



Second Quarter Results

MARCH 2021



Board of Directors' Commentary

Second Quarter Results to March 2021

The Jamaican Teas Limited (JTL) Group of Companies continues to operate in period of challenges and opportunities. As a Group we have been fortunate to have navigated the challenges in 2020 and have entered the 2021 fiscal year with some excellent developments, strong increases in exports sales and a good rebound in the performance in our investment company.

OVERVIEW

Our second quarter results reflect a good performance but with some moderation of the strong trends seen in the first quarter. Since the end of the quarter, the Group continues to record strong sales on both the export and local markets and increased gains in your investment company.

Our manufacturing operations had mixed results with sales improving 26 percent to \$406 million and an increase in export sales of 56 percent over the prior year. This was a deceleration from the 88 percent growth rate in the first quarter. Exports accounted for 70 percent of total sales in the quarter. Our domestic sales decreased 14 percent compared with the prior year. The declining local performance was primarily the result of shortages of certain raw materials arising from disruptions in shipping services from our suppliers which resulted in items being out of stock. As a result, we were unable to meet all our domestic orders.

We have completed sale agreements for 17 of the 18 units at our Violet's View apartment complex in Manor Park. Physical completion of this development occurred in 2020. The proceeds and profits from the sale of three units are included in the quarter and the balance will be reported in the third quarter.

During the quarter the improvement in the prices of stocks on the Jamaican and New York Stock Exchanges continued. This has resulted in investment gains for QWI Investments Ltd (QWI) resulting in a net profit of \$79 million this quarter and \$171 million for the six months period. Our expectation is that we will see a continuation of this trend in the second half of the financial year.

REVENUES

JTL's total revenues for the quarter increased by \$135.3 million to \$608.5 million. \$67 million of this increase arose because in the year ago quarter real estate sales had not commenced at Violet's View. Sales at our supermarket decreased by 11 percent. This was a direct result of operating restrictions on store hours due to longer curfews on the island, as compared with a year ago when at least two months of the quarter were not affected by school closures and other COVID related restrictions.

The increase in Investment and Other Income this quarter mainly reflects a reversal of the un-realized investment losses of QWI a year ago.

For the half year, the 35 percent increase in sales reflects a 70 percent increase in export manufacturing

Board of Directors' Commentary

(Continued)

sales, a 3 percent decrease in domestic manufacturing sales, an 8 percent decrease in supermarket sales compared with last year, and the completion of sales of the remaining Violet's View apartments that were not accounted for in the 2020 fiscal year. There were no sales of real estate units in the comparative period last financial year.

The reversal in the Investment and Other Income from a \$610 million loss to Income of almost \$240 million, primarily resulted from a recovery from the heavy unrealized losses QWI experienced in its share holdings in the second quarter of 2020 caused by the onset of COVID 19 and its impact on stock prices.

EXPENSES

Cost of Sales increased in the quarter and half year and largely matches increases in revenues as well as the effects of booking the cost of the real estate units sold in the period. The real estate development has lower profit margins as compared with the manufacturing division. The manufacturing division experienced some cost pressures from increased freight costs and raw material price increases that were not passed on to customers.

The decrease in sales and marketing expenses for the quarter and half year primarily reflects the curtailment of some of our overseas marketing activities due to COVID related travel restrictions.

The increase in interest expense during the quarter resulted from higher borrowings at QWI. For the half year, the decrease in interest costs is mainly a result of lower borrowing rates at Jamaican Teas in the first quarter compared with a year ago.

NET PROFIT

Net profit attributable to Jamaican Teas for the quarter was \$82 million, a strong reversal from the \$47 million loss in the previous year quarter. Total attributable

comprehensive earnings per share based on the existing number of shares is 4 cents for the quarter. Total attributable comprehensive diluted earnings per share was 4 cents (versus 2020 – loss of 2 cents).

For the half year, net profit attributable to Jamaican Teas was \$198.3 million, a strong reversal from the \$19 million loss in the previous year. Total attributable comprehensive diluted income per share was 9 cents (2020 – loss of 1 cent).

We continue to take action to protect the health and welfare of our staff in order to minimize the risk of exposure to the COVID-19 virus.

