

# Jamaican Teas LTD.



## September 2023 Unaudited Results



# Board of Directors Commentary

## Fourth Quarter Results to September 2023

Our fourth quarter results reflected many positives for the Group as a number of the initiatives in place since the start of the year have now been fully executed. Although the effects are not fully reflected in the results for the 2023 fiscal year, they will improve the financial position and performance of the Group in 2024.

Net profit attributable to Jamaican Teas for the quarter was \$45 million, a sharp improvement from the \$21 million profit in the previous year's quarter. Total attributable comprehensive income per share was 2 cents (2021/22 – earnings of 1 cent).

For the year to date, net profit attributable to Jamaican Teas was \$237 million, an improvement from the \$194 million in the previous year. Total attributable comprehensive income per share was 11 cents (2021/22 – earnings of 9 cents).

**Manufacturing Division** | Manufacturing sales decreased 6 percent in the quarter and export sales slipped 5 percent. Local sales declined by 9 percent during the period.

Management had previously announced the appointment of WISYNCO as its exclusive local distributor effective November 2023 as well as the appointment of an Ansa McAl subsidiary as our exclusive distributor in Trinidad and Tobago. These changes are expected to result in improved sales in the coming year.

**Real Estate Division** | No real estate sales were booked in the quarter this year or the fiscal year to date. Construction work on our Belvedere Road project was completed in September and two of the units sold to date were delivered to our customers in October and November 2023. In addition, we now have in hand signed contracts for a number of units.

We recorded \$33.5 million in gains on our investment properties compared with \$30 million in 2022.

**Retail Division** | Retail revenues at our supermarket amounted to \$190 million for the quarter, an increase of 18 percent. This improved sales performance resulted in the year to date divisional profit contribution increasing by a solid 35 percent.

**Investment Division** | During this quarter, there were further declines in the prices of stocks on the main market of the Jamaica Stock Exchange as well as on overseas exchanges. This resulted in a decreased performance for QWI versus the third quarter although QWI's results improved over the year ago period.

**REVENUES** | JTL's total revenues for the quarter declined marginally from \$655 million a year ago to \$652 million this quarter.

Investment Income also declined mainly reflecting realized and unrealised investment losses at QWI compared with the year ago period. For the full year, QWI's overall investment result improved by 34 percent mainly reflecting the strong overall performance of the company's USA listed stocks.

**EXPENSES** | The Group's Cost of Sales fell in the quarter and in the year trailed the growth in revenues. This resulted in an improvement of almost 100 basis points in the Group's gross profit margin for both the quarter and the year. This trend is expected to continue in 2023/24.

The lower levels of administrative costs in the quarter arose in nearly all the group member companies.

The increase in interest expense during the quarter and year to date resulted from higher interest rates and increased overdraft borrowings by Jamaican Teas.

## Board of Directors Commentary (Continued)

**BALANCE SHEET** | Since September 2022 the group has been able to reduce its trade receivables and we anticipate reductions in our manufacturing inventories over the next 12 months as well.

We are projecting that the amount held as inventory for the construction of our Belvedere real estate will be sharply reduced in 2024 as sales of the units are completed over the coming year.

The Group has used increased short-term borrowings to reduce its long term loan facilities, mainly at QWI, but also at the manufacturing company to take advantage of the lower interest cost for short-term borrowings.

**OUTLOOK** | We are cautiously optimistic going forward as the Jamaican economy is benefiting from continued growth in most areas of as well as a record low unemployment rate. In addition to the rebound in the tourism sector, expansion in the BPO sector and continued construction activity also support a positive outlook.

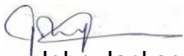
We note that economic activity in the USA continues to increase while our other main partners in the eastern Caribbean continue to see some positive developments which are positives for both our manufacturing sales and investments.

The group has also taken decisions to increase our investment in additional machinery to better serve our customers and this is expected to enhance our capacity to meet current demand for some of our products.

The group has outgrown its capacity at Bell Road, resulting in us having to rent space at Montgomery Avenue in 2022. Accordingly, the company decided to acquire an existing factory in Temple Hall, St. Andrew and this purchase was concluded in October 2023. The property comprises some 60,000 square feet of factory buildings on about 3 acres of land. Relocation of our spice and dry pack facilities to the Temple Hall facility will commence by the end of Calander 2023 and the tea factory will follow in 2024.

As a result of the acquisition, the board is considering the sale of the Bell Road property. Combined with sale of the apartments at Belvedere, the possible sale of some of our investment properties and the changes of two of our manufacturing distributors, the Group expects increased sales revenue and improved liquidity in the new financial year commencing in 2024.

