

# Jetcon Corporation Limited

INTERIM RESULTS

**2<sup>nd</sup> Quarter to June 2016**

**Unaudited Financial Statements**

## Report of the directors to the shareholders of Jetcon Corporation Limited

### Another good quarter for Jetcon cars

Jetcon Corporation enjoyed another good June quarter with profit rising 91 percent to \$23.3 million up from \$12.1 million for the similar period in 2015. For the year to June profits rose to \$41.3 million, an increase of 71 percent over the \$24 million earned in 2015 before taxation. The company was subject to \$4.7 million in profit tax in the first quarter with the shares having been listed on the junior market in the last week of March, this year. Earnings per share ended at 12 cents versus 8 cents for the June quarter and 21 cents for the six months to June compared with 12 cents for 2015.


Having been listed on the junior market our profit will be tax free for 5 years. It is worthy to note that with just half the year completed, profit is 9 percent off from the after-tax profit of \$40.3 million reported for the full 2015 financial year.


Revenues climbed 39 percent for the quarter to \$194.9 million and 45 percent for the six months to \$342.9 million. Gross profit margin declined to 18.54 percent from 19.24 percent in the quarter and 19 percent for the six months versus 18.38 percent in 2015. Sales are usually greater in the second half of the year than in the first half.

Administrative and other costs rose by approximately \$5.2 million due to listing on the market which accounted for \$2.5 million while salaries adjustments accounted for \$2.7 million of the increase. Part of the increase in salaries is directly tied to the increased sales that took place.

Sales in June were the highest for the half year with sales for July is ahead of June in volume and sales revenues. Bookings which have been ahead of 2015 for each month this year continues to be positive.

Inventories stood at \$236 million at the end of June, compared to \$125 million in June 2015 and \$84 million at the end of December last year. We invested in inventories to ensure adequate supply of vehicles for the high demand summer period. Supplies peaked in June and is slated to decline by the end July onwards to the end of the year as deliveries to customers exceed new inflows of cars. Payables increased as a result of increased purchase of motor vehicles.

  
John Jackson

  
Andrew Jackson

Chairman

Managing Director

**JETCON CORPORATION LIMITED**  
**STATEMENT PROFIT or LOSS and OTHER COMPREHENSIVE INCOME**  
**SIX MONTHS ENDED JUNE 30, 2016**

	3 Months to 30-Jun-16 \$	3 Months to 30-Jun-15 \$	6 Months to 30-Jun-16 \$	6 Months to 30-Jun-15 \$	Audited year 31-Dec-15 \$
Revenue	194,870,773	140,090,560	342,676,988	235,913,092	523,245,799
Less Cost of sales	<u>158,732,517</u>	<u>113,136,436</u>	<u>277,147,914</u>	<u>192,550,511</u>	<u>435,647,929</u>
Gross profit	36,138,256	26,954,124	65,529,074	43,362,582	87,597,870
Other operating income	<u>16,628</u>	<u>54,535</u>	<u>223,146</u>	<u>54,535</u>	<u>1,010,164</u>
	<u>36,154,884</u>	<u>27,008,659</u>	<u>65,752,220</u>	<u>43,417,117</u>	<u>88,608,034</u>
Selling and marketing expenses	3,031,262	2,501,591	5,793,153	4,001,278	6,027,949
Administrative and other expenses	9,611,102	6,941,635	17,963,193	13,008,580	27,270,122
Financial expenses	<u>252,536</u>	<u>1,368,029</u>	<u>701,636</u>	<u>2,293,715</u>	<u>4,697,763</u>
Total expenses	<u>12,894,900</u>	<u>10,811,255</u>	<u>24,457,982</u>	<u>19,303,573</u>	<u>37,995,834</u>
Net profit before taxation	<u>23,259,984</u>	<u>16,197,404</u>	<u>41,294,238</u>	<u>24,113,544</u>	<u>50,612,200</u>
Taxation	-	4,049,351	4,729,836	6,028,386	10,262,789
Total comprehensive income	<u>23,259,984</u>	<u>12,148,053</u>	<u>36,564,402</u>	<u>18,085,158</u>	<u>40,349,411</u>
Weighted average number of shares	<u>194,500,000</u>	<u>150,000,000</u>	<u>173,961,538</u>	<u>150,000,000</u>	<u>150,000,000</u>
Earnings per share	<u>\$0.12</u>	<u>\$0.08</u>	<u>\$0.21</u>	<u>\$0.12</u>	<u>\$0.27</u>

**JETCON CORPORATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**

	Unaudited 30-Jun-16 \$	Unaudited 30-Jun-15 \$	Audited 31-Dec-15 \$
<b>NON-CURRENT ASSETS</b>			
<b>PROPERTY, