2016 Annual Report

Jamaican Teas LTD.

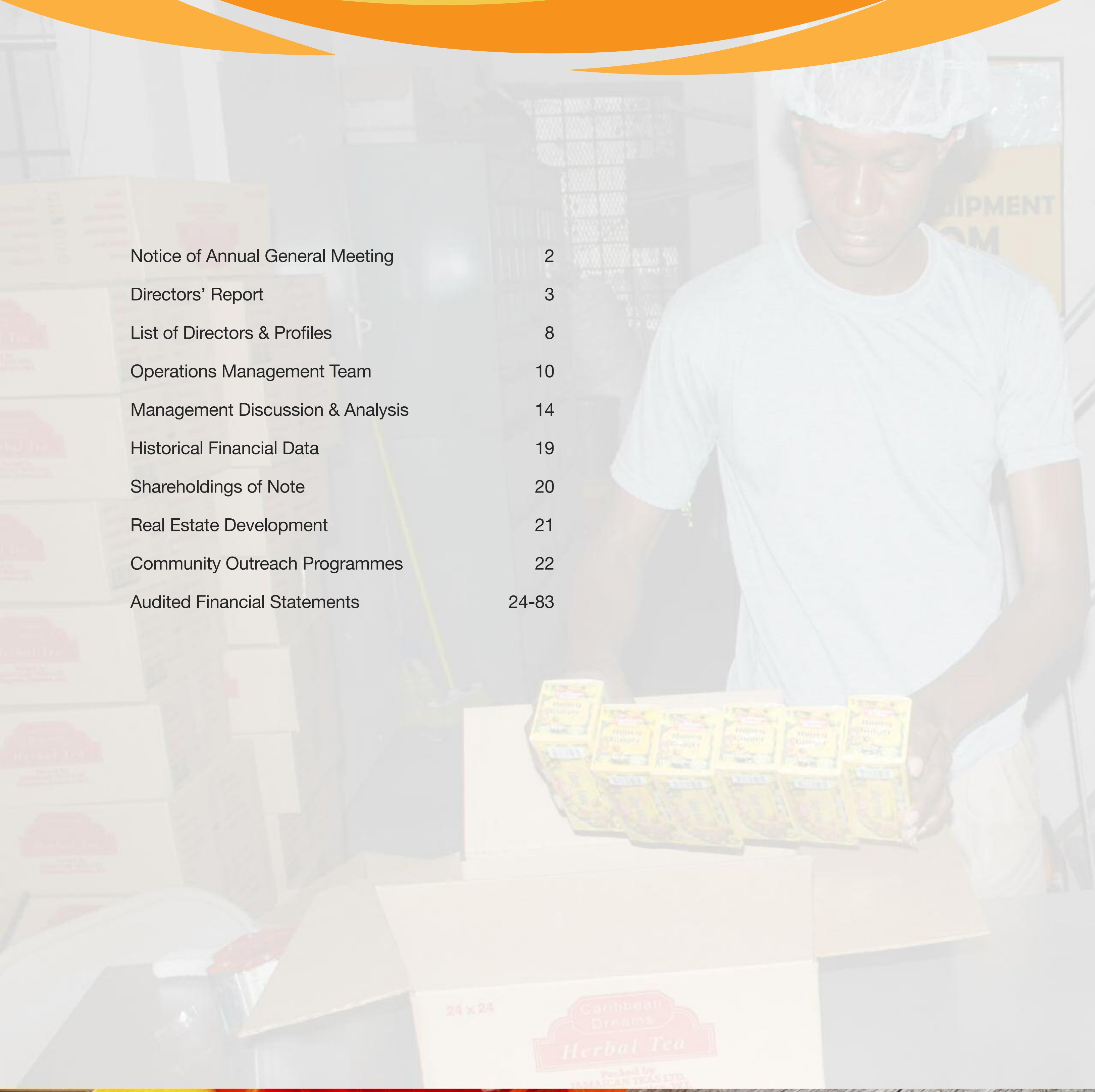
MISSION

We aim to grow our business by producing high quality products that are safe, healthy and economical, while simultaneously being an exemplary corporate citizen, ensuring sustainable returns to our customers, shareholders and staff.

VISION

To become a leading producer of consumer goods within the Latin America and Caribbean region, through innovation, growth in exports and people centered values.

Contents 2016



Notice of Annual General Meeting 2017

Notice is hereby given that the Annual General Meeting of the members of the Company will be held at The Courtyard Marriott, 1 Park Close, Kingston 5, on Wednesday, 12th day of April, 2017 at 3:00 p.m. for the purpose of transacting the following business:

1. a) To receive and approve the Audited Financial Statements and the Reports of the Directors for the year ended 30 September 2016, together with the Auditors' Report thereon.

   b) Be it resolved that Audited Financial Statements and the Reports of the Directors for said period be hereby approved.

2. The Directors having recommended that no dividend be paid out of profits for the year ended 30 September 2016.

   Be it resolved that no dividend be paid out of profits for said period.

3. a) To elect Directors:

   i) John Jackson retires by rotation as a Director in accordance with Article 111 of the Company's Articles of Association, being eligible, he offers himself for re-election.

   ii) Marcos Dabdoub retires by rotation as a Director in accordance with Article 111 of the Company's Articles of Association, being eligible, he offers himself for re- election.

   b) To consider, and if thought fit, pass the following resolutions:

   i) "That John Jackson, who is retiring by rotation in accordance with a) i above, be and is hereby re-elected a Director of the Company."

   ii) "That Marcos Dabdoub who is retiring by rotation in accordance with in accordance with a) ii above, be and is hereby re-elected a Director of the Company."

4. To approve the remuneration of the Directors:

   To consider, and if thought fit, pass the following resolutions:

   "That the amount shown in the Audited Financial Statements for the year ended September 2016 for services as Directors' fees be and is hereby approved."

5. i) As special business, to consider and if thought fit, pass the following as ordinary resolutions:

   That pursuant to Article (64)A of the Articles of Association of the Company.

   Be it resolved that each of the ordinary shares in the capital of the company be subdivided into 2 shares resulting in authorised capital being increased to 1,000,000,000 ordinary shares of no par value, and the issued capital into 674,833,460 ordinary shares of no par value to shareholders on record as April 19, 2017.

   ii) Jamaican Teas Limited has entered into discussion with Amalgamated Distributors Limited (ADL), to acquire their 50 percent interest in Bay City Foods Limited for a consideration not exceeding 4 million shares in the Jamaican Teas Limited, post the 2017 stock split.

   Be it resolved that in consideration of Jamaican Teas Limited acquiring the 50 percent interest in Bay City Foods Limited now held by Amalgamated Distributors Limited (ADL), and Marcos Dabdoub, the Directors of Jamaican Teas Limited be empowered to determine and issue shares not exceeding 4 million units to ADL in Jamaican Teas Limited, post the 2017 stock split.

6. To reappoint BDO Chartered Accountants, as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

Approved

T Samuels

Tanisha Samuels
Secretary, Jamaican Teas Limited

DIRECTORS' REPORT 2016

The Directors present their report on the progress and achievements of our Group during the 2016 financial year ended September. Jamaican Teas completed a successful 2016 financial year of increased revenues and profitability.

Directors (l to r): Duncan Davidson, Marcos Dabdoub, John Jackson,Suzette Smellie-Tomlinson and John Mahfood - Chief Executive Officer

We now move into another year during which we plan to build on the foundation established for the past 2 years.

Against this background, our Annual General Meeting is scheduled for Wednesday April 12, 2017. We encourage all our shareholders to attend and get a close up view of developments of the Group, and hear first-hand of some plans and developments for 2017 as we chart our way into the future.

Jamaican Teas enjoyed improved results in 2016 with strong increase in exports, some growth in local sales and improved margins at the manufacturing operation. We built on the strong foundation established in 2015. The result is an increase in profit of 103 percent after accounting for taxation for the full year. The results for 2015 reflect taxation for one quarter, having been listed on the Junior Market of the Jamaica Stock Exchange (JSE) for more than 5 years up to June 2015.

Supermarkets

The Board took the decision to dispose of the supermarkets in Montego Bay and Savanna-la-mar, despite the fact that the operations in Savanna-la-mar had begun to generate a profit on a monthly basis in the second half of the year, while the one in Montego Bay continued to incur losses. The profit being generated in Savanna-la-mar would not have been significant enough to warrant management continuing with it, in the face of an opportunity to sell. The effect of the sale of both stores removes the need for increased capital spend and the removal of operating losses that amounted to $32 million in 2016.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Directors' Report
Continued

Real Estate

We continue to build out our real estate development in St. Thomas and have completed sales of a majority of units with pending sales of others being booked. The plan is for the entire project to be completed in the calendar year 2017. We have liquidated all borrowings used to fund the real estate development and expect the rest to be funded primarily by internal funds.

Sales Achievement

In the current year, revenues ended at $1.29 billion from continuing operations compared to $1.34 billion including sales from the two supermarkets that were sold.

Exports

We added more distributors in the Eastern Caribbean, which helped sales. In 2015, export sales benefited from our new distributor in the New York area, who bought inventory to stock up ahead of sales to their customers. The 2016 performance had no such impact. Notwithstanding, we enjoyed a moderate increase in export sales which is just ahead of local sales; the latter also grew in spite of continued tightness in the local economy.

Quoted Investments

The investment portfolio provides an important area of diversification, which generates profit for us with limited cost. While capital gains are the primary objective, we also enjoyed a stream of dividend income from these investments. Our portfolio of investments, including mainly equities, increased in value during and after the year, allowing for the realisation of profits in some. The equity portfolio includes a mix of main and junior market stocks.

Marketing

We continue to invest in our brands, partly through marketing spend and exposure elsewhere. In keeping with this, a critical point of our growth strategy is to add new products on an ongoing basis, while also planning

for innovative products to add to the line-up for future growth. We recognise that the listing of our shares is an important element of the brand building programme and in tandem with this, we are working to ensure that our stock is regarded by investors as a Blue Chip and a primary one to own. This should result in frequent trading, while consistently reinforcing our name in the public domain. This year's costs are inclusive of new product launches and brand development.

New Investment

During the year, the Group made a bid to purchase the Government of Jamaica 42.59 percent ordinary shareholdings and all the preference shares in KIW International Limited for a consideration of $57 million. Jamaican Teas signed the agreement at the beginning of March and the acquisition is expected to be concluded in 3 months.

Up to the time that the offer to purchase the shares was made, KIW enjoyed moderate profit from rental and dividend income and gains from sale of investments. Apart from a property owned on Spanish Town Road, which is adjacent to our factory, KIW also has a portfolio of listed shares worth some $40 million, at the time we made our offer.

Our preliminary plan is to develop the property into a modern warehouse complex, but we expect to have discussions with KIW as to the best option going forward. Shareholders will be advised further on this.

The Economy

We are encouraged by signs of improvement in the local economy as well as in the USA market. For Jamaica in 2016, the country enjoyed one of the lowest inflation rates in decades. Many workers would have benefited from the adjustment to the tax threshold and when added to annual wage adjustments, these along with the planned additional increase in the threshold in 2017 and other potential economic development should benefit your Company. We are also encouraged by announcement of increased activity in the hotel sector, which is an area that consumes our products.

Meetings

The Board and the two Sub Committees met regularly during the year to review results and consider other matters. The Compensation and Marketing Committee continues to review compensations and the important area of marketing, while the Finance and Audit Committee meets regularly to review various aspects of the Group's finance, investments and auditing matters. In addition, the Acting Chairman and Chairpersons of the committees are in regular discussions with the Chief Executive Officer on matters of priority to the Group.