ANNUAL GENERAL MEETING

Our AGM scheduled for March 2021 had to be adjourned without any business being conducted due to increased COVID restrictions imposed by the government on such meetings. On 21 April 2021, JTL filed an application in the Supreme Court of Judicature of Jamaica seeking permission for the Company to hold virtually its AGM and any Extraordinary General Meeting (EGM), pursuant to section 130 (2) of the Companies Act. The application is scheduled to be heard on 13 May 2021.

OUTLOOK

For the first month of the new quarter local and export sales continue on a very positive trajectory and QWI's per share Net Asset Value (NAV) rose a strong nine percent to \$1.32 at the end of April. This represents a gain of 22 percent since the end of September last year when the NAV was \$1.08.

The outlook for manufacturing continues to be positive, with exports continuing to be the star performer. As our shareholders are aware, Jamaica and the rest of the world are still grappling with the effects of COVID-19. While vaccinations have been rolled out, the world has not reached a stage of immunity. Accordingly, we face

Board of Directors' Commentary

(Continued)


the future cautiously with the expectation that we will be able to continue our operations without any major interruptions.

We have also faced increased difficulty in receiving raw materials on a timely basis as well as some increases in raw material and shipping costs as we were forced to switch to more expensive suppliers. In addition, we have absorbed some increases in overseas freight costs and seen some signs of overstocking of low margin items at our USA distributors. Notwithstanding these

headwinds, we anticipate that the immediate impact on our profitability will be modest.

Construction at our most recent real estate development in Belvedere commenced in November last year and is proceeding apace, with completion expected in the next financial year.

We extend our thanks to our employees, shareholders and all our customers for their continued support of our Group.



John Jackson
Chairman



John Mahfood
Chief Executive Officer/Director

6 May 2021



Unaudited Consolidated Statement of Comprehensive Income

Second Quarter Ended 31 March 2021

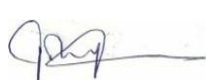
	Note	2nd Quarter		Year to date	
		2021	2020	2021	2020
OPERATING REVENUES	5	608,552,422	473,274,621	1,219,116,361	906,167,323
COST OF GOODS SOLD		<u>465,036,402</u>	<u>336,590,208</u>	<u>907,619,247</u>	<u>650,936,448</u>
GROSS PROFIT		143,516,020	136,684,413	311,497,114	255,230,875
INVESTMENT & OTHER INCOME	6	<u>99,423,560</u>	<u>(508,141,706)</u>	<u>239,866,919</u>	<u>(610,398,808)</u>
PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES		242,939,580	(371,457,293)	551,364,033	(355,167,933)
Sales and Marketing costs		9,511,192	12,728,096	18,271,433	26,531,819
Administrative cost		<u>70,743,593</u>	<u>60,864,476</u>	<u>133,559,451</u>	<u>117,328,681</u>
		80,254,785	73,592,572	151,830,884	143,860,500
OPERATING PROFIT		162,684,795	(445,049,865)	399,533,149	(499,028,433)
Finance costs		<u>9,600,321</u>	<u>8,749,134</u>	<u>16,680,960</u>	<u>18,822,704</u>
PROFIT BEFORE TAXATION		153,084,474	(453,798,999)	382,852,189	(517,851,137)
TAXATION	7	<u>(41,600,037)</u>	<u>42,138,642</u>	<u>(91,528,600)</u>	<u>61,534,633</u>
NET PROFIT AND TOTAL COMPREHENSIVE INCOME (TCI)		<u>\$111,484,437</u>	<u>(411,660,357)</u>	<u>\$291,323,589</u>	<u>(456,316,504)</u>
Net Profit and TCI attributable to:					
Owners of Jamaican Teas Limited		82,335,488	(46,710,414)	198,332,614	(19,192,924)
Non-controlling interest		<u>29,148,949</u>	<u>(364,949,943)</u>	<u>92,990,975</u>	<u>(437,123,580)</u>
		<u>\$111,484,437</u>	<u>(411,660,357)</u>	<u>291,323,589</u>	<u>(456,316,504)</u>
Weighted average Shares outstanding		<u>2,121,450,377</u>	<u>2,066,200,377</u>	<u>2,112,050,377</u>	<u>2,062,450,380</u>
Basic Earnings per share		<u>\$0.04</u>	<u>(0.02)</u>	<u>0.09</u>	<u>(0.01)</u>
Weighted average Shares outstanding-diluted		<u>2,352,450,377</u>	<u>2,085,250,377</u>	<u>2,328,550,377</u>	<u>2,085,250,377</u>
Diluted Earnings per share		<u>\$0.04</u>	<u>(0.02)</u>	<u>0.09</u>	<u>(0.01)</u>

