

September 2017
Interim Results

JAMAICAN TEAS LIMITED

***Unaudited Consolidated
Financial Statements
Fourth Quarter (September 2017)***

Jamaican Teas Limited

Board of Directors' Commentary

Fourth quarter results to September 2017

Jamaican Teas completed yet another successful year to September 2017 in which our shareholders' equity passed the \$1 billion mark. Profit after tax rose 38 percent. For the full year the unaudited net profit increased from \$118 million to \$186 million. In the September quarter we recorded net profit of \$39 million versus \$21 million in the comparative period of 2016, an increase of 86 percent.

Earnings per share after discontinued operations moved from 3.1 cents in 2016 to 6.4 cents for the quarter and for the full year to 28.1 cents from 17.5 cents in 2016.

Revenues from our manufacturing operations grew 15% for both the quarter and the full year while supermarket sales increased by 9% in the quarter. Sales at the supermarket started off slowly in the first 6 months of the fiscal year but picked up in the second half delivering an increase of six percent in sales for the year. Tea exports were up 24% for the quarter and 26% year to date while domestic tea sales increased by 4% in the quarter and 4.5 percent for the year to date. Overall the group saw a 19% increase in revenues from \$1.287 Billion last year to \$1.535 Billion this year.

There was reduced completion of sales contracts of homes at the housing project in St Thomas during the quarter. The development is nearing completion and the balance of units are expected to be delivered by end of the calendar year.

Our investment portfolio continues to perform well resulting in realized gains of \$24.5 million in the quarter and \$60 million for the year. We continue to hold investments of \$232 million as at 30th September 2017.

In 2016 we incurred losses of \$28 million from the discontinued operation of the western supermarkets which have not recurred in 2017. During the year we enjoyed a \$13m reduction in finance costs as a result of lower borrowings and interest rates as well as a \$30m gain on the acquisition of KIW International Ltd during the period.

Retail Division

Plans are now well advanced for the renovation and expansion of the Kingston store. This will be undertaken in the 2017/18 financial year.

Developments after the year end

During November 2017 KIW International Ltd completed the sale of its premises at 138 Spanish Town Road and thereafter will focus in the medium term on managing its financial resources.

At a meeting of the Board of Directors to be held on November 15, 2017 the Directors will consider the payment of a dividend.

After the year end our October 2017 export sales surged by 100 percent while local sales rose by 26% for domestic tea sales and 8% at our supermarket over October 2016.



John Jackson
Director



John Mahfood
Chief Executive Officer

JAMAICAN TEAS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FORTH QUARTER ENDED 30th, SEPTEMBER 2017