Junior Market

The advent of the Junior Market is evidenced by the number of small investors who have taken advantage of some of the fastest growing and most profitable companies in the island. Many of the shareholders have seen major growth in their portfolio. The publicity from the ongoing issue of IPOs and the market's performance is a solid investment vehicle. That is one of the reasons we think a democratically owned productive sector is one of the best ways to empower a society. We can think of no better way of ensuring that Jamaicans from all walks of life fully participate in the ownership and development of the productive means of a society, than in the ownership of businesses that are professionally managed.

Accordingly, the Jamaica Stock Exchange plays a critical role in mobilising capital and increasing and broadening the ownership of a number of companies. Additionally, there is evidence to indicate that with the issuing of shares to the public, the listed companies benefit from the strengthening of their Corporate Governance by adopting more professional business practices that redound to the benefit of all stakeholders and the wider economy.

Directors' Report
Continued

As a Board, and one of the early entrants to the Junior Market, we are encouraged that the Government has restored the tax incentive for Junior Market listings, which will encourage a more open society. Flowing from this decision, we note that a number of potential listings are lined up to offer shares to the public.

In keeping with the Company's Articles of Association, Directors, Marcos Dabdoub and John Jackson retire by rotation and being eligible, will offer themselves for re-election.

Dividend

The Board has been constantly reviewing the matter of paying a dividend for the fiscal year but took the decision not to, as we had embarked on projects that required high levels of funding. Subsequent to the year end, the Board approved the payment of 6 cents per share.

Stock Gains 191 percent

Shareholders at our AGM approved a stock split in our stock which resulted in shareholders having two shares instead of one held before. The stock which was priced at $3.10 at the end of September 2015 before the split ($1.55 post-split), has gained 191 percent to trade at $4.51 at the end of September 2016. The performance of our share is important to all of us and your Directors will be vigilant in doing our part to enhance shareholders' value.

Part of this commitment saw the Board agreeing to recommend another stock split of one new share for each one currently issued. We note that since the announcement of both the dividend and the proposed stock split that the price has since risen to $9.50 representing an increase of 512 percent since 2015.

Outlook

Our results for the first quarter show operating revenues rising by 9 percent over the similar period in 2016, on a like for like basis with profits before revenues taxation rising to $53.5 million. Although we liquidated some investments, the portfolio is up by 14 percent since the end of the fiscal year. Our forecast for 2016-2017 fiscal year is for increased revenues, which are expected to be ahead of inflation. We also expect increased revenues and profit from the real estate development. The budget forecast calls for higher profits from operations than in 2016 from continuing operations. Our portfolio of investment showed unrealised gains of $35 million at the end of September; this has increased subsequent to the year end and is available to be transferred to profit, if we dispose of the investments.

We enjoyed record local and export sales in the first four months of the new fiscal year, which are in keeping with our budget forecast and completion of sales of units in the real estate development.

We thank our staff including management for their continued dedication to our Group of Companies.

DIRECTORS' PROFILES 2016

Suzette Smellie-Tomlinson

Non Executive Director

(appointed February 2012)

Mrs. Smellie-Tomlinson has over two decades of experience in various industries, including financial (banking and insurance), retail and distribution; media; education; cold storage and shipping, among others. She has served at the senior level with several corporate entities including: Scotiabank, AIC Limited, National Commercial Bank Jamaica Limited and Supreme Ventures Limited, among others. She heads the Compensation and Marketing Committee. She holds an MBA (Finance, Marketing), Manchester Business School & University of Wales, and a BSc. Economics & Management.

John Jackson

Non Executive Director & Mentor to the Board

(appointed April 2010)

Mr. Jackson brings to the Board his experience in the financial services industry. He is the Acting Chairman, Chairman of the Audit and Finance Committee and Mentor to the Board.

He is a Chartered Accountant and Financial Analyst. He was a founder of the Chartered Accounting firm, Jackson Burnett Parkinson Jackson. Mr. Jackson is a Director of Bridgeton Management Services Limited, a private investment and management company since 1974. He is also a Director of Boston Holdings Limited, publishers of the financial website ICinsider.com and the journal Investor's Choice. He is the Chairman of Jetcon Corporation Limited and Jamaica Deposit Insurance Corporation (JDIC). He is also a director of the Development Bank of Jamaica (DBJ) and has involvement in other private entities.

Directors' Profiles
Continued

Marcos Dabdoub
Non Executive Director
(appointed May 2010)

Mr. Dabdoub is a founding Director and currently Managing Director of Amalgamated Distributors Limited, the Company's exclusive Jamaican distributor of its Tetley and Caribbean Dreams product lines, which generates approximately 50 percent of the Company's overall sales. Mr. Dabdoub has 45 years' experience in sales and distribution. He is a member of the Compensation and Marketing Committee.

Mr. Dabdoub began his career in 1963 when he joined J & J Dabdoub Limited as a salesman. In 1967, he opened Marc's Department Store in Kingston. He attended St. George's College in Kingston and is a graduate of St. Mary's College, St. Andrew.

Duncan Davidson
Non Executive Director
(appointed April 2010)

Mr. Davidson brings his experience as a businessman to the Board. He is a Business Consultant, having worked for the supermarket chain, HiLo Food Stores and the JSE listed company, Hardware and Lumber Limited. Mr. Davidson previously worked in the Jamaican shipping industry, having been a Managing Director of H. McCauley Orrett Ltd, a subsidiary of GraceKennedy & Co. Limited, and a director of Port Services Limited, GraceKennedy Shipping Limited, and the Maritime Training Institute (amongst other entities). He is a member of the Compensation & Marketing Committee.

He spent a number of years working in Canada prior to returning to Jamaica in 1989. He is also the holder of a Diploma in Mechanical Engineering, (Ryerson University, Toronto 1971).

John Mahfood
Chief Executive Officer

Mr. Mahfood heads the Management Team and is responsible for devising strategies for the Group. He heads the exports thrust and champions the welfare and development of the staff. He is experienced in local and international retail and trading, as well as mergers, expansions and turnarounds, having served in those capacities in several corporate entities. He is a Certified Public Accountant and a fellow of the Institute of Chartered Accountants of Jamaica.



OPERATIONS MANAGEMENT TEAM 2016

Finance Administration and Marketing

Devon Gardner
Chief Financial Officer

Mr Gardener joined the Group in July 2015 and oversees the accounting, finance and operations of Jamaican Teas Limited and its related companies. He spent 5 years as a controller with a major oil and gas company headquartered in Bermuda and 8 years at a Big 4 audit firm. He holds an MBA from the University of Manchester, England and FCCA certification and Associates in Insurance/Reinsurance.

Tanisha Samuels
Administrative Manager

Ms. Samuels is a Certified Professional Secretary. She joined the Group in 2001 and manages the Administrative and Human Resources systems within the Company, in addition to supporting the CEO in day-to-day operations.

Charles Barrett
Marketing Manager

Mr. Barrett is responsible for the marketing, public relations and food safety strategies of Jamaican Teas Limited. He has over 6 years' experience in marketing, regional retail trade, new product development, exports and food safety management.

He holds a BSc in Botany and Zoology from the University of the West Indies (UWI) and is currently pursuing a Masters in Business Administration (MBA) at the Mona School of Business and Management, UWI, Mona. He also holds Certificates in Applied HAACP Principles from the Royal Society for Public Health, based in the United Kingdom, as well as Sales Management from the Mona School of Business.

Operations Management Team
Continued

Factory

Norman Russel
Factory Manager

Mr. Russel joined the Group in 1995, having served as a Factory Supervisor in a major battery manufacturing operation. He is responsible for all aspects of the Company's factory and warehouse operations.

Omar Duval
Assistant Factory Manager

Mr. Duval joined the Group in 2016, in the production department with added responsibility for our food safety system. He has over 15 years' retail management experience with specialised experience in warehousing and inventory management.

Operations Management Team
Continued

Accounting Department

Robert Bignall
Accountant

Mr. Bignall joined the Group in 2013 with responsibilities for general accounting, including the retail operations. He has over 5 years' experience in accounting and is currently pursuing the ACCA qualification.

Oliver Goldsmith
Chief Accountant

Mr. Goldsmith joined the Group in 1998, having previously served with a major conglomerate. He has over 20 years' experience in the field and has direct responsibility for Jamaican Teas Limited and H. Mahfood & Sons Limited.

Patricia Newby
Assistant Accountant

Ms. Newby holds a BSc in Business Administration (NCU) and an MSc in Accounting (UWI). She joined the Group in 2014 as an Assistant Accountant in charge of the pension scheme and other accounting functions.

Carla Francis
Accounting Clerk

Ms. Francis joined the Group in 2011 as an Accounting Clerk with responsibilities for the Group's accounts payable management. She is currently pursuing the ACCA qualification.

Operations Management Team
Continued

JRG Shoppers' Delite

Althea Morgan
Assistant Manager

Ms. Morgan started her career with Jamaican Teas Limited in 2005 before being transferred to JRG Shoppers' Delite. She previously held the position as Chief Cashier in the Administrative Office, before being promoted to Assistant Manager in 2012.

Judith Johnson
Store Manager

Ms. Johnson joined the Group in 2014. She brings a wealth of experience to the position, having served as Store Manager in a number of large supermarket organizations. She is a graduate of Duffs Business College and holds certificates in Retail Management, Accounting and Loss Product and Managerial Development. Ms. Johnson supervises a team of 33 employees.

Michael Mahfood
Assistant Manager

Mr. Mahfood worked in the retail industry for over 20 years before joining JRG Shoppers' Delite as an Assistant Manager in 2015. He operated a store in the retail industry, in addition to managing several stores throughout his retail career.

MANAGEMENT DISCUSSION AND ANALYSIS 2016

The Management Discussion and Analysis (MD&A), is presented to enable users of the Annual Report to evaluate the operational results of the Group for the financial year to September 2016. The MD&A also serves to clarify some of the information reported in our Financial Statements and to share the Group's prospects and plans.

The Group

The Group includes Jamaican Teas with its Tetley, Caribbean Dreams and Jamaica Blue Spring Water brands; H. Mahfood & Sons Limited, our real estate development arm, which also owns other real estate in Kingston and JRG Shoppers' Delite Enterprise, which operates a supermarket in Kingston and another in Savanna-la-mar and Bay City Foods Limited, a 50 percent owned associated company, operators of a supermarket in Montego Bay.

Profit

In 2016, Jamaican Teas delivered net profitable growth of 64 percent in what is still a challenging local economic environment during the fiscal year. Net profit for the year inclusive of discontinued operations was $118 million compared to $72 million in the prior year. This growth is consistent with the increased profit in 2015 over 2014, placing the results as the best in the group's history, bettering the previous best in 2013. The 2016 performance took place against a background of gains in gross profit margin.

Market Focus

The focus on the manufacturing division has been on building our export business against a background of the constraints in the local market. This is a dynamic enterprise which involves competing with large and established international companies and providing the right products in the right packaging as required in the global market-place. This means that Jamaican Teas has to:

- be innovative in terms of product development,
- attend numerous trade shows overseas, meet with both potential and existing customers and
- produce products of high quality and deliver them to customers in the shortest possible time frame from the receipt of orders.

Management Discussion and Analysis
Continued

In order to achieve this, Jamaican Teas must have:

- proper quality and operational systems in place,
- well-trained and motivated staff and
- proper infrastructure and equipment. Our job as managers and manufacturers is to ensure that adequate support systems are in place, in order to maintain standards and continuously grow our business with the ultimate aim of increasing export sales.

During the current financial year, Jamaican Teas continues to focus on improving export sales and increasing the support behind our brands in the export market. Three new distributors were appointed in Grenada, St. Maarten and Florida and a number of new products were launched for the local and export markets.

Export Sales Performance

Jamaican Teas achieved an increase in our export sales of 8 percent moving from $370 million in 2015 to $400 million in 2016. The increase in export sales came about as a result of both increases in sales to our distributor in the United States, as well as to our customers in the Caribbean.