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



John Jackson - Chairman



John Mahfood – Chief Executive Officer/Director

8 November 2023

**UNAUDITED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

		4th Quarter		Year to date	Year to date
		2022/23	2021/22	2022/23	2021/22 (Audited)
<b>OPERATING REVENUES</b>	4	652,842,616	655,362,226	2,699,192,425	2,468,954,000
<b>COST OF GOODS SOLD</b>		<u>544,479,517</u>	<u>551,764,462</u>	<u>2,131,873,094</u>	<u>1,925,956,000</u>
<b>GROSS PROFIT</b>		108,363,099	103,597,764	567,319,331	542,998,000
<b>INVESTMENT INCOME</b>	5	(47,014,685)	(42,951,963)	76,265,766	45,390,000
<b>OTHER INCOME</b>	6	<u>34,762,916</u>	<u>24,444,372</u>	<u>37,183,709</u>	<u>37,505,000</u>
<b>PROFIT BEFORE ADMINISTRATION AND OTHER EXPENSES</b>		96,111,330	85,090,173	680,768,806	625,893,000
Sales and Marketing costs		8,879,525	9,794,501	48,403,252	37,960,000
Administration cost		<u>63,975,144</u>	<u>82,573,524</u>	<u>334,475,247</u>	<u>341,031,000</u>
		<u>72,854,669</u>	<u>92,368,025</u>	<u>382,878,499</u>	<u>378,991,000</u>
<b>OPERATING PROFIT</b>		23,256,661	(7,277,852)	297,890,307	246,902,000
Finance costs		<u>19,406,433</u>	<u>17,109,159</u>	<u>65,686,142</u>	<u>50,261,000</u>
<b>PROFIT BEFORE TAXATION</b>		3,850,228	(24,387,011)	232,204,165	196,641,000
<b>TAXATION</b>		<u>6,647,237</u>	<u>10,179,474</u>	<u>5,934,203</u>	<u>(34,057,000)</u>
<b>NET PROFIT</b>		<u>10,497,465</u>	<u>(14,207,537)</u>	<u>238,138,368</u>	<u>162,584,000</u>
Net profit attributable to:					
Owners of Jamaican Teas Limited		45,624,225	21,509,280	237,433,424	193,948,000
Non-controlling interests		<u>(35,126,761)</u>	<u>(35,716,817)</u>	<u>704,943</u>	<u>(31,364,000)</u>
		<u>\$10,497,464</u>	<u>(14,207,537)</u>	<u>238,138,367</u>	<u>162,584,000</u>
Other comprehensive Income:					
Surplus -revaluation of land and buildings		79,512,847	340,329,000	79,512,847	340,329,000
Related taxation		-	<u>(85,082,000)</u>	-	<u>(85,082,000)</u>
		<u>79,512,847</u>	<u>255,247,000</u>	<u>79,512,847</u>	<u>255,247,000</u>
Total comprehensive Income		<u>90,010,311</u>	<u>241,039,463</u>	<u>317,651,215</u>	<u>417,831,000</u>
Attributable to:					
Owners of Jamaican Teas Limited		125,137,072	276,756,288	316,946,272	449,195,000
Non-controlling interests		<u>(35,126,761)</u>	<u>(35,716,817)</u>	<u>704,943</u>	<u>(31,364,000)</u>
		<u>\$ 90,010,311</u>	<u>241,039,463</u>	<u>317,651,215</u>	<u>417,831,000</u>
Shares outstanding		2,159,880,377	2,158,605,377	2,159,880,377	2,152,699,525
Diluted shares outstanding		2,360,650,371	2,359,375,371	2,360,650,371	2,353,469,519
Basic Earnings per share		\$0.02	0.01	0.11	0.09
Diluted Earnings per share		\$0.02	0.01	0.10	0.08