Consolidated Statement of Financial Position

Second Quarter Ended 31 March 2021

	March 2021	Audited September 2020	Unaudited March 2020
FIXED ASSETS	388,948,582	330,750,000	351,354,651
INVESTMENT PROPERTY	267,412,472	282,071,000	275,224,678
QUOTED INVESTMENTS	1,855,375,155	1,599,124,000	1,412,492,226
DEFERRED TAX ASSETS	64,430,573	103,424,000	64,609,816
CURRENT ASSETS			
Inventories	291,571,219	287,171,000	262,533,926
Housing under construction	199,430,650	187,185,000	223,316,674
Receivables	381,484,690	407,283,000	391,972,694
Cash & Short term investments	<u>317,329,975</u>	<u>321,701,000</u>	<u>137,033,905</u>
Total Current Assets	<u>1,189,816,534</u>	<u>1,203,340,000</u>	<u>1,014,857,199</u>
CURRENT LIABILITIES			
Accounts Payable	226,434,595	219,401,000	174,885,465
Income tax payable	72,724,894	58,060,000	40,572,698
Deferred tax	4,356,798	0	363,941
Current borrowings	<u>329,132,741</u>	<u>303,762,000</u>	<u>254,286,454</u>
Total Current Liabilities	<u>632,649,028</u>	<u>581,223,000</u>	<u>470,108,558</u>
NET CURRENT ASSETS	557,167,506	622,117,000	544,748,641
	<u>\$3,133,334,288</u>	<u>2,937,486,000</u>	<u>2,648,430,012</u>
EQUITY & NON-CURRENT LIABILITIES			
STOCKHOLDERS' EQUITY	1,876,830,513	1,722,069,000	1,533,337,465
NON-CONTROLLING INTEREST	<u>1,100,170,455</u>	<u>1,092,083,000</u>	<u>981,759,222</u>
	2,977,000,968	2,814,152,000	2,515,096,687
LONG-TERM LOAN (see Note 8)	156,333,320	123,334,000	133,333,325
	<u>\$3,133,334,288</u>	<u>2,937,486,000</u>	<u>2,648,430,012</u>

Approved for issue by the Board of Directors on 6 May 2021 and signed on its behalf by:



John Jackson
Chairman



John Mahfood
Chief Executive Officer/Director

Unaudited Consolidated Statement of Changes in Equity

Second Quarter Ended 31 March 2021

	Share Capital	Capital Reserves	Treasury Shares	Retained Earnings	Non- Controlling Interest	Total Equity
Balance at 30 September 2019	185,149,000	174,892,000	0	1,194,051,000	1,421,035,000	2,975,127,000
Capital distributions		(20,852,504)				(20,852,504)
Net Profit				(19,192,924)	(437,123,580)	(456,316,504)
Realised gains/ Other				19,290,893	(2,152,198)	17,138,695
Balance at 31 March 2020	<u>\$185,149,000</u>	<u>154,039,496</u>	<u>0</u>	<u>1,194,148,969</u>	<u>981,759,222</u>	<u>2,515,096,687</u>
Balance at 30 September 2020	190,749,000	152,836,000	(37,962,000)	1,416,446,000	1,092,083,000	2,814,152,000
Treasury shares -net			(29,510,080)			(29,510,080)
Capital distributions		(41,897,008)				(41,897,008)
Net Profit				198,332,614	92,990,975	291,323,589
Reductions of NCl/Other				(5,164,013)	(84,903,520)	(90,067,533)
Shares issued	33,000,000					33,000,000
Balance at 31 March 2021	<u>\$223,749,000</u>	<u>110,938,992</u>	<u>(67,472,080)</u>	<u>1,609,614,601</u>	<u>1,100,170,455</u>	<u>2,977,000,968</u>