Since 2015, the Company benefited from its US approved listing status in over one hundred each, of the Walmart, Winn Dixie and Publix supermarket chains. This ranking is important for the long term development of the brand in keeping with the greater level of exposure that these chains provide.

Domestic Focus

Domestic manufacturing sales increased by 10.5 percent moving from $363 million in 2015 to $400 million in 2016 compared to 6 percent improvement in 2015. Our products are now available in more of the major local retail chains than in 2015. This is due to increased investment in marketing support and a growing and favourable product mix. The Group also focused on promotional and marketing activities to generate future growth.

Profit and Expenses

The Group achieved net profit of $118 million, an increase of 64 percent or $46 million in 2016. The results after taxation should be viewed against the background that Jamaican Teas enjoyed tax free status for up to five years since listing on the JSE up until June 2015. Effective July 2015, profits for the next five years are subject to tax at half of the standard tax rate of 25 percent. The results reflect:

- Our focus on improving margins on our manufacturing business through management of input costs;
- Improvement in inventory controls at our supermarkets which resulted in reduction in stock losses; and
- Cost control including investment in energy efficiency equipment.

Management Discussion and Analysis
Continued

Revenue and Other Operating Income

Total revenues were $1.287 billion compared to $1.153 billion in 2015 (excluding the discontinued operation), an increase of $134 million or 11.6 percent. The main reasons for the increase were the $67 million increase in sales from the manufacturing division and $58 million increase in retail sales.

"During the year the Group generated $35 million gain on sale of investments compared to a loss of $3 million in the prior year. The gain on the sale of investments in the current year was the main contributor to the increase in other income over the prior year. Net unrealized gain on available for sale investments at the end of the year was $35 million compared to $16 million in 2015.

During the year, an investment property was revalued by an independent valuator. The increase in fair value of the property arising from the valuation is credited to income.

New Product Development and Redesign

Jamaican Teas is pleased to report that eight new products were launched during the year, including:

- WHOLE SORREL - the one hundred percent dried herb
- COCOA-NUT - coconut flavoured cocoa
- JAMAICAN SORREL WITH GINGER
- SOURSOP WITH HONEY; NEEM - natural herbal teas.
- CHICKEN NOODLE, PUMPKIN - packet soups
- SEA SALT

These new products contributed 3 percent towards sales growth in 2016.

Jamaican Teas also introduced a new Tetley logo and redesigned the display boxes of the Tetley range of products. These now have a more contemporary look. Tetley is the second largest tea brand globally, with a heritage of more than 175 years and brand presence in more than 40 countries including the Caribbean.

Management Discussion and Analysis
Continued

Real Estate Development - Orchid Estate

Jamaican Teas completed sales on eleven, 2-bedroom units during the year. This brings the total number of completed sales in Phase I of our project to twenty-one. At the end of the year, construction was completed on forty-five units in Phases I and II, while twenty-six units are at various stages of completion with signed sale agreements.

The Group recognizes that there is significant demand for low cost real estate development in Jamaica, which could be a driver for economic growth.

Sale of Supermarkets

The Board of Directors took the decision to dispose of the wholly owned supermarket in Savanna-la-mar and the associate supermarket, Bay City Foods Limited in Montego Bay. The supermarket in Savanna-la-mar started to generate a profit during the second half of the financial year, however the profit was not enough to warrant the continuation of its operation. The Savanna-la-mar branch generated $183 million in revenue and $11 million in net losses for the current year.

The Montego Bay store continued to incur losses, as such it was advantageous to sell the business when the opportunity arose. While there will be a decline in year on year comparison of Group sales, overall there will be an increase in net profit for the Group. The discontinuation of these two stores now allows management and the Board to dedicate resources and focus on the profitable entities within the Group.

Statement of Financial Position

At the end of the year, shareholders equity rose significantly to $878 million from $725 in 2015, resulting mainly from net income for the year.

We had major changes in a number of our balance sheet items between September 2015 and September 2016 financial year end. These included investments that increased by $40 million due primarily to the appreciation in the value of the portfolio during the year. The $95 million decrease in receivables is due primarily to collections from completed sales of our residential real estate units and improved collections of outstanding trade receivables. The change in receivables has resulted in a significant change in the number of days' sales tied up in receivables from 76 days in 2015, to 52 days for the current financial year. The Group's involvement in real estate development resulted in $267 million being included in inventory for the development in progress at 30 September 2016.

During the year, we repaid all the borrowing used to fund the real estate development project. This caused a reduction in borrowing from $404 million in 2015 to $281 million in 2016. The Group's debt to equity ratio improved from 55.8 percent in 2015 to 32.0 percent at 30 September 2016. Other long term loans declined in keeping with ongoing payments. The $17 million increase in accounts payable is due to increase in trade payables.

Management Discussion and Analysis
Continued

Stock Split

At the Annual General Meeting in March 2016, the shareholders approved a stock split to subdivide the shares into two (2) shares for each existing share, resulting in issued share capital increasing to 337.4 million shares. The historical data reflects the effect of the increased number of shares, resulting in the earnings and price per share being reduced, compared to what was reported previously and the number of issued shares being doubled.

Human Resources

Jamaican Teas carried out training for all the sales and marketing personnel during the year. In addition, customer service training was provided for our employees in the retail division of the Group. Omar Duval joined the Group as Assistant Factory Manager in the production department with added responsibility for our food safety system. He has extensive experience in warehousing and supervisory management.

Recognition and Awards

The Group's commitment to export has been duly recognized and acknowledged by the Jamaica Exporters Association and our peers. Jamaican Teas was awarded the Fantastic 50 Exporters Award for 2016 by the Jamaican Exporters Association, given to Jamaican companies currently in businesses that have made significant contributions to Jamaica's export performance.

Jamaican Teas was also awarded the National Quality Award 2015-16 for manufacturing, by Jamaican Trade and Invest, JAMPRO.

Outlook for 2017

The foundation has been laid for growth and increased profit. The Group started off the 2017 financial year with increased sales for the manufacturing operation but moderate gains for the JRG Shoppers' Delite supermarket. Local manufacturing operation sales grew 13 percent in monetary value up to January 2017 versus 2016. For the same period, while exports grew 11 percent, supermarket sales were up just 4 percent. The Group continues to conclude sales of units in our property development. The investment portfolio continues to increase in value but the Group took profit in some of our investments during the period.

Jamaican Teas expects to generate positive cash flow from proceeds of sales of our development project in St. Thomas. The proceeds will be used to finance the completion of the project about mid-2017. The supermarket business should continue to show improved performance and the Group expects to see a continuation of the growth in both export and domestic sales.

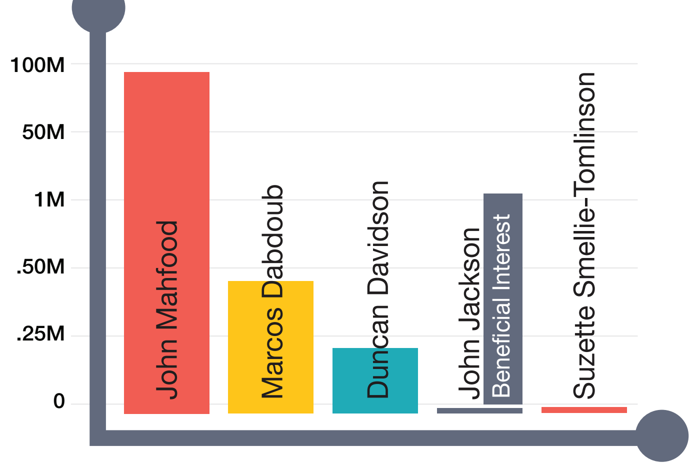
Historical Financial Data 2016

BALANCE SHEET	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Shares Issued -'000	337,417	337,417	337,417	337,417	337,417	337,417	337,417	285,426	285,320	285,320
$'000										
Shareholders' equity	878,103	725,278	634,115	586,937	511,403	471,561	392,146	267,667	200,037	172,723
Long Term Liability	188,257	292,504	200,179	11,283	35,677	25,059	8,390	14,414	2,655	-
Total Gearing	281,362	404,461	303,269	250,101	103,308	40,486	10,967	19,647	6,928	-
Fixed Assets	291,234	287,251	274,269	124,109	125,701	52,556	31,724	33,616	27,189	12,339
Current Assets	683,523	698,786	554,344	594,334	298,146	214,375	206,819	236,888	130,087	97,934
Current Liabilities	174,265	176,390	203,856	306,450	120,544	42,858	32,684	42,117	27,341	13,281
Inventories	446,014	389,280	288,906	176,696	131,352	95,814	84,299	58,958	46,384	35,903
Receivables	182,946	277,927	219,644	279,491	100,343	80,833	74,646	71,433	45,900	33,325
Cash & Equivalent	31,320	22,900	14,657	93,643	1,217	24,066	17,466	5,913	37,734	28,705
Investments	157,789	117,571	101,523	150,654	185,165	231,468	191,412	113,356	89,266	85,490
PROFIT & LOSS										
Total Revenue	1,347,799	1,364,726	1,167,573	1,239,296	847,533	672,466	463,782	325,707	250,598	202,505
Yearly Change	-1.24%	16.89%	-5.79%	46.22%	26.03%	45.00%	42.39%	29.97%	23.75%	40.02%
Gross Profit	306,145	259,129	204,146	220,849	150,014	147,067	124,538	115,417	76,771	63,152
Yearly Change	18.14%	26.93%	-7.56%	47.22%	2.00%	18.09%	7.90%	50.34%	21.56%	39.50%
Pretax Profit	165,275	78,381	51,369	99,208	66,897	85,511	68,626	95,318	41,791	52,955
Yearly Change	110.86%	52.58%	-48.22%	48.30%	-21.77%	24.60%	-28.00%	128.08%	-21.08%	60.78%
Aftertax Profit	146,509	72,201	51,609	93,256	74,749	82,232	58,102	72,498	28,418	39,276
Yearly Change	102.92%	39.90%	-44.66%	24.76%	-9.10%	41.53%	-19.86%	155.11%	-27.65%	53.16%
IMPORTANT RATIOS										
Equity to Debt ratio	3.12	1.79	2.09	2.35	4.95	11.65	35.76	13.62	28.87	na
Current Assets ratio	3.92	3.96	2.72	1.94	2.47	5.00	6.33	5.62	4.76	7.37
Return on equity	18.28	10.62	8.45	16.98	15.21	19.04	17.61	31.00	15.25	25.24
Revenues to Inventories	3.02	3.51	4.04	7.01	6.45	7.02	5.50	5.52	5.40	5.64
Revenues to Receivables	7.37	4.91	5.32	4.43	8.45	8.32	6.21	4.56	5.46	6.08
Gross Profit Margin	23%	19%	17%	18%	18%	22%	27%	35%	31%	31%
Return on Assets	12%	6%	5%	10%	11%	15%	13%	22%	12%	21%
Price Book Ratio	1.50	0.72	0.88	1.15	1.29	1.40	1.57	0.00	0.00	0.00
Price Sales Ratio	0.98	0.38	0.48	0.54	0.78	0.98	1.33	0.00	0.00	0.00
Cash/Invest Per Share	0.56	0.42	0.34	0.72	0.55	0.76	0.62	0.42	0.45	0.40
Net Asset Per Share	2.60	2.15	1.88	1.74	1.52	1.40	1.16	0.94	0.70	0.61
Earnings Per Share	0.43	0.22	0.16	0.28	0.22	0.25	0.20	0.26	0.05	0.07
Closing Stock Price	3.90	1.55	1.65	2.00	1.95	1.95	1.83	0.00	0.00	0.00
P.E .Ratio	9.07	7.21	10.65	7.27	8.86	7.80	9.36	0.00	0.00	0.00

Note. The company split the number of shares into 5 units for each one previously held in 2009 and by 2 in March 2016, accordingly, the number of shares in the oprior years, the earnings per share and the stock prices have been adjusted to reflect the changes.

