:

- Jamaican Teas Limited processes local teas which is packages along with imported teas and distributes them to the Jamaican and overseas markets.
- JRG Shoppers Delite Enterprise Limited is in the retail of distribution of consumer and household products; and
- H. Mahfood & Sons Limited is in the business of rental and development of residential properties.

The Company sold two supermarkets in the fourth quarter; one in Savanna-la-Mar owned by its wholly owned subsidiary, JRG Shoppers Delite Enterprise Limited and the other in Montego Bay owned by its associated company Bay City Foods Limited.

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 Enterprise Limited and H. Mahfood & Sons Limited.

3. ACCOUNTING POLICIES:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) 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, 2015 and comply with the requirements of the International Financial Reporting Standards (IAS 34, Interim Financial Reporting).

The computation of Return on Equity is based on unrealised gains deducted from the equity capital and the ratio is then annualized.

One of the properties included in property, plant and equipment was appraised at current market value by K. B. Real Estate Agents, Appraisers, Auctioneers and Consultants. The property was valued at \$6.8 million in excess of its book value and transferred from property, plant and equipment to investment property.

4. NEW STANDARDS:

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Company.

IFRS 9, “Financial Instruments’ and IFRS 15 ‘Revenue from Contracts with Customers’ both effective for periods beginning on or after 1 January 2018.

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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, motor vehicles and equipment, except for land and investment properties.

(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 differences between proceeds net of transactions cost and the redemption value recognized in income along with regular interest charges over the period of the borrowings.

Jamaican Teas

JAMAICAN TEAS LIMITED
FOURTH QUARTER ENDED SEPTEMBER 30, 2016

	4th Quarter		Year to September	
	2016	2015	2016	2015
	\$	\$	\$	\$
6. REVENUE:				
Domestic - Manufacturing	98,150,020	105,494,743	400,579,195	362,465,114
Foreign - Manufacturing	100,555,300	83,311,299	400,170,837	369,849,883
Retail	102,934,694	94,099,113	394,355,451	358,618,207
Residential property sales	39,852,085	79,251,717	87,518,832	79,251,717
Rental income	<u>600,000</u>	<u>1,500,000</u>	<u>2,400,000</u>	<u>2,715,000</u>
	<u>342,092,099</u>	<u>363,656,872</u>	<u>1,285,024,315</u>	<u>1,172,899,921</u>
7. OTHER OPERATING INCOME:				
Interest income	147,302	598,891	617,062	10,025,017
Dividend income	601,953	236,560	4,745,985	4,591,977
Rental income	1,065,000	636,373	4,172,000	2,258,755
Gain on sale of investments	9,588,257	(457,340)	34,650,064	(2,306,366)
Net foreign exchange gain	2,056,950	975,816	8,417,298	4,167,964
Gain on sale of property, plant & equipment	550,000	715,000	3,607,500	715,000
Miscellaneous income	<u>6,998,770</u>	<u>1,988,365</u>	<u>7,165,844</u>	<u>5,283,794</u>
	<u>21,008,232</u>	<u>4,693,665</u>	<u>63,375,753</u>	<u>24,736,141</u>
8. INVESTMENTS:				
Available-for-sale at market value				
Quoted equities			157,789,405	92,340,935
Unquoted equities at cost			<u>-</u>	<u>25,229,922</u>
			<u>157,789,405</u>	<u>117,570,857</u>
9. LONG TERM BORROWINGS:				
The Bank of Nova Scotia Jamaica Limited			95,463,141	202,146,803
Sagicor Bank Jamaica Limited			2,699,810	-
Corporate Bond (due 2017)			<u>103,178,580</u>	<u>103,178,580</u>
			201,341,531	305,325,383
Less current portion:			<u>(16,080,958)</u>	<u>(12,821,446)</u>
			<u>185,260,573</u>	<u>292,503,937</u>