Unaudited Consolidated Statement of Cash Flows

Second Quarter Ended 31 March 2021

	March 2021	March 2020
Net Profit for the period to date	291,323,589	(456,316,504)
Adjustments for:		
Gain on Sale of Investments	(45,798,555)	(31,633,576)
Fair Value (Gain)/Loss on Investments	(166,065,937)	653,928,904
Tax expense/(credit)	91,528,600	(61,534,633)
Depreciation	11,609,423	11,126,453
Other	(37,699,023)	134,696
Operating cashflows before movements in working capital	144,898,097	115,705,340
Changes in operating assets and liabilities	86,376,779	525,451,264
Net cash provided by operating activities	<u>231,274,876</u>	<u>641,156,604</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Fixed Assets	(69,808,005)	55,086,104
Investment property transferred to Inventory	14,658,528	12,240,322
Purchases of Investments	(90,185,218)	(703,273,130)
Deferred Tax	-	(64,609,816)
Associated Company	-	80,969,000
Net cash (used in) investing activities	<u>(145,334,695)</u>	<u>(619,587,520)</u>
	<u>85,940,181</u>	<u>21,569,084</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing activities	<u>(90,311,206)</u>	<u>(30,852,179)</u>
Net cash provided by/(used in) financing activities	<u>(90,311,206)</u>	<u>(30,852,179)</u>
Increase/(decrease) in cash and cash equivalent	<u>(4,371,025)</u>	<u>(9,283,095)</u>
Cash and cash equivalent at beginning of the period	321,701,000	146,317,000
Cash and cash equivalent at the end of period	<u>\$317,329,975</u>	<u>137,033,905</u>

Notes to Financial Statement

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 activities of the Company and its subsidiaries (The Group) are as follows:

- Jamaican Teas Limited processes local teas which it packages along with imported teas and other foods and distributes for the Jamaican and overseas markets.
- LTJ Managers Limited (formerly JRG Shoppers Delite Enterprise Ltd) is an investment company.
- H Mahfood & Sons Limited and H Mahfood and Sons 2020 Limited are in the real estate business
- KIW International Limited became an investment holding Company in March 2019.
- QWI Investments Limited is an investment holding and management Company (40.61 percent owned)
- Bay City Foods Limited since February 2019 operates a supermarket in Kingston.

2. BASIS OF CONSOLIDATION:

The consolidated financial statements combine the financial position, results of operations and cash flows of the Company and its subsidiaries LTJ Managers Limited, KIW International Limited, Bay City Foods Limited, QWI Investments Limited, H Mahfood and Sons 2020 Limited and H Mahfood & Sons Limited.

3. ACCOUNTING POLICIES:

(a) Basis of Preparation

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, 2019 and comply with the requirements of the International Financial Reporting Standards (IAS 34, interim Financial Reporting).

Revised IAS 1 was considered in preparing these financial statements.

(b) New Standards effective in the current year

IFRS 9 “Financial Instruments”

IFRS 9 replaced IAS 39 concerning the recognition, classification and measurement of financial assets. The adoption of IFRS 9 from Oct 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. In accordance with the transitional provisions of the standard, comparative figures have not been restated.

All investments in equity instruments presently held by the Group are held for trading and accordingly are now measured at fair value through profit or loss (FVPL). Changes in the fair value of financial assets at FVPL are recognized in the income statement. Dividends from such investments continue to be recognized in profit or loss when the Group’s right to receive payments is established.

Notes to Financial Statement

3. ACCOUNTING POLICIES (Continued)

All debt instruments held by the Group are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. Such assets are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Impairment losses are presented as a separate line item in the income statement.

Impairment

From October 1, 2018 the Group assesses the recognition of impairment provisions associated with its financial assets on a forward-looking basis based on expected credit losses (ECL), rather than incurred credit losses as previously required under IAS 39 "Financial Instruments: Recognition and Measurement".