Shareholdings of Note
as at September 30, 2016

DIRECTORS' HOLDINGS



SENIOR MANAGEMENT HOLDINGS

Norman Russell	300,000 DIRECT HOLDINGS
Oliver Goldsmith	NIL DIRECT HOLDINGS
Tanisha Samuels	250,000 DIRECT HOLDINGS
Charles Barrett	67,180 DIRECT HOLDINGS

TOP 10 SHAREHOLDERS

Violet Mahfood	118,015,318
John Mahfood	94,964,178
Nancy Milne	19,992,520
JCSD Trustee Services Ltd A/C 76579-02	9,634,892
SJLIC for Scotia Bridge Retirement Scheme	5,254,660
GraceKennedy Limited Pension Scheme	5,139,344
Bamboo Group Holdings Limited	4,959,700
PAM-Cable and Wireless JA Pension Plan	3,968,532
Mayberry Managed Clients Account	3,328,510
Apex Pharmacy	2,941,232

Real Estate Development 2016

Orchid Estate

Located in Yallahs, St. Thomas with easy access to Norman Manley International Airport, Kingston Harbour and the business district of Downtown Kingston

Now Selling - Phase 2

41 units – 580 square foot, 2 bedroom, 1 bathroom unit on a lot size of 4,000 square feet, allowing for adequate expansion. Starting at $6.95 million subject to escalation

FEATURES AND AMENITIES

The house comes complete with

- UPVC French windows fitted with insect screen
- A steel composite front and back door
- Ceramic tiles throughout the house
- Kitchen fitted with countertops, wooden base and wall cupboards
- Bathroom complete with bath, toilet and vanity with mirror, fittings and fixtures
- Water tank and pump installed
- Wash area with tub and provisioned for washing machine
- Front porch
- Closets 8ft wide by 2ft deep for each bedroom with bi-fold doors
- Stoned Driveway
- Recreational Park with football field and playground.

Development Team

Developer:
H. Mahfood and Sons Ltd
(subsidiary of Jamaican Teas Limited)

Contractors and Project Administrators:
Subdivision and Housing Limited

Quantity Surveyors:
Davidson and Hanna

Attorneys-at-Law:
Hart Muirhead Fatta and Williams McKoy and Palmer

Commissioned Land Surveyors:
Lofters and Associates

Approved by:
The St. Thomas Parish Council, NEPA and Real Estate Board.

COMMUNITY OUTREACH PROGRAMMES 2016

As a Company, it is our firm belief that we have a responsibility to support the livelihood and well-being of existing and potential customers, and to use our resources to facilitate improvement, particularly for those who are poor and otherwise, vulnerable and marginalized.

Throughout fiscal year 2016, we impacted a number of communities in Jamaica through positive engagement, outreach activities and sponsorships. Spending just over $2 million, our work in 2016 focused on Education, Crime and Violence Prevention, Health, Sports and Children with Special Needs.

Education

School Supplies

We provided over 3,000 books and pencils to students in the communities of Seaview Gardens and August Town in Kingston & St Andrew. These donations were made in partnership with local youth groups and Non-Government Organizations (NGOs). The children and their parents were also treated to warm meals and wholesome family entertainment.

Talking History

We have continued to support this radio programme aired on Nationwide News Network (NNN). It contributes to students' preparation for the CSEC and CAPE history examinations and provides a broader framework from which all citizens can learn about our history and heritage.

Edutainment

The Group partnered with Barracks Entertainment by staging 15 performances of the play Barrel Pickney, which highlighted some of negative effects of migration on families and the lack of direct parental love and support for children. Thirteen schools from the corporate area and rural Jamaica saw the production, which directly reached over 4,200 students and scores of teachers. There were two charity shows which

Community Outreach Programmes
Continued

benefitted children in Allman Town, Jones Town and Franklyn Town. Through an interactive session with students after each performance, they were able to appreciate the benefits of parental guidance and understand some of the negative effects migration can have on the well-being of families. The production was also broadcast on TVJ as well as 1spot media for the benefit of the wider society.

Children with Special Needs

Our team spent time with the children and staff of the SOS Children's Home in Stony Hill, where some 60 children were treated and entertained. We also made donations to the home and have gone a step further by employing a resident youth of working age at our Bell Road plant.

In partnership with the Kicks for Kids Foundation, we made donations towards the well-being of 40 children with special needs at the Beatitude Home in Golden Spring, St. Andrew.

Crime & Violence Prevention

We also partnered with the Jamaica Constabulary Force (JCF) to roll out a series of 12 Pop-Up Information Clinics. These were held at least once monthly in high traffic public spaces where police officers engaged citizens in an effort to improve their relations with the community, and demonstrate the critical role of community policing in facilitating a reduction in crime and violence. Through our efforts, we were able to help the JCF build mutual trust and respect with citizens in these communities.

Health

We collaborated with The Heart Foundation of Jamaica on the staging of the 4th Go Red for Women, a global initiative started by the American Heart Association and World Heart Federation focusing on women and making a strong call on them to be aware of their heart health. Heart disease which is 80 percent preventable, continues to be a serious problem in our society and we recognise our responsibility in encouraging healthy lifestyles, behavioral change and risk reduction, particularly as it relates to women and heart disease.

We also supported the Equality for All Foundation by hosting a kick-off jog with the Minister of Health, Dr. Christopher Tufton for World AIDS Day at the Mona Dam. Individuals from the National Family Planning Board - Sexual Health Agency and other related agencies which participated, were treated to our Caribbean Dreams teas, which went a far way in promoting herbal alternatives as a complement to physical activity and a healthy lifestyle.

Sports

As a friend of the Hagley Park community, we believe in sports as a vehicle for youth development and a unifying factor in the community. We have consistently supported the Hagley Park Netball League teams by providing gears and tournament trophies and cash prizes. The top three performers from the 2016 tournament of the Netball League were Hagley Park All Side Club (1st place), Rose Town (2nd Place) and Fresh Approach (3rd place). Our support will continue in 2017 as we have seen positive impact on the lives of the youngsters in the community.

CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016

Index

BDO

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Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

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 28 to 83, which comprise the consolidated statement of financial position as at 30 September 2016, consolidated statements of profit or loss and other 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 2016 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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.

BDO

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 2016, 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 Jamaican Companies Act, in the manner so required.

BDO

Chartered Accountants

29 December 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 September 2016

	Note	2016 $'000	(Restated) 2015 $'000
CONTINUING OPERATIONS			
REVENUE	6	1,287,094	1,336,177
Cost of sales		(980,949)	(1,077,048)
GROSS PROFIT		306,145	259,129
Other operating income	7	60,705	28,549
		366,850	287,678
ADMINISTRATIVE AND OTHER EXPENSES			
Selling and marketing		(43,913)	(33,659)
Administrative expenses		(118,993)	(125,147)
		(162,906)	(158,806)
OPERATING PROFIT		203,944	128,872
Finance costs	9	(38,669)	(37,754)
Share of results of associated company	17	-	(12,737)
PROFIT BEFORE TAXATION		165,275	78,381
Taxation expense	11	(18,766)	(6,180)
PROFIT FROM CONTINUING OPERATIONS		146,509	72,201
Loss from discontinued operations	12	(28,574)	-
NET PROFIT		117,935	72,201
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified to profit or loss -			
Unrealised gain on available-for-sale investments		34,890	15,968
TOTAL COMPREHENSIVE INCOME		152,825	88,169
Net profit attributable to:			
Owners of Jamaican Teas Limited		117,935	72,201
Total comprehensive income attributable to:			
Owners of Jamaican Teas Limited		152,825	88,169
Earnings per stock unit for profit attributable to owners of the company during the year:			
From continuing operations	13	$ 0.43	$ 0.21
Including results of discontinued operation	13	$ 0.35	$ 0.21

Consolidated Statement of Financial Position

30 September 2016

	Note	2016 $'000	(Restated) 2015 $'000	(Restated) 2014 $'000
ASSETS				
NON-CURRENT ASSETS:				
Property, plant and equipment	14,31	291,234	268,573	274,054
Investment properties	15,31	89,353	78,763	74,948
Intangible assets	16	2,065	1,594	1,390
Investment in associate	17	22,829	25,095	24,770
Investments	18	157,789	117,571	101,523
Deferred tax assets	19	-	3,790	7,121
		563,270	495,386	483,806
CURRENT ASSETS:				
Inventories	20	446,014	389,280	288,906
Receivables	21	182,946	277,927	219,644
Taxation recoverable		2,143	8,679	9,253
Short term investment		-	-	21,884
Current asset held-for-sale	22	21,100	-	-
Cash and cash equivalents	23	31,320	22,900	14,657
		683,523	698,786	554,344
		1,246,793	1,194,172	1,038,150
EQUITY AND LIABILITIES				
STOCKHOLDERS' EQUITY:				
Share capital	24	141,420	141,420	141,420
Capital reserves	25	7,059	7,059	7,059
Fair value reserves	26	45,117	10,227	(11,913)
Retained earnings		684,507	566,572	498,257
		878,103	725,278	634,823
Non-controlling interest		-	-	(708)
		878,103	725,278	634,115
NON-CURRENT LIABILITIES:				
Long term liabilities	27	188,257	292,504	200,179
Deferred tax liabilities	19	6,168	-	-
		194,425	292,504	200,179
CURRENT LIABILITIES:				
Payables	28	81,160	64,353	100,766
Taxation payable		-	80	-
Short term borrowings	29	77,145	62,777	53,091
Bank overdraft	23	15,960	49,180	49,999
		174,265	176,390	203,856
		1,246,793	1,194,172	1,038,150

Approved for issue by the Board of Directors on 29 December 2016 and signed on its behalf by:

John Mahfood - Chief Executive Officer

John Jackson - Director

Consolidated Statement of Changes in Equity

Year Ended 30 September 2016

	Attributable to owners of the company				Non-Controlling Interest	Total Equity
	Share Capital $'000	Capital Reserve $'000	Fair Value Reserve $'000	Retained Earnings $'000	$'000	$'000
BALANCE AT 30 SEPTEMBER 2014	141,420	7,059	(11,913)	498,257	(708)	634,115
TOTAL COMPREHENSIVE INCOME						
Net profit	-	-	-	71,686	-	71,686
Other comprehensive income	-	-	15,968	-	-	15,968
Fair value gain realized	-	-	6,172	-	-	6,172
	-	-	22,140	71,686	-	93,826
TRANSACTIONS WITH OWNERS						
Acquisition of additional shares in a subsidiary	-	-	-	(5,311)	708	(4,603)
	-	-	-	(5,311)	708	(4,603)
Balance at 30 September 2015 (as previously stated)	141,420	7,059	10,227	564,632	-	723,338
Accumulated amortization reversed	-	-	-	1,940	-	1,940
BALANCE AT 30 SEPTEMBER 2015 (restated)	141,420	7,059	10,227	566,572	-	725,278
TOTAL COMPREHENSIVE INCOME						
Net profit	-	-	-	117,935	-	117,935
Other comprehensive income	-	-	34,890	-	-	34,890
	-	-	34,890	117,935	-	152,825
BALANCE AT 30 SEPTEMBER 2016	141,420	7,059	45,117	684,507	-	878,103