JAMAICAN TEAS LIMITED
SEGMENT RESULTS
FOURTH QUARTER ENDED SEPTEMBER 30, 2016

SEGMENT RESULTS - 2016

	Manufacturing	Retailing	Rental & Development	Investment	TOTAL
	\$	\$	\$	\$	\$
REVENUES	800,168,105	394,937,378	89,918,832	-	1,285,024,315
OTHER OPERATING INCOME	16,280,816	833,971	25,707	46,235,259	63,375,753
Segment results	<u>94,008,982</u>	<u>16,831,626</u>	<u>(2,241,697)</u>	<u>46,235,259</u>	154,834,170
Total segment results	<u>94,008,982</u>	<u>16,831,626</u>	<u>(2,241,697)</u>	<u>46,235,259</u>	154,834,170
Gain on sale of property, plant & equipment					3,607,500
Net foreign exchange gain					<u>8,417,298</u>
Net profit before tax					<u>166,858,968</u>
Segment assets	<u>598,168,286</u>	<u>60,604,869</u>	<u>343,285,580</u>	<u>244,687,889</u>	<u>1,246,764,624</u>
Segment liabilities	<u>220,307,000</u>	<u>52,459,200</u>	<u>41,770,036</u>	<u>62,772,040</u>	<u>377,308,276</u>

SEGMENT RESULTS - 2015

	Manufacturing	Retailing	Rental & Development	Investment	TOTAL
	\$	\$	\$	\$	\$
		(Restated)			
REVENUES	732,214,943	359,808,870	80,876,108	-	1,172,899,921
OTHER OPERATING INCOME	5,604,808	369,236	-	18,762,097	24,736,141
Segment results	<u>77,109,728</u>	<u>15,558,716</u>	<u>(11,221,958)</u>	<u>18,762,097</u>	100,208,583
Total segment results	<u>77,109,728</u>	<u>15,558,716</u>	<u>(11,221,958)</u>	<u>18,762,097</u>	100,208,583
Gain on sale of property, plant & equipment					715,000
Net foreign exchange gain					<u>4,167,964</u>
Net profit before tax					<u>105,091,547</u>
Segment assets	<u>576,512,248</u>	<u>376,474,088</u>	<u>66,805,040</u>	<u>172,439,568</u>	<u>1,192,230,944</u>
Segment liabilities	<u>285,900,388</u>	<u>31,196,399</u>	<u>104,666,099</u>	<u>47,130,881</u>	<u>468,893,767</u>

JAMAICAN TEAS LIMITED

TOP 10 SHAREHOLDINGS

AS AT SEPTEMBER 30, 2016

<u>NAME</u>	<u>UNITS</u>	<u>PERCENTAGE</u>
Violet Helen Mahfood	118,015,318.00	34.97
John Mahfood	94,064,178.00	28.14
Nancy Milne	19,992,520.00	5.93
JCSD Trustee Services Ltd. A/C 76579 - 02	9,634,892.00	2.85
SJIC For ScotiaBridge Retirement Scheme	5,254,660.00	1.55
Grace Kennedy Limited Pension Scheme	5,139,344.00	1.52
Bamboo Group Holdings Limited	4,959,700.00	1.47
Pam-Cable and Wireless JA Pension Plan	3,968,532.00	1.17
Mayberry Managed Clients Account	3,382,510.00	1.00
Apex Managed Clients Account	2,941,232.00	0.87

JAMAICAN TEAS LIMITED
DIRECTORS AND CONNECTED PARTIES REPORT
AS AT SEPTEMBER 30, 2016

<u>NAME</u>	<u>POSITION</u>	<u>RELATIONSHIP</u>	<u>UNITS</u>	<u>PERCENTAGE</u>
John Mahfood	Chief Executive Officer	SELF	94,964,178.00	28.1444
Duncan Davidson	Director	SELF	20,000.00	0.0059
Marcus Dabdoub	Director	SELF	400,000.00	0.1185
John Jackson	Director	Connected party holdings	1,253,103.00	0.3713
Suzette Smellie-Tomlinson	Director	SELF	0.00	0.00
		Key Member Holdings	95,386,358.00	28.2695
		Connected Party Holdings	1,250,923.00	0.3707
		Combined Holdings	96,637,281.00	28.6402

JAMAICAN TEAS LIMITED
SENIOR MANAGERS REPORT
AS AT SEPTEMBER 30, 2016

<u>NAME</u>	<u>POSITION</u>	<u>RELATIONSHIP</u>	<u>UNITS</u>	<u>PERCENTAGE</u>
Norman Russell	Senior Manager	SELF	300,000.00	0.0889
Tanisha Samuels	Senior Manager	SELF	250,000.00	0.0741
Charles Barrett	Senior Manager	SELF	67,180.00	0.0199
		Total	617,180.00	0.1829

Jamaican Teas