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<u>SEPT 2023</u>	<u>Audited</u> <u>SEPT 2022</u>
<b>FIXED ASSETS</b>	988,411,924	835,891,000
<b>INVESTMENT PROPERTY</b>	338,911,934	294,399,000
<b>LEASE RIGHT OF USE</b>	3,011,555	13,202,000
<b>INVESTMENTS - QUOTED EQUITIES</b>	2,007,329,202	1,980,637,000
<b>DEFERRED TAX ASSETS</b>	82,846,053	-
 <b>CURRENT ASSETS</b>		
Inventories excluding housing	618,166,819	616,537,000
Housing under construction	806,379,428	575,379,000
Total Receivables	330,648,084	540,137,000
Cash & Short-term investments	<u>67,763,501</u>	<u>83,173,000</u>
Total Current Assets	<u>1,822,957,832</u>	<u>1,815,226,000</u>
 <b>CURRENT LIABILITIES</b>		
Accounts Payable	311,551,353	353,150,000
Income tax payable	39,829,784	20,788,000
Short Term Borrowings	98,393,797	115,809,000
Bank Overdraft	252,560,610	-
Current portion of leases and long- term loans	<u>27,000,000</u>	<u>27,119,000</u>
Total Current Liabilities	<u>729,335,544</u>	<u>516,866,000</u>
 <b>NET CURRENT ASSETS</b>	<u>1,093,622,288</u>	<u>1,298,360,000</u>
	<u>\$4,514,132,956</u>	<u>4,422,489,000</u>
 <b>STOCKHOLDERS' EQUITY</b>	2,962,168,391	2,657,933,000
<b>NON-CONTROLLING INTEREST</b>	<u>1,106,182,109</u>	<u>1,105,516,000</u>
	4,068,350,500	3,763,449,000
<b>LEASE LIABILITY</b>	3,297,759	8,198,000
<b>DEFERRED TAX</b>	87,169,701	86,419,000
<b>LONG-TERM LOANS</b>	<u>355,314,996</u>	<u>564,423,000</u>
	<u>\$4,514,132,956</u>	<u>\$4,422,489,000</u>

Approved for issue by the Board of Directors on 8 November 2023 and signed on its behalf by:



**John Jackson - Chairman**



**John Mahfood – Chief Executive Officer / Director**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to the company's owners				
	Share Capital	Capital/ Revaluation Reserves	Treasury Shares/ Franked Income reserve	Retained Earnings	Total
Balance at 30 Sept 2021	241,344,000	110,939,000	(63,297,000)	1,787,918,000	2,076,904,000
Net Profit				193,948,000	193,948,000
Treasury shares - net Transfer			63,297,000	48,539,000	111,836,000
OCI being surplus on revaluation of land/buildings		255,247,000		(27,939,000)	255,247,000
Dividends paid to non-controlling interests					
Reductions of NCI / Other					0
Shares issued	19,998,000				19,998,000
Balance at 30 September 2022	<u>\$261,342,000</u>	<u>366,186,000</u>	<u>27,939,000</u>	<u>2,002,466,000</u>	<u>2,657,933,000</u>
Balance at 30 September 2022	261,342,000	366,186,000	27,939,000	2,002,466,000	2,657,933,000
Net Profit				237,433,424	237,433,424
Transfer			12,485,394	(12,485,394)	0
OCI being surplus on revaluation of land/buildings		70,879,712			70,879,712
Shares issued	3,600,000				3,600,000
Purchases of NCI / Other				(7,677,745)	(7,677,745)
Balance at 30 September 2023	<u>\$264,942,000</u>	<u>437,065,712</u>	<u>40,424,394</u>	<u>2,219,736,285</u>	<u>2,962,168,391</u>

**UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOWS**

	YTD Sep-23	YTD Sep-22 (Audited)
Net profit for the period to date	238,138,367	162,584,000
Adjustments for:		
Loss/(Gain) on Sale of Investments	25,205,845	7,305,000
Fair Value (Gain) on Investments	(41,213,101)	(10,960,000)
Fair Value (Gain) on Investment Property	(33,546,424)	(30,060,000)
Tax expense	(5,934,203)	34,057,000
Depreciation and amortisation	41,529,445	33,825,000
Deferred tax/ Other	(103,793,668)	13,286,000
Operating cashflows before movements in working capital	<u>120,386,261</u>	<u>210,037,000</u>
Changes in operating assets and liabilities	189,328,213	(535,949,000)
Net cash provided by operating activities	<u>309,714,474</u>	<u>(325,912,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of fixed assets (net)	(123,170,657)	(156,915,000)
Investment property (net)	(10,966,510)	52,119,000
Sales / (Purchases) of investments	<u>14,521,198</u>	<u>161,680,000</u>
Net cash( used in) investing activities	<u>(119,615,969)</u>	<u>56,884,000</u>
	190,098,505	(269,028,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Financing activities	(205,508,004)	163,922,000
Net cash provided by/ (used in) financing activities	<u>(205,508,004)</u>	<u>163,290,000</u>
<b>Increase /(decrease) in cash and cash equivalent</b>	<u>(15,409,499)</u>	<u>(105,106,000)</u>
Cash and cash equivalent at beginning of the period	<u>83,173,000</u>	<u>188,279,000</u>
Cash and cash equivalent at the end of period	<u>\$67,763,501</u>	<u>83,173,000</u>