Consolidated Statement of Cash Flows

Year Ended 30 September 2016

	2016 $'000	(Restated) 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	117,935	72,201
Items not affecting cash resources:		
Gain on revaluation	(6,839)	-
(Gain)/loss on disposal of investments	(34,650)	2,764
Gain on disposal of property, plant and equipment	(7,343)	(715)
Share of loss from associate	-	12,737
Loss on sale of discontinued operation	28,574	-
Exchange gain on foreign balances	(8,535)	(6,853)
Depreciation	17,306	15,926
Amortisation	584	630
Interest expense	36,850	35,574
Interest income	(591)	(10,624)
Taxation	18,766	6,180
	162,057	127,820
Changes in operating assets and liabilities:		
Inventories	(56,734)	(100,374)
Receivables	94,981	(58,283)
Current asset held for sale	(21,100)	-
Payables	16,807	(36,413)
	196,011	(67,250)
Tax paid	(2,353)	(2,195)
Cash provided by/(used in) operating activities	193,658	(69,445)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net decrease in investments	8,366	25,212
Proceeds from disposal of property, plant and equipment	36,864	1,450
Acquisition of investment property	(3,750)	(2,391)
Acquisition of property, plant and equipment	(48,181)	(11,179)
Investment is subsidiaries	-	(4,603)
Sale of discontinued operation	(28,574)	-
Purchase of intangible assets	(1,406)	(834)
Net increase in investment in associate	2,266	(13,062)
Interest received	591	10,624
Cash (used in)/provided by investing activities	(33,824)	5,217
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	3,322	105,928
Loan repayments	(93,201)	(3,917)
Interest paid	(36,850)	(35,574)
Cash (used in)/provided by financing activities	(126,729)	66,437
INCREASE IN CASH AND CASH EQUIVALENTS	33,105	2,209
Cash and cash equivalents at beginning of year	(26,280)	(35,342)
Exchange gain on foreign cash balances	8,535	6,853
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	15,360	(26,280)

Company Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 September 2016

	Note	2016 $'000	2015 $'000
REVENUE	6	800,168	732,467
Cost of sales		(547,930)	(527,658)
GROSS PROFIT		252,238	204,809
Other operating income	7	65,115	40,453
		317,353	245,262
Administrative and other expenses		(139,859)	(115,721)
OPERATING PROFIT		177,494	129,541
Finance costs	9	(31,100)	(31,786)
PROFIT BEFORE TAXATION		146,394	97,755
Taxation expense	11	(13,369)	(4,103)
NET PROFIT		133,025	93,652
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified to profit or loss -			
Unrealised gain on available- for- sale investments		34,890	15,968
TOTAL COMPREHENSIVE INCOME		167,915	109,620

Company Statement of Financial Position
30 September 2016

	Note	2016 $'000	2015 $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	14	231,532	200,935
Investment properties	15	33,910	31,353
Intangible assets	16	754	1,020
Investment in subsidiaries		18,410	18,410
Investment in associate	17	95,713	80,115
Due from subsidiaries	30	391,450	375,583
Investments	18	157,789	93,340
		929,558	800,756
CURRENT ASSETS:			
Inventories	20	160,166	117,768
Receivables	21	164,217	206,355
Taxation recoverable		950	7,731
Cash and cash equivalents	23	15,763	15,088
		341,096	346,942
		1,270,654	1,147,698
EQUITY AND LIABILITIES			
STOCKHOLDERS' EQUITY:			
Share capital	24	141,420	141,420
Fair value reserves	26	45,117	10,227
Retained earnings		784,946	651,921
		971,483	803,568
NON-CURRENT LIABILITIES:			
Long term liabilities	27	188,257	201,166
Deferred tax liabilities	19	6,409	1,681
		194,666	202,847
CURRENT LIABILITIES:			
Due to subsidiary	30	7,779	9,415
Payables	28	20,007	28,972
Short term borrowings	29	76,717	62,676
Bank overdraft	23	2	40,220
		104,505	141,283
		1,270,654	1,147,698

Approved for issue by the Board of Directors on 29 December 2016 and signed on its behalf by:

John Mahfood - Chief Executive Officer

John Jackson - Director

Company Statement of Changes in Equity

Year Ended 30 September 2016

	Share Capital $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
BALANCE AT 30 SEPTEMBER 2014	141,420	(11,913)	558,269	687,776
TOTAL COMPREHENSIVE INCOME				
Net profit	-	-	93,652	93,652
Other comprehensive income	-	15,968	-	15,968
Fair value gain realised	-	6,172	-	6,172
	-	22,140	93,652	115,792
BALANCE AT 30 SEPTEMBER 2015	141,420	10,227	651,921	803,568
TOTAL COMPREHENSIVE INCOME				
Net profit	-	-	133,025	133,025
Other comprehensive income	-	34,890	-	34,890
	-	34,890	133,025	167,915
BALANCE AT 30 SEPTEMBER 2016	141,420	45,117	784,946	971,483

Company Statement of Cash Flows

Year Ended 30 September 2016

	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	133,025	93,652
Items not affecting cash resources:		
(Gain)/loss on disposal of investments	(37,925)	2,764
Gain on disposal of property, plant and equipment	(3,608)	(715)
Exchange gain on foreign balances	(8,372)	(6,250)
Depreciation	12,852	10,608
Amortisation	266	244
Interest expense	31,100	31,786
Interest income	(591)	(22,333)
Taxation	13,369	4,103
	140,116	113,859
Changes in operating assets and liabilities:		
Inventories	(42,398)	10,787
Receivables	42,138	(8,108)
Related companies	(17,503)	(93,803)
Payables	(8,965)	(30,372)
	113,388	(7,637)
Tax paid	(1,860)	(1,417)
Cash provided by/(used in) operating activities	111,528	(9,054)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in associate	(15,598)	(13,061)
Proceeds from disposal of property, plant and equipment	4,848	1,450
Acquisition of property, plant and equipment	(44,689)	(7,859)
Investment in subsidiaries	-	(4,604)
Purchase of intangible assets	-	(460)
Net decrease in investments	8,366	25,212
Interest received	591	22,333
Acquisition of investment property	(2,557)	(353)
Cash (used in)/provided by investing activities	(49,039)	22,658
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan proceeds	2,995	14,590
Loan repayments	(1,863)	(1,797)
Interest paid	(31,100)	(31,786)
Cash used in financing activities	(29,968)	(18,993)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	32,521	(5,389)
Exchange gain on foreign cash balances	8,372	6,250
Cash and cash equivalents at beginning of year	(25,132)	(25,993)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23)	15,761	(25,132)

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 company's subsidiaries and associated company referred to as 'the Group" are as follows:

	Principal Activities	Percentage Ownership by the Group 2016	2015
Subsidiaries:			
JRG Shoppers Delite Enterprise Limited	Retail Distribution	100	100
H Mahfood & Sons Limited	Real Estate	100	100
Associate:			
Bay City Foods Limited	Retail Distribution	50	50

On 30 September 2016, JRG Shoppers Delite Enterprise Limited entered into an agreement for the sale of its equipment, intangibles and inventories at the Savanna-la-mar location (see note 12). Bay City Foods Limited, the Group's associate, also entered into an agreement on 30 September 2016 for the sale of its equipment, intangibles and inventories (see note 33).

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.

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

During the reporting period there were no new accounting pronouncements relevant to the Group's financial statements.

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

Amendment to IAS 1, 'Presentation of Financial Statements', (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of the other comprehensive income (OCI) of associates and joint ventures accounted using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

IAS 16, 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016). The amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset.

Amendment to IAS 27, 'Associates', (effective for annual periods beginning 1 January 2016), The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group is currently assessing whether to use the equity method in the separate financial statements of the company.

IFRS 9, Financial Instruments, (effective for annual periods beginning on or after 1 January 2018), replaces the existing guidance in IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

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

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

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group (cont'd)

IFRS 15, 'Revenue from Contracts with Customers', (effective for annual periods beginning on or after 1 January 2018). It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

The directors anticipate that the adoption of the standards, amendments and interpretations, which are relevant in future periods, is unlikely to have any material impact on the financial statements.

(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	- 100% owned

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

(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 50% interest in the company.

(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.

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

(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.

(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 as 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.

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

(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.

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.

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

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

Financial assets (cont'd)

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

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.

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.

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.

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

(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, labour and related factory overheads.
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.

(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.

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

(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.

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 company participates in a defined contribution plan whereby it pays contributions to an 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.

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

(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 Lessee –

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.

(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 based on the record date of the dividends.

(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 are recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the directors in respect of interim dividend and the Group's shareholders in respect of final dividends and are 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.

(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).

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 (note 15)
- Financial instruments (note 18)

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

(iii) **Income taxes**

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which determination is made.

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.

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

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.

(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 cash equivalents
- Investments in quoted and unquoted equity securities
- Trade payables
- Bank overdrafts
- Loans and borrowings

(ii) **Financial instruments by category**

The Group

Financial assets

	Loans and Receivables		Available-for-sale	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash and cash equivalents	31,320	22,900	-	-
Trade receivables	148,712	233,729	-	-
Equities	-	-	157,789	117,571
Total financial assets	180,032	256,629	157,789	117,571

Financial liabilities at amortised cost -

	2016	2015
	$'000	$'000
Bank overdraft	15,960	49,180
Trade payables	65,410	45,404
Loans and borrowings	265,402	355,281
Total financial liabilities	346,772	449,865

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

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

The Company

Financial assets -

	Loans and Receivables		Available-for-sale	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash and cash equivalents	15,763	15,088	-	-
Trade receivables	140,290	172,008	-	-
Equities	-	-	157,789	93,340
Total financial assets	156,053	187,096	157,789	93,340

Financial liabilities at amortised cost -

	2016 $'000	2015 $'000
Bank overdraft	2	40,220
Trade payables	18,347	13,898
Loans and borrowings	264,974	263,842
Total financial liabilities	283,323	317,960

(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.

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:

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2016

	Level 1 $'000	Level 2 $'000	Total $'000
Available-for-sale:			
Quoted equities	157,789	-	157,789

2015

	Level 1 $'000	Level 2 $'000	Total $'000
Available-for-sale:			
Quoted equities	92,341	-	92,341

There were no transfers between levels during the year.

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.

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 frequent 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 Finance and 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 assessed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's assessment includes bank references.

The Board of Directors determines concentrations of credit risk by quarterly monitoring the creditworthiness of existing customers and through a regular 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.

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

	2016 $'000	2015 $'000
Financial assets -		
Cash and cash equivalents	31,320	22,900
Trade receivables	148,712	233,729
Investments	157,789	117,571
Total financial assets	337,821	374,200

The Company

	2016 $'000	2015 $'000
Financial assets -		
Cash and cash equivalents	15,763	15,088
Trade receivables	140,290	172,008
Investments	157,789	93,340
Total financial assets	313,842	280,436

Trade receivables that are past due but not impaired

As at 30 September 2016, trade receivables of $21,855,594 (2015 - $14,031,247) 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.

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 2016.

	2016			2015		
	US J$'000	GBP J$'000	CAN J$'000	USD J$'000	GBP J$'000	CAN J$'000
Financial assets:						
Cash and cash equivalents	7,910	1,335	3,482	11,302	2,797	240
Trade receivables	87,053	-	-	99,821	489	1,578
Total financial assets	94,963	1,335	3,482	111,123	3,286	1,818
Financial liabilities:						
Trade payables	7,641	118	2,351	1,626	-	1,577
Net financial assets	87,322	1,217	1,131	109,497	3,286	241

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 6% increase (2015 – 8%) and 1% (2015 – 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 2016 $'000	% Change in Currency Rate	Effect on Profit Before Taxation 2015 $'000
Currency:				
US$	+1	(873)	+1	(1,095)
GPB	+1	(12)	+1	(33)
CAN$	+1	(11)	+1	(2)
US$	-6	5,239	-8	8,760
GBP	-6	73	-8	263
CAN$	-6	68	-8	19

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.

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 $15,778,940 (2015 - $9,234,000) 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.