It applies to financial assets classified as trade receivables and other receivables. Impairment provisions does not apply to financial assets classified as FVPL.

Application of the Simplified Approach.

For trade receivables and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables, as well as the estimated impact of forward-looking information.

4. 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.

Notes to Financial Statement

5. OPERATING REVENUE:

	2nd Quarter		Year to date	
SALES				
Local - Manufacturing	117,800,381	137,375,683	272,171,574	281,315,777
Foreign - Manufacturing	<u>288,462,289</u>	<u>185,477,078</u>	<u>562,383,335</u>	<u>331,001,977</u>
Total - Manufacturing	<u>406,262,670</u>	<u>322,852,761</u>	<u>834,554,909</u>	<u>612,317,754</u>
Retail	132,516,752	148,831,860	267,318,252	290,939,569
Sales of apartment units	67,500,000	-	113,000,000	-
Rental income	<u>2,273,000</u>	<u>1,590,000</u>	<u>4,243,200</u>	<u>2,910,000</u>
TOTAL SALES	<u>\$608,552,422</u>	<u>\$473,274,621</u>	<u>\$1,219,116,361</u>	<u>\$906,167,323</u>

6. INVESTMENT & OTHER INCOME

	2nd Quarter		Year to date	
	2021	2020	2021	2020
Interest Income	1,223,769	1,356,269	2,819,352	1,642,891
Dividend Income	7,184,899	7,768,200	17,540,180	15,418,027
Miscellaneous Income	5,264,430	1,318,541	6,945,328	2,915,566
Realised Gain/(Loss) on Sale of Investments	11,258,120	13,144,764	45,798,555	31,633,576
Foreign Exchange Gain	6,315,055	11,113,945	697,567	(8,079,964)
Fair Value Gain on Investments	<u>68,177,288</u>	<u>(542,843,425)</u>	<u>166,065,937</u>	<u>(653,928,904)</u>
	<u>\$99,423,561</u>	<u>(508,141,706)</u>	<u>239,866,919</u>	<u>(610,398,808)</u>

7. 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 was tax exempt for the first five years and is subject to taxation at 50 percent of the standard corporate rate during the second five years which ended in July 2020.

8. LONG TERM LOANS:

	March 2021	March 2020
Bank of Nova Scotia Ja. Ltd. - Loan	133,333,320	153,333,325
Victoria Mutual Investments- Loan	43,000,000	0
Current portion	<u>(20,000,000)</u>	<u>(20,000,000)</u>
Total loans less short term portion	<u>\$156,333,320</u>	<u>\$133,333,325</u>

Segment Results

Unaudited to March 2021

	Manufacturing	Retailing	Property	Investments	TOTAL
OPERATING REVENUES	\$834,554,909	267,318,252	117,243,200		1,219,116,361
Results before tax	<u>\$168,857,648</u>	<u>12,796,917</u>	<u>21,839,248</u>	<u>179,358,376</u>	<u>382,852,189</u>
Segment Assets	<u>\$1,231,343,957</u>	<u>136,797,555</u>	<u>508,201,504</u>	<u>1,889,640,300</u>	<u>3,765,983,316</u>
Segment Liabilities	<u>\$412,243,756</u>	<u>64,715,393</u>	<u>22,993,166</u>	<u>289,030,033</u>	<u>788,982,348</u>

Unaudited to March 2020

	Manufacturing	Retailing	Property	Investments	TOTAL
OPERATING REVENUES	\$612,317,754	290,939,569	2,910,000		906,167,323
Results before tax	<u>\$130,947,906</u>	<u>8,500,046</u>	<u>(1,013,317)</u>	<u>(656,285,772)</u>	<u>(517,851,137)</u>
Segment Assets	<u>\$973,887,129</u>	<u>119,942,432</u>	<u>534,112,054</u>	<u>1,490,596,952</u>	<u>3,118,538,567</u>
Segment Liabilities	<u>\$374,879,987</u>	<u>52,238,442</u>	<u>12,866,236</u>	<u>163,457,218</u>	<u>603,441,883</u>



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