		4th Quarter		Year to Sept	
		2017	2016	2017	2016
OPERATING REVENUES	Note 6	357,641,308	342,092,099	1,534,976,177	1,287,094,000
COST OF GOODS SOLD		<u>270,254,077</u>	<u>264,953,166</u>	<u>1,198,003,437</u>	<u>980,949,000</u>
GROSS PROFIT		87,387,231	77,138,933	336,972,740	306,145,000
OTHER INCOME	7	<u>44,153,275</u>	<u>21,008,232</u>	<u>93,724,637</u>	<u>60,704,847</u>
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES		<u>131,540,506</u>	<u>98,147,165</u>	<u>430,697,377</u>	<u>366,849,847</u>
Sales and Marketing costs		11,740,645	14,681,892	39,643,766	43,913,000
Administration costs		54,744,378	30,551,965	160,497,746	118,993,000
		<u>66,485,023</u>	<u>45,233,857</u>	<u>200,141,512</u>	<u>162,906,000</u>
OPERATING PROFIT		65,055,483	52,913,308	230,055,865	203,943,847
Finance costs		7,126,752	8,849,439	25,591,245	38,669,000
Gain on acquisition of subsidiary				(30,628,000)	
Share of associated company loss		4,148,951	0	4,148,951	0
PROFIT BEFORE TAXATION		<u>53,779,781</u>	<u>44,063,869</u>	<u>231,443,670</u>	<u>165,274,847</u>
TAXATION	8	<u>(8,313,280)</u>	<u>(5,050,185)</u>	<u>(28,632,195)</u>	<u>(18,766,000)</u>
PROFIT AFTER TAX		45,466,501	39,013,684	202,811,475	146,508,847
Non-operating expenses		<u>6,073,329</u>	<u>0</u>	<u>14,675,329</u>	<u>0</u>
PROFIT FROM CONTINUING OPERATIONS		39,393,172	39,013,684	188,136,146	146,508,847
LOSS FROM DISCONTINUED OPERATIONS		<u>0</u>	<u>(17,843,839)</u>	<u>(1,901,000)</u>	<u>(28,574,000)</u>
NET PROFIT		39,393,172	21,169,845	186,235,146	117,934,847
OTHER COMPREHENSIVE INCOME:					
Appreciation In Investments		<u>(33,790,148)</u>	<u>10,469,115</u>	22,830,232	34,890,000
TOTAL COMPREHENSIVE INCOME		<u>5,603,024</u>	<u>31,638,960</u>	209,065,378	152,824,847
Net profit attributable to :					
Owners of Jamaican Teas Limited		43,628,242	21,169,845	191,122,992	117,934,847
Non-controlling interest		<u>4,235,071</u>	<u>0</u>	<u>4,887,846</u>	<u>0</u>
		<u>\$39,393,172</u>	<u>21,169,845</u>	<u>186,235,146</u>	<u>117,934,847</u>
Total comprehensive income attributable to :					
Owners of Jamaican Teas Limited		11,753,985	31,638,960	214,838,868	152,824,847
Non-controlling interest		<u>6,150,961</u>	<u>0</u>	<u>5,773,490</u>	<u>0</u>
		<u>\$5,603,024</u>	<u>31,638,960</u>	<u>209,065,378</u>	<u>152,824,847</u>
Number of Shares outstanding		<u>682,033,460</u>	<u>674,003,721</u>	<u>679,657,115</u>	<u>674,003,721</u>
EPS from continued operations-cents		<u>6.40</u>	<u>5.79</u>	<u>28.4</u>	<u>21.7</u>
EPS after discontinued operations-cents		<u>6.40</u>	<u>3.14</u>	<u>28.1</u>	<u>17.5</u>
Total comprehensive income per share-cents		<u>1.72</u>	<u>4.69</u>	<u>31.6</u>	<u>22.7</u>

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017

	<u>2017</u>	<i>Audited</i> <u>2016</u>
FIXED ASSETS	308,711,831	291,234,000
CAPITAL WORKS IN PROGRESS	2,060,859	
INVESTMENT PROPERTY	141,179,930	89,353,000
INVESTMENTS – QUOTED		
EQUITIES	232,677,668	157,789,000
ASSOCIATED COMPANY	27,464,608	22,829,000
DEFERRED TAX ASSETS	2,714,581	
 CURRENT ASSETS		
<i>Inventories</i>	174,463,412	178,168,000
<i>Housing under construction</i>	217,385,951	267,846,000
<i>Trade Receivables</i>	186,651,546	182,946,000
<i>Other Receivables</i>	38,386,313	
<i>Intangibles</i>	2,155,313	2,065,000
<i>Taxation recoverable</i>	14,687,882	2,143,000
<i>Cash & Short term investments</i>	71,559,954	31,320,000
<i>Asset held for sale</i>	<u>146,865,000</u>	<u>21,100,000</u>
 <i>Total Current Assets</i>	<u>852,155,371</u>	<u>685,588,000</u>
 CURRENT LIABILITIES		
<i>Accounts Payable</i>	98,110,435	81,160,000
<i>Income tax payable</i>	32,442,906	0
<i>Deferred tax</i>	8,882,219	6,168,000
<i>Deposit on sale of asset held for sale</i>	16,000,000	0
<i>Short Term Borrowings</i>	44,918,895	64,060,000
<i>Bank Overdraft</i>	16,290,527	15,960,000
<i>Current portion - Long Term Loan</i>	<u>106,382,580</u>	<u>13,085,000</u>
 <i>Total Current Liabilities</i>	<u>323,027,562</u>	<u>180,433,000</u>
 NET CURRENT ASSETS	<u>529,127,809</u>	<u>505,155,000</u>
	<u>1,243,937,286</u>	<u>1,066,360,000</u>
 EQUITY & NON-CURRENT LIABILITIES		
STOCKHOLDERS' EQUITY	1,058,897,660	878,103,000
NON-CONTROLLING INTEREST	115,243,152	0
LONG-TERM LOAN	<u>69,796,474</u>	<u>188,257,000</u>
	<u>1,243,937,286</u>	<u>1,066,360,000</u>