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 an ongoing 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	Over 5 Years $'000	Total $'000
At 30 September 2016:					
Trade payables	65,410	-	-	-	65,410
Bank overdraft	15,960	-	-	-	15,960
Loans and borrowings	105,714	143,715	92,066	18,366	359,861
Total	187,084	143,715	92,066	18,366	441,231

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
At 30 September 2015:					
Trade payables	45,404	-	-	-	45,404
Bank overdraft	49,180	-	-	-	49,180
Loans and borrowings	191,612	51,732	221,484	11,985	476,813
Total	286,196	51,732	221,484	11,985	571,397

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	Over 5 Years $'000	Total $'000
At 30 September 2016:					
Trade payables	18,347	-	-	-	18,347
Bank overdraft	2	-	-	-	2
Loans and borrowings	195,252	143,715	92,066	18,366	449,399
Total	213,601	143,715	92,066	18,366	467,748

	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
At 30 September 2015:					
Trade payables	13,898	-	-	-	13,898
Bank overdraft	40,220	-	-	-	40,220
Loans and borrowings	100,173	51,732	221,484	11,985	385,374
Total	154,291	51,732	221,484	11,985	439,492

(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 paid 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.

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:

	2016 $'000	2015 $'000
Total borrowings	281,362	404,461
Owners' equity	878,103	725,278
Debt to equity ratio	32.0%	55.8%

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 62% of its external revenue.
- Retailing – this segment is involved in the operation of supermarkets and contributed 31% of the Group's external revenue.
- Rental and development – this segment rents and develops properties for resale and contributed 7% 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.

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.

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

	2016			
	Manufacturing $'000	**Retailing $'000**	**Rental & Development $'000**	**Total $'000**
Revenue				
Total revenue from external customers	800,168	394,287	89,919	1,284,374
Amortisation	266	318	-	584
Depreciation	12,852	3,049	1,405	17,306
Segment profit/(loss)	146,394	14,843	(4,038)	165,275
(Reductions)/additions (in)/to non-current assets	128,802	(5,110)	(21,559)	102,133
Reportable segments assets	765,081	62,640	396,243	1,223,964
Investments in associate				22,829
Total Group assets				1,246,793
Reportable segment liabilities	291,392	53,168	24,130	368,690

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

	2015			
	Manufacturing $'000	**Retailing $'000**	**Rental & Development $'000**	**Total $'000**
Revenue				
Total revenue from external customers	732,315	519,175	81,967	1,333,457
Amortisation	244	386	-	630
Depreciation	10,608	3,648	1,670	15,926
Segment profit/(loss)	97,755	1,358	(7,995)	91,118
Share of results of associated company				(12,737)
Group profit before tax				78,381
(Reductions)/additions (in)/to non-current assets	118,338	(264)	(4,254)	113,820
Reportable segments assets	673,590	62,262	429,435	1,165,287
Investments in associate				25,095
Deferred tax assets				3,790
Total Group assets				1,194,172
Reportable segment liabilities	333,032	31,276	104,586	468,894

6. **REVENUE:**

The Group

	2016 $'000	2015 $'000
Revenue arises from -		
Export sales - manufacturing group	400,171	369,850
Domestic sales – manufacturing group	399,997	362,465
Retail sales	394,287	519,175
Sale and rental of properties	92,639	84,687
	1,287,094	1,336,177

The Company

	2016 $'000	2015 $'000
Revenue arises from -		
Export sales	400,171	369,850
Domestic sales	399,997	362,617
	800,168	732,467

7. **OTHER OPERATING INCOME:**

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Interest income	504	10,624	591	22,333
Rental income	-	-	3,560	3,024
Dividend income	4,746	4,829	4,746	4,829
Gain on sale of property, plant and equipment	3,608	715	3,608	715
Gain/(loss) on sale of investments	34,650	(2,764)	37,925	(2,764)
Net foreign exchange gain	8,417	6,865	8,372	6,251
Revaluation surplus	6,839	-	-	-
Miscellaneous income	1,941	8,280	6,313	6,065
	60,705	28,549	65,115	40,453

8. **EXPENSES BY NATURE:**

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

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Advertising and promotion	43,913	33,659	41,924	30,361
Auditors' remuneration	3,148	3,279	2,162	2,040
Directors' emoluments:				
Remuneration	7,230	7,488	7,230	7,488
Fees	1,817	1,630	1,816	1,630
Cost of inventories recognised as an expense	882,243	974,115	477,777	466,307
Amortisation	584	630	266	244
Depreciation	17,306	15,926	12,852	10,608
Insurance	7,368	9,213	6,197	5,501
Repairs and maintenance	18,372	21,407	16,000	15,814
Staff costs (note 10)	97,032	93,136	73,043	59,251
Utilities	11,916	20,643	8,098	7,178
Rental and security	6,872	12,860	3,615	4,844
Other expenses	46,054	41,868	36,809	32,113
	1,143,855	1,235,854	687,789	643,379

9. **FINANCE COSTS:**

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Loan interest	30,134	28,988	24,779	25,201
Bank charges and overdraft interest	8,535	8,766	6,321	6,585
	38,669	37,754	31,100	31,786

10. **STAFF COSTS:**

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Wages and salaries	76,130	72,461	56,356	44,746
Pension	1,387	955	1,387	955
Other employment benefits	19,515	19,720	15,300	13,550
	97,032	93,136	73,043	59,251

11. **TAXATION EXPENSE:**

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

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current taxation	8,748	2,789	8,641	2,422
Deferred income tax (note 19)	9,958	3,331	4,728	1,681
Minimum business tax irrecoverable	60	60	-	-
	18,766	6,180	13,369	4,103

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. Also the company is in its sixth year since being listed on the Jamaican Stock Exchange Junior Market and is now subject to 50% tax remission as of 4 July 2015.

The tax on the profit before taxation differs from the theoretical tax charge that would arise using the applicable tax rate of 25% for the companies within the Group and 12.5% for the company.

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Profit before taxation	165,275	78,381	146,394	97,755
Tax calculated at applicable rate	41,319	19,595	18,299	12,219
Adjusted for the effects of:				
Expenses not deducted for tax purposes	4,032	5,469	2,707	3,070
Net effects of other charges and allowances	(17,969)	(2,900)	979	4,798
	27,382	22,164	21,985	20,087
Adjusted for the effects of tax remission:				
Current tax	(8,616)	(15,984)	(8,616)	(15,984)
Taxation charge in income statement	18,766	6,180	13,369	4,103

12. **DISCONTINUED OPERATIONS:**

(a) **Bay City Foods Limited:**

On 30 September 2016, the company entered into an agreement for the sale of its equipment, inventories and intangibles for a cash consideration of thirty one million five hundred thousand dollars ($31,500,000) for the equipment and intangibles, with the price of the inventories to be determined on 31 October 2016 based on the physical inventory count, which was determined as $17,065,121.

(b) **JRG Shoppers Delite Enterprise Limited:**

On 30 September 2016, the company entered into an agreement for the sale of its equipment, inventories and intangibles at the Savanna-la-mar location of JRG Shoppers Delite for a cash consideration of ten million dollars ($10,000,000) for the equipment and intangibles, with the price of the inventories to be determined on 31 October 2016 based on physical inventory, which was determined as $15,268,109.

	$'000
Total consideration for equipment and intangibles	10,000
Net book value of equipment and tangibles	(6,265)
Gain on sale of discontinued operation	3,735

The loss on the discontinued operations was determined as follows:

	$'000
JRG Shoppers Delite Enterprise Limited –	
Revenue	182,888
Cost of sales	(180,539)
Other income	5,985
Admin expense	(22,779)
Gain on sale of discontinued operation	3,735
	(10,710)
Share of Bay City loss on discontinued operations	(17,864)
Results of discontinued operation	(28,574)

The results of the operations for JRG Shoppers Delite Enterprise Limited in the prior year included revenue of $160.556 million; cost of sales $129.052 million; other income $6.530 million; administrative expenses of $52.526 million and net loss of $14.492 million. The Group's share of Bay City's loss in prior year was $12.737 million.

12. **DISCONTINUED OPERATION (CONT'D):**

The statement of cash flows included the following amounts relating to the discontinued operation:

	$'000
Operating activities	28,574
Investing activities	(28,574)
Net cash flow on disposal of discontinued operation	-

13. **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.

	2016	2015
Net profit from continuing operations attributable to stockholders ($'000)	146,509	72,201
Number of ordinary stock units ('000)	337,417	337,417
Basic earnings per stock unit ($) from continuing operations	0.43	0.21

	2016	2015
Net profit after inclusion of discontinued operation loss ($'000)	117,935	72,201
Number of ordinary stock units ('000)	337,417	337,417
Basic earnings per stock unit ($) including results of discontinued operation	0.35	0.21

The company is to issue 400,000 ordinary shares being directors' options that was exercised by a director during the financial year.

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

The Group

	Land & Building $'000	Plant, Equipment Furniture, & Fixtures $'000	Motor Vehicles $'000	Leasehold Improvements $'000	Work-in progress $'000	Total $'000
At cost:						
1 October 2014	228,050	80,575	12,348	9,613	-	330,586
Additions	2,003	8,391	-	785	-	11,179
Disposal	-	(205)	(1,575)	-	-	(1,780)
Transfer	-	(130)	-	-	-	(130)
At 30 September 2015	230,053	88,631	10,773	10,398	-	339,855
Additions	540	28,448	13,542	1,260	4,391	48,181
Disposal	-	(12,628)	(7,515)	(3,604)	-	(23,747)
At 30 September 2016	230,593	104,451	16,800	8,054	4,391	364,289
Depreciation:						
1 October 2014	3,625	37,665	7,008	8,233	-	56,531
Charge for the year	4,969	7,740	1,934	1,283	-	15,926
Eliminated on disposal	-	(205)	(840)	-	-	(1,045)
Transfers	-	(130)	-	-	-	(130)
At 30 September 2015	8,594	45,070	8,102	9,516	-	71,282
Charge for the year	5,003	8,983	2,786	534	-	17,306
Eliminated on disposal	-	(5,969)	(6,275)	(3,289)	-	(15,533)
At 30 September 2016	13,597	48,084	4,613	6,761	-	73,055
Net Book Value:						
30 September 2016	216,996	56,367	12,187	1,293	4,391	291,234
30 September 2015	221,459	43,561	2,671	882	-	268,573

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

The Company

	Land & Building $'000	Plant, Equipment Furniture, & Fixtures $'000	Motor Vehicles $'000	Leasehold Improvements $'000	Work-in progress $'000	Total $'000
At cost:						
1 October 2014	171,876	58,609	12,348	2,064	-	244,897
Additions	2,003	5,856	-	-	-	7,859
Disposal	-	-	(1,575)	-	-	(1,575)
At 30 September 2015	173,879	64,465	10,773	2,064	-	251,181
Additions	540	26,216	13,542	-	4,391	44,689
Disposal	-	-	(7,515)	-	-	(7,515)
At 30 September 2016	174,419	90,681	16,800	2,064	4,391	288,355
Depreciation:						
1 October 2014	887	30,519	7,008	2,064	-	40,478
Charge for the year	3,565	5,109	1,934	-	-	10,608
Disposal	-	-	(840)	-	-	(840)
At 30 September 2015	4,452	35,628	8,102	2,064	-	50,246
Charge for the year	3,598	6,468	2,786	-	-	12,852
Disposal	-	-	(6,275)	-	-	(6,275)
At 30 September 2016	8,050	42,096	4,613	2,064	-	56,823
Net Book Value:						
30 September 2016	166,369	48,585	12,187	-	4,391	231,532
30 September 2015	169,427	28,837	2,671	-	-	200,935

15. INVESTMENT PROPERTIES:

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At beginning of year	78,763	74,948	31,353	31,000
Acquisition	3,751	3,815	2,557	353
Revaluation surplus	6,839	-	-	-
At 30 September	89,353	78,763	33,910	31,353

During the year the Harbour Street property was revalued by independent valuers, K.B. Real Estate Company Limited of Kingston, Jamaica who has an appropriate recognized professional qualification and experience in the location and category of the property being valued. The increase in fair value of the investment property has been credited to income.