## NOTES TO FINANCIAL STATEMENTS

### 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 W.I. 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 a real estate company.
- H Mahfood & Sons Limited and H Mahfood and Sons 2020 Limited are real estate developers.
- KIW International Limited is an investment holding Company.
- QWI Investments Limited is an investment holding and management Company (44.34% owned)
- Bay City Foods Limited 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 Ltd, 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, 2022 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

##### IFRS 9 “Financial Instruments”

IFRS 9 replaced IAS 39 concerning the recognition, classification and measurement of financial assets. The adoption of IFRS 9 in October 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 STATEMENTS

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 do 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. OPERATING REVENUE:

	4th Quarter	4th Quarter	Year to date	Year to date
	2022/23	2021/22	2022/23	2021/22
				(Audited)
<b>SALES</b>				
Local - Manufacturing	149,084,645	164,655,077	694,161,404	684,300,000
Foreign - Manufacturing	311,484,383	327,141,530	1,263,643,899	1,171,636,000
Retail	190,484,388	161,057,313	733,741,922	602,905,000
Sales of apartments/rental income	<u>1,789,200</u>	<u>2,508,306</u>	<u>7,645,200</u>	<u>10,113,000</u>
<b>TOTAL SALES</b>	<u>\$652,842,616</u>	<u>655,362,226</u>	<u>2,699,192,425</u>	<u>2,468,954,000</u>

#### 5. INVESTMENT INCOME:

	4th Quarter	4th Quarter	Year to date	Year to date
	2022/23	2021/22	2022/23	2021/22
				(Audited)
Realised Gain /(Loss) on Sale of Investments	(11,304,989)	(23,005,098)	(25,205,845)	(7,305,000)
Foreign Exchange Gain	7,361,909	10,939,993	14,490,979	684,000
Fair Value Gain on Investments	(56,758,173)	(42,587,748)	41,213,101	10,960,000
Dividend & Interest Income	<u>13,686,568</u>	<u>11,700,890</u>	<u>45,767,531</u>	<u>41,051,000</u>
<b>Total Investment Income</b>	<u>(\$47,014,685)</u>	<u>(42,951,963)</u>	<u>76,265,766</u>	<u>45,390,000</u>

**NOTES TO FINANCIAL STATEMENTS****6. OTHER INCOME:**

	4th Quarter		Year to date	
	2022/23	2021/22	2022/23	2021/22
Fair value gain/(loss) on investment properties	33,546,424	23,042,966	33,546,424	30,060,000
Miscellaneous Income	1,216,492	1,401,106	3,637,285	7,445,000
<b>Total Other Income</b>	<b>\$34,762,916</b>	<b>\$24,444,072</b>	<b>\$37,183,709</b>	<b>\$37,505,000</b>

**SEGMENT RESULTS****Unaudited to September  
2023**

	<b>Manufacturing</b>	<b>Retailing</b>	<b>Property</b>	<b>Investments</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>	\$1,957,805,303	733,741,922	7,645,200		2,699,192,425
Results before tax	<u>\$205,312,536</u>	<u>56,864,063</u>	<u>28,054,032</u>	<u>(58,026,467)</u>	<u>232,204,164</u>
Segment Assets	<u>\$1,608,324,468</u>	<u>157,036,504</u>	<u>1,405,982,930</u>	<u>2,072,124,598</u>	<u>5,243,468,500</u>
Segment Liabilities	<u>\$692,061,667</u>	<u>87,965,227</u>	<u>56,215,803</u>	<u>338,875,303</u>	<u>1,175,118,000</u>

**Audited to September  
2022**

	<b>Manufacturing</b>	<b>Retailing</b>	<b>Property</b>	<b>Investments</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>	\$1,855,936,000	602,905,000	10,113,000		2,468,954,000
Results before tax	<u>\$178,720,000</u>	<u>42,170,000</u>	<u>23,221,000</u>	<u>(47,470,000)</u>	<u>196,641,000</u>
Segment Assets	<u>\$1,591,365,000</u>	<u>152,672,000</u>	<u>1,010,967,000</u>	<u>2,184,351,000</u>	<u>4,939,355,000</u>
Segment Liabilities	<u>\$667,608,000</u>	<u>104,056,000</u>	<u>3,398,000</u>	<u>400,844,000</u>	<u>1,175,906,000</u>

# Jamaican Teas LTD.

A graphic of three vibrant green tea leaves with visible veins, positioned to the right of the word 'Teas' in the company logo.

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