Note 9

JAMAICAN TEAS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOURTH QUARTER ENDING 30th SEPTEMBER 2017

	Attributable to the company's owners				
	Share Capital	Capital Reserves	Fair Value Reserves	Retained Earnings	Total
Balance as at 30 September 2015 (Restated)	141,420,862	7,058,436	10,227,000	566,572,000	725,278,298
Other Comprehensive income	-	-	34,890,000	117,934,847	152,824,847
Balance as at September 2016	141,420,862	7,058,436	45,117,000	684,506,847	878,103,145
Shares issued	12,600,000				12,600,000
Dividends paid				(20,365,000)	(20,365,000)
Revaluation of investment property		10,089,510			10,089,510
Acquisition of subsidiary					0
Recognition of non-controlling interest					0
Other Comprehensive income	-	-	(7,765,141)	186,235,146	178,470,005
Balance as at September 2017	154,020,862	17,147,946	37,351,859	850,376,993	1,058,897,660

Share Capital:
The authorised share capital comprises 1,000 million ordinary shares of no par value.
The total number of issued shares is 682,033,460 (2016: 674,833,460).

JAMAICAN TEAS LIMITED
STATEMENT OF CASHFLOWS
4th QUARTER ENDING SEPT 30,2017

	<i>Unaudited</i>	<i>Audited</i>
	2017	2016
<i>Net profit for the period to date</i>	186,235,146	117,935,000
<i>Adjustments for:</i>		
<i>Gain on Sale of Investments</i>	(60,556,445)	(34,650,064)
<i>Gain on sale of fixed assets</i>	(1,520,000)	(7,343,000)
<i>Tax expense</i>	28,632,195	18,766,000
<i>Depreciation</i>	19,780,874	17,890,000
<i>Gain on acquisition of subsidiary</i>	(30,628,000)	
<i>Other</i>		49,459,000
<i>Operating cash flows before movements in working capital</i>	141,943,770	162,056,936
<i>Changes in operating assets and liabilities</i>	(15,936,618)	31,601,000
<i>Net cash provided by operating activities</i>	126,007,152	193,657,936
 <i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
<i>Net cash (used) in investing activities</i>	(75,115,351)	(33,824,000)
 <i>CASH FLOWS FROM FINANCING ACTIVITIES:</i>		
<i>Financing activities</i>	(10,982,374)	(126,729,000)
<i>Net cash (used in) financing activities</i>	(10,982,374)	(126,729,000)
 <i>Increase /(decrease) in cash and cash equivalent</i>	39,009,426	33,104,936
<i>Cash and cash equivalent at beginning of the period</i>	15,360,000	(26,279,601)
<i>Cash and cash equivalent at the end of period</i>	\$55,269,426	\$15,360,000

JAMAICAN TEAS LIMITED SEGMENT RESULTS FOURTH QUARTER ENDING 30TH SEPT 2017					
SEGMENT RESULTS - 2017					
	Manufacture	Retail	Property Sale & Rental	Investments	TOTAL
REVENUES	922,376,248	419,209,864	191,833,781	1,556,284	1,534,976,177
Results	211,476,587	22,785,774	(20,808,813)	22,139,073	235,592,621
Associated Company		(4,148,951)			(4,148,951)
Total Segment Results	<u>\$211,476,587</u>	<u>18,636,823</u>	<u>(20,808,813)</u>	<u>22,139,073</u>	<u>231,443,670</u>
Segment Assets	<u>\$888,105,251</u>	<u>43,242,503</u>	<u>384,844,223</u>	<u>227,508,250</u>	<u>1,543,700,227</u>
Segment Liabilities	<u>\$320,358,845</u>	<u>35,722,431</u>	<u>18,350,306</u>	<u>22,592,441</u>	<u>397,024,023</u>
SEGMENT RESULTS - 2016					
	Manufacture	Retail	Property Sale & Rental	Investments	TOTAL
REVENUES	800,168,000	394,287,000	89,919,000		1,284,374,000
Segment Results	146,394,000	14,843,000	(4,038,000)		165,275,000
Associated Company					
Total Segment Results	<u>\$146,394,000</u>	<u>14,843,000</u>	<u>(4,038,000)</u>		<u>165,275,000</u>
Segment Assets	<u>\$765,081,000</u>	<u>62,640,000</u>	<u>396,243,000</u>		<u>1,223,964,000</u>
Segment Liabilities	<u>\$291,392,000</u>	<u>53,168,000</u>	<u>24,130,000</u>		<u>368,690,000</u>