During the year $5,120,000 (2015 - $4,898,755) 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 Nil (2015 - $842,387).

16. INTANGIBLE ASSETS:

	The Group 2016 $'000	The Company 2016 $'000
Cost:		
At 1 October 2015	4,191	1,330
Additions	1,406	-
Disposal	(1,017)	-
At 30 September 2016	4,580	1,330
Amortisation:		
At 1 October 2015	2,597	310
Amortisation for the year	584	266
Disposal	(666)	-
At 30 September 2016	2,515	576
Carrying amounts:		
30 September 2016	2,065	754
30 September 2015	1,594	1,020

17. **INVESTMENT IN ASSOCIATE:**

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Investment at beginning of year	25,095	24,770	80,115	67,054
Share of results after tax	(17,864)	(12,737)	-	-
Additions	15,598	13,062	15,598	13,061
At end of year	22,829	25,095	95,713	80,115

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

	2016 $'000	2015 $'000
Assets	109,345	98,514
Liabilities	(245,127)	(209,824)
Revenue	352,341	354,643
Net loss	(35,729)	(25,473)
Net loss – Group share	(17,864)	(12,737)

The associate company disposed of its equipment on 30 September 2016 and its inventory on 31 October 2016 (see note 33). The current year Group share of the net loss is shown as a part of the discontinued operation for the year (see note 12).

18. **INVESTMENTS:**

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Available-for-sale at market value – Quoted equities	157,789	92,341	157,789	92,341
Unquoted equities at cost	-	25,230	-	999
	157,789	117,571	157,789	93,340

19. **DEFERRED INCOME TAXES:**

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 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:

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax (liabilities)/assets	(6,168)	3,790	(6,409)	(1,681)

The movement in deferred taxation is as follows:

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Balance at start of year	3,790	7,121	(1,681)	-
Charge for the year (note 11)	(9,958)	(3,331)	(4,728)	(1,681)
Balance at end of year	(6,168)	3,790	(6,409)	(1,681)

Deferred taxation is due to the following temporary differences:

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Tax losses	4,013	4,070	-	-
Accelerated capital allowances	(10,181)	(280)	(6,409)	(1,681)
	(6,168)	3,790	(6,409)	(1,681)

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

Deferred taxation (charged)/credited to profit or loss comprises the following temporary differences:

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Tax losses	(57)	1,053	-	-
Accelerated capital allowances	(9,901)	(4,384)	(4,728)	(1,681)
	(9,958)	(3,331)	(4,728)	(1,681)

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 Tax Administration Jamaica, losses of approximately $16,050,920 (2015 - $16,278,758) for the company is available for set-off against future profits and may be carried forward indefinitely.

20. **INVENTORIES:**

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Manufacturing:				
Machine spares	6,514	5,867	6,514	5,867
Finished goods	45,790	49,363	45,790	49,363
Raw materials	107,862	62,538	107,862	62,538
	160,166	117,768	106,166	117,768
Retail	18,002	37,050	-	-
Development:				
Housing under construction	267,846	234,462	-	-
	446,014	389,280	160,166	117,768

21. **RECEIVABLES:**

	The Group 2016 $'000	The Group 2015 $'000	The Company 2016 $'000	The Company 2015 $'000
Trade receivables	150,302	233,781	141,687	172,008
Less: Provision for bad debt	(1,590)	(52)	(1,397)	-
Net receivable	148,712	233,729	140,290	172,008
Deposit	1,972	2,303	1,469	1,153
Prepaid expenses	7,035	17,024	5,939	15,525
Short term loan receivable	16,457	16,009	15,648	15,278
Other receivables	8,770	8,862	871	2,391
	182,946	277,927	164,217	206,355

The aging of trade receivables is as follows:

	The Group 2016 $'000	The Group 2015 $'000	The Company 2016 $'000	The Company 2015 $'000
0-30 days	108,558	120,397	100,499	120,282
31-60 days	9,205	17,874	8,573	17,874
61-90 days	6,458	15,443	6,831	15,356
Over 90 days	26,081	80,067	25,784	18,496
	150,302	233,781	141,687	172,008

22. **CURRENT ASSET HELD-FOR-SALE:**

The inventory of the Savanna-la-mar location has been classified as held for sale in the statement of financial position. The agreement called for the sale to be completed by the end of October 2016. A deposit of eight million dollars ($8,000,000) was received prior to the year end and is included in the other payables amount.

	2016 $'000	2015 $'000
Inventory held-for-sale	21,100	-

23. **CASH AND CASH EQUIVALENTS:**

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash in hand	1,426	4,588	50	590
Cash at bank	29,894	18,312	15,713	14,498
	31,320	22,900	15,763	15,088
Bank overdrafts	(15,960)	(49,180)	(2)	(40,220)
	15,360	(26,280)	15,761	(25,132)

Interest rate exposure -

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

		2016	2015
Cash at bank	- US$	0.10%	0.20%
	- CAD$	0.11%	0.20%
	- Sterling £	0.10%	0.25%

The Group has bank overdraft facilities with The 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:**

	2016 $'000	2015 $'000
Authorised - 500,000,000 (2015 – 250,000,000) ordinary shares of no par value		
Stated capital - Issued and fully paid - 337,416,730 ordinary shares of no par value	141,420	141,420

At the Annual General Meeting held on 16 March 2016 –

(a) The shareholders passed a resolution for the company to sub-divide its share capital into two (2) shares for each existing shares, resulting in the total number of authorised shares being increased to 500,000,000 ordinary shares at no par value and the total number of issued shares being increased to 337,416,730 of no par value with effect from 16 March 2016.

24. **SHARE CAPITAL (CONT'D):**

(b) The shareholders approved a resolution for the second tranche of 8 million shares before the stock split (16 million – post split) be issued to the directors at a price of $9 or $4.50 after the effect of the stock split and that the expiry date of tranches 1 and 2 shall be five years from the date each yearly allotment becomes effective.

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 of the company to set aside as part of a stock option plan for directors and a stock purchase plan for employees, to be issued in two tranches of 8 million shares to be issued between June 2011 and June 2021. The shares allocated for the staff are to be priced as a 10 percent discount to the last stock market selling price on the date the offer is taken up. The staff will be given a specific time in each year in which to take up the offer and they can access an interest free loan for a three year term to acquire the shares.

The exercised price of the directors' shares was originally approved at the AGM in 2011 at $7 each, now $3.50 per share, adjusted for the split.

25. **CAPITAL RESERVES:**

	2016 $'000	2015 $'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

26. **FAIR VALUE RESERVES:**

This represents unrealised surplus/(deficit) on revaluation of investments.

27. **LONG TERM LIABILITIES:**

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
The Bank of Nova Scotia Jamaica Limited:				
(i) 8.95% loan	85,000	97,000	85,000	97,000
(ii) 9.75% loan	-	91,338	-	-
(iii) 9.95% loan	10,683	13,809	10,683	13,809
Sagicor Bank Jamaica Limited - loan	2,481	-	2,481	-
Bond payable	103,178	103,178	103,178	103,178
	201,342	305,325	201,342	213,987
Less current portion (note 29)	(13,085)	(12,821)	(13,085)	(12,821)
	188,257	292,504	188,257	201,166

The Bank of Nova Scotia Loans –

(i) This loan Is repayable over five years on the amortised basis ending October 2018 at an interest rate of 8.95%. It is secured by 1st legal mortgage over property located at 2 Bell Road, Kingston 11; along with unlimited guarantee provided by related companies and a director of the company.

(ii) This loan shall not exceed eighteen (18) months at a fixed interest rate of 9.75% per annum. The loan principal is to be repaid from sales proceeds of the housing units being constructed. The loan is secured by the following:

- First Legal Mortgage to be stamped $109,483,000 over Certificates of Title covering development property located at Poor Man's Corner, Yallahs, St. Thomas, registered at Volume 1092 Folio 615. The mortgage may be held pari passu with any charge registered in favour of the Real Estate Board.
- Assignment of Contractor/Builder's Risk and Public Liability insurance with minimum sum insured of not less than the replacement value of the units being build.
- The unlimited personal guarantee of a director of the company.
- General assignment of all agreements for sale of units to end purchases.
- Subordination of intercompany loans from Jamaican Teas Limited or related/affiliated companies with no repayment of principal or interest until the bank loan is repaid in full.

27. **LONG TERM LIABILITIES (CONT'D):**

(iii) This loan is repayable over five years on the amortised basis ending sixty months after initial disbursement at an interest rate of 9.95%. It is secured by the legal mortgage over the Bell Road property and also the property owned by H Mahfood & Sons Limited, located at 9 Chancery Street, Kingston 19. The loan is also secured by unlimited guarantee provided by related companies and a director of the company.

The corporate bond is a fixed and floating rate note issued in November 2014 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.

The Sagicor Bank Jamaica Limited loan is repayable over three years at an interest rate of 10% per annum. The loan is secured by a Bill of Sale over a 2016 Toyota Yaris with assignment of comprehensive insurance for the full insurable value with the bank's interest noted.

28. **PAYABLES:**

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade payables	65,410	45,404	18,347	13,898
Other payables	15,750	18,949	1,660	15,074
	81,160	64,353	20,007	28,972

29. **SHORT TERM BORROWINGS:**

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
(i) Mayberry Investments Limited	42,677	47,131	42,677	47,131
(ii) Other loans	21,383	2,825	20,955	2,724
Current portion of long term loans (note 27)	13,085	12,821	13,085	12,821
	77,145	62,777	76,717	62,676

29. **SHORT TERM BORROWINGS (CONT'D):**

(i) The Mayberry Investments Limited loan is at an interest rate of 15%. This loan is secured by quoted equities held by the institution with a market value of $156.6 million.

(ii) Other loans and credit card balances are unsecured and have no fixed repayment terms. Interest is charged at the rates of 10% and 39.75%. Interest is chargeable on credit card balances after the due date for payment if a balance exists. The company normally pays off the amounts due in full on or before the due date.

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

The following transactions were carried out with related parties.

(a) **Key management compensation -**

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Salaries and other short-term employees benefits	18,148	21,618	18,148	21,289

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

	The Company	
	2016	2015
	$'000	$'000
Due from related companies –		
Subsidiaries:		
H Mahfood & Sons Limited	391,450	341,391
JRG Shoppers Delite Enterprise Limited	-	34,192
	391,450	375,583
Amalgamated Distributors Limited	38,722	45,749
Due to related companies –		
Subsidiary:		
JRG Shoppers Delite Enterprise Limited	7,779	9,415
Amalgamated Distributors Limited	2,465	3,747

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

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

	2016 $'000	2015 $'000
Amounts included in –		
Receivables (note 21)	391	13,792
Payables (note 28)	(13,699)	(161)
Short term borrowings (note 29)	(13,609)	3,705

(d) **Transactions and balances with related parties -**

Transactions -

	2016 $'000	2015 $'000
Sale of goods	330,992	357,445
Management fees	6,000	6,000

Balances -

	2016 $'000	2015 $'000
Amounts included in receivables (note 21)	391	13,792
Amounts included in payables (note 28)	(13,699)	(167)
Amounts included in short term borrowings (note 29)	(6,486)	(2,186)

31. **RESTATEMENT OF PRIOR YEAR BALANCES:**

During the year, the following balances as per the 2014 and 2015 financial statements were restated due to the transfer of the Harbour Street property from property, plant and equipment to investment properties.

The restatement has no effect on the statements of profit or loss and other comprehensive income and cash flows for the year ending 30 September 2014.

Effect on the Group's statement of financial position as at 30 September 2014:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	293,248	(19,194)	274,054
Investment properties	55,754	19,194	74,948
Intangible assets	1,390	-	1,390
Investment in associate	24,770	-	24,770
Investment	101,523	-	101,523
Deferred tax asset	7,121	-	7,121
	483,806	-	483,806
CURRENT ASSETS:			
Inventories	288,906	-	288,906
Receivables	219,644	-	219,644
Taxation recoverable	9,253	-	9,253
Short term investment	21,884	-	21,884
Cash and cash equivalents	14,657	-	14,657
	554,344	-	554,344
	1,038,150	-	1,038,150
EQUITY AND LIABILITIES:			
SHAREHOLDERS' EQUITY			
Share capital	141,420	-	141,420
Capital reserve	7,059	-	7,059
Fair value reserves	(11,913)	-	(11,913)
Retained earnings	498,257	-	498,257
	634,823	-	634,823
Non-controlling interest	(708)	-	(708)
	634,115	-	634,115
NON-CURRENT LIABLITIES:			
Long term liabilities	200,179	-	200,179
CURRENT LIABLILITIES:			
Payables	100,766	-	100,766
Short term borrowings	53,091	-	53,091
Bank overdraft	49,999	-	49,999
	203,856	-	203,856
	1,038,150	-	1,038,150

31. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the Group's statement of financial position as at 30 September 2015:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	287,251	(18,678)	268,573
Investment properties	58,145	20,618	78,763
Intangible assets	1,594	-	1,594
Investment in associate	25,095	-	25,095
Investment	117,571	-	117,571
Deferred tax asset	3,790	-	3,790
	493,446	1,940	495,386
CURRENT ASSETS:			
Inventories	389,280	-	389,280
Receivables	277,927	-	277,927
Taxation recoverable	8,679	-	8,679
Cash and cash equivalents	22,900	-	22,900
	698,786	-	698,786
	1,192,232	1,940	1,194,172
EQUITY AND LIABILITIES:			
SHAREHOLDERS' EQUITY			
Share capital	141,420	-	141,420
Capital reserve	7,059	-	7,059
Fair value reserves	10,227	-	10,227
Retained earnings	564,632	1,940	566,572
	723,338	1,940	725,278
NON-CURRENT LIABLITIES:			
Long term liabilities	292,504	-	292,504
CURRENT LIABLILITIES:			
Payables	64,353	-	64,353
Taxation payables	80	-	80
Short term borrowings	62,777	-	62,777
Bank overdraft	49,180	-	49,180
	176,390	-	176,390
	1,192,232	1,940	1,194,172

31. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the Group's statement of profit or loss and other comprehensive income at 30 September 2015:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
REVENUE	1,333,457	2,720	1,336,177
Cost of sales	(1,077,048)	-	(1,077,048)
GROSS PROFIT	256,409	2,720	259,129
Other operating income	31,269	(2,720)	28,549
	287,678	-	287,678
ADMINISTRATIVE AND OTHER EXPENSES			
Selling and marketing	(33,659)	-	(33,659)
Administrative expenses	(125,662)	515	(125,147)
	(159,321)	515	(158,806)
OPERATING PROFIT	128,357	-	128,872
Finance costs	(37,754)	-	(37,754)
Share of results of associated company	(12,737)	-	(12,737)
PROFIT BEFORE TAXATION	77,866	515	78,381
Taxation expense	(6,180)	-	(6,180)
NET PROFIT	71,686	515	72,201
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified to profit or loss -			
Unrealised gain on financial investments	15,968	-	15,968
TOTAL COMPREHENSIVE INCOME	87,654	515	88,169
Net profit attributable to:			
Owners of Jamaican Teas Limited	71,686	515	72,201
Total comprehensive income attributable to:			
Owners of Jamaican Teas Limited	87,654	515	88,169
Earnings per stock unit for profit attributable to owners of the company during the year:			
Basic	$ 0.42		$ 0.21

31. **RESTATEMENT OF PRIOR YEAR BALANCES (CONT'D):**

Effect on the Group's statement of cash flows at 30 September 2015:

	As previously reported $'000	Effect of restatement $'000	As restated $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	71,686	515	72,201
Items not affecting cash resources:			
Gain on disposal of investments	2,764	-	2,764
Gain on disposal of property, plant and equipment	(715)	-	(715)
Share of loss from associate	12,737	-	12,737
Exchange gain on foreign balances	(6,853)	-	(6,853)
Depreciation	16,441	(515)	15,926
Amortisation	630	-	630
Interest expense	35,574	-	35,574
Interest income	(10,624)	-	(10,624)
Taxation	6,180	-	6,180
	127,820	-	127,820
Changes in operating assets and liabilities:			
Inventories	(100,374)	-	(100,374)
Receivables	(58,283)	-	(58,283)
Payables	(36,413)	-	(36,413)
	(67,250)	-	(67,250)
Tax paid	(2,195)	-	(2,195)
Cash used in operating activities	(69,445)	-	(69,445)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net decrease in investments	25,212	-	25,212
Proceeds from disposal of property, plant and equipment	1,450	-	1,450
Acquisition of investment property	(2,391)	-	(2,391)
Acquisition of property, plant and equipment	(11,179)	-	(11,179)
Investment is subsidiaries	(4,603)	-	(4,603)
Purchase of intangible assets	(834)	-	(834)
Net increase in investment in associate	(13,062)	-	(13,062)
Interest received	10,624	-	10,624
Cash provided by investing activities	5,217	-	5,217
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loan proceeds	105,928	-	105,928
Loan repayments	(3,917)	-	(3,917)
Interest paid	(35,574)	-	(35,574)
Cash provided by financing activities	66,437	-	66,437
INCREASE IN CASH AND CASH EQUIVALENTS	2,209	-	2,209
Cash and cash equivalents at beginning of year	(35,342)	-	(35,342)
Exchange gain on foreign cash balances	6,853	-	6,853
CASH AND CASH EQUIVALENTS AT END OF YEAR	(26,280)	-	(26,280)

32. **COMMITMENTS:**

The total future value of minimum lease payments due is Nil (2015 - $3,276,774).

For the residential property development at Orchid Estate in Yallahs, St. Thomas, the estimated additional costs to complete the next batch of residential units to which the Group is contractually committed is $104 million (2015 - $42 million).

33. **SUBSEQUENT EVENT:**

The Directors of Bay City Foods Limited entered into an agreement on 30 September 2016 to dispose of the company's equipment and its inventory on 31 October 2016. The company is in discussion with the joint venture shareholder with a view to acquiring majority shares in the company.

During the year the company made a bid to purchase the Government of Jamaica 42.95% ordinary shareholdings and all the preference shares in KIW International Limited for a consideration of $57 million. The company was advised that they were selected as the preferred bidder for the shares. Further to the advisory, the agent for the seller provided the company with a draft agreement. Both parties have agreed on the major terms of the agreement. At the date of signing this report the company has not received the final agreement.

Place
$100.00
stamp
here

I/We……

……

of……

being a member/members of Jamaican Teas Limited hereby appoint ……………………………………

……

of ……

……

or failing him/her……………………………………………………………………………………………

……

of……

as my/our proxy to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at The Courtyard Marriott, 1 Park Close, Kingston 5, on Wednesday, 12th day of April 2017, at 3:00 pm. and at any adjournment thereof.

Signed this……………………………………………. day of…………………………………..20……

…………………………………………………………….............Signature

………………………………………………………………...Signature

NOTE: To be valid:

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company.
2) If executed by a corporation, this proxy must be sealed. A Corporate shareholder may appoint a representative in accordance to Article of the company's Articles of Association instead of appointing a proxy.
3) This Form of Proxy must be received by the Registrar of the Company, 2 Bell Road Kingston 11, not less than 48 hours before the time of the meeting.
4) This Form of Proxy should bear stamp duty of $100.00. Adhesive stamps are to be cancelled by the person signing the proxy.

CORPORATE ASSOCIATED

Auditors:
BDO Chartered Accountants
26 Beechwood Avenue, Kingston

The Bank of Nova Scotia Jamaica Ltd.
Scotia Centre, Duke & Port Royal Streets

National Commercial Bank Jamaica Ltd.
Duke Street Branch, Kingston

Registrars and Transfer Agents:
Jamaica Central Securities Depository Ltd.
40 Harbour Street, Kingston

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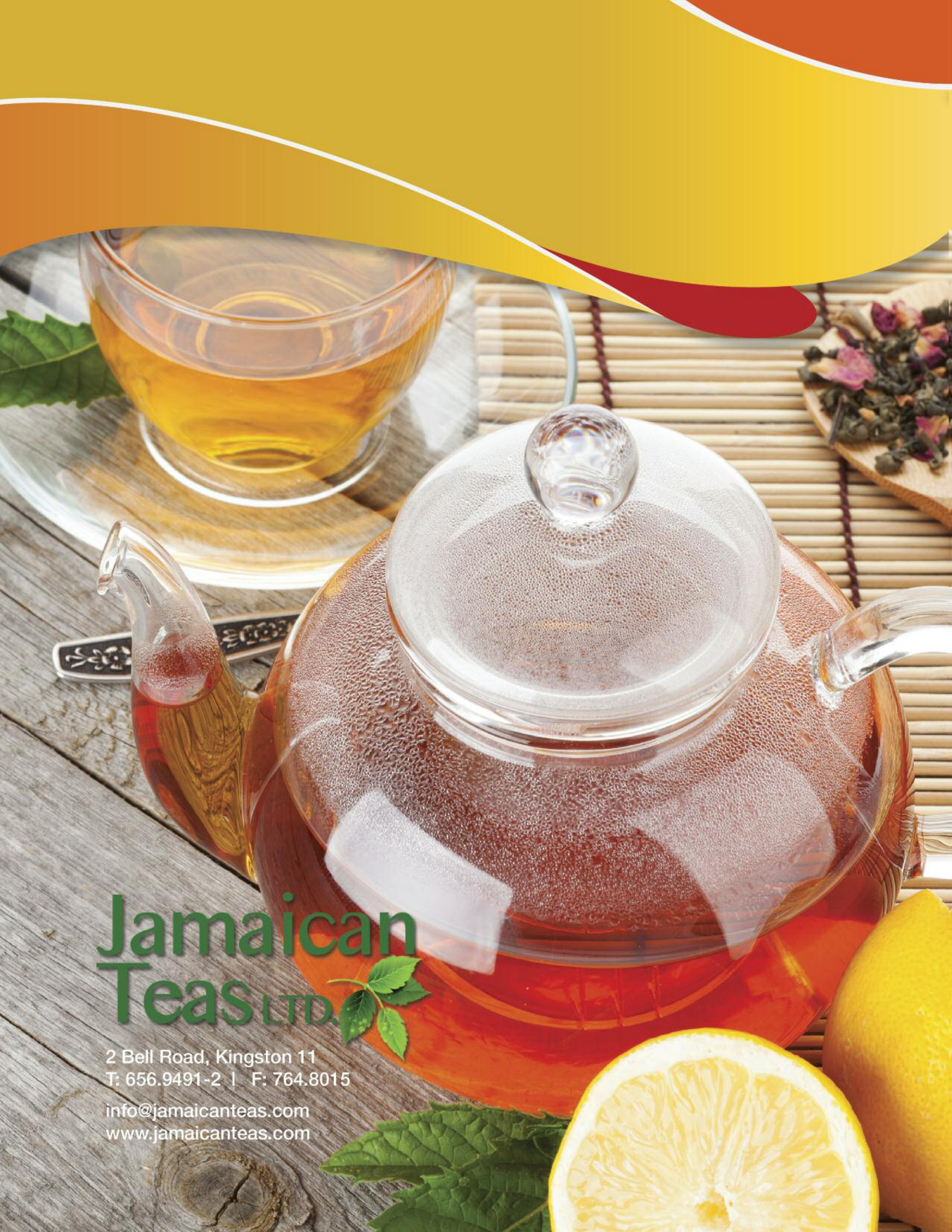

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