JAMAICAN TEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 Sept 2017

1. IDENTIFICATION:

Jamaican Teas Limited (the Company) is incorporated and domiciled in Jamaica. Its registered office is situated at 2 Bell Road, Kingston 11, Jamaica WI. The Company is listed on the Junior Market of the Jamaica Stock Exchange. The principal activity of the company and its subsidiaries are as follows:

- Jamaican Teas Ltd processes local teas which it packages along with imported teas and distributes for the Jamaican and overseas markets.
- JRG Shoppers Delite Ltd is a retail supermarket selling consumer and household products.
- H Mahfood & Sons Limited is in the business of rental and development of residential properties
- KIW International Ltd owns a warehouse and various financial investments quoted on the JSE.

2. BASIS OF CONSOLIDATION:

The consolidated financial statements combine the financial position, results of operations and cash flows of the company and its subsidiaries JRG Shoppers Delite Ltd, KIW International Limited and H Mahfood & Sons Limited.

3. ACCOUNTING POLICIES:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act. The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended September 30, 2016 and comply with the requirements of the International Financial Reporting Standards (IAS 34, interim Financial Reporting).

4. NEW STANDARDS:

Revised IAS 1 was considered in preparing these financial statements.

5. USE OF ESTIMATES AND JUDGEMENTS:

(a) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

(b) Depreciation

Depreciation is recognized on profit or loss on the straight line basis, over the estimated useful lives of property, plant and equipment.

(c) Borrowings

Borrowings are recognized initially as the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method with any difference between proceeds net of transactions costs and the redemption value recognized in income along with regular interest charges over the period of the borrowings.

6. OPERATING REVENUE:

	4th Quarter		Year to Sept	
	2017	2016	2017	2016 Audited
SALES				
Local Manufacturing	103,247,188	98,150,020	418,142,304	400,171,000
Foreign Manufacturing	124,829,723	100,555,300	504,233,944	399,997,000
Retail	111,939,061	102,934,694	419,209,864	394,287,000
Sales of Homes	16,748,991	39,852,085	189,433,781	90,239,000
Rental	876,345	600,000	3,956,284	2,400,000
TOTAL SALES	<u>\$357,641,308</u>	<u>342,092,099</u>	<u>1,534,976,177</u>	<u>1,287,094,000</u>

7. OTHER INCOME:

	4th Quarter		Year to Sept	
	2017	2016	2017	2016 Audited
Interest Income	772,024	147,302	2,755,539	504,000
Dividend Income	635,214	601,953	4,249,881	4,745,985
Rental and miscellaneous Income	1,262,589	1,224,770	4,898,823	1,941,000
Gain /(Loss) on Sale of Investments	24,098,848	9,588,257	60,556,445	34,650,064
Foreign Exchange Gain	70,098	2,056,950	2,832,973	8,417,298
Revaluation gains on investment properties	11,594,502	6,839,000	11,594,502	6,839,000
Gain on Sale of Fixed Assets	720,000	550,000	1,520,000	3,607,500
Other income	5,000,000		5,316,474	
	<u>\$44,153,275</u>	<u>21,008,232</u>	<u>93,724,637</u>	<u>60,704,847</u>

8. TAXATION:

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, the Company is tax exempt for the first five years and is subject to taxation at 50% of the standard corporate rate during the second five years.

9. LONG TERM LOANS:

	2017	2016 Audited
Bank of Nova Scotia Jamaica Ltd. (Loan	73,000,474	95,683,141
Sagicor Bank Jamaica Ltd	NIL	2,480,810
Corporate Bond due -2017	<u>103,178,580</u>	<u>103,178,580</u>
	176,179,054	201,342,531
Less Current Portion	<u>(106,382,580)</u>	<u>(13,085,000)</u>
Total loans less short term portion	<u>\$69,796,474</u>	<u>188,257,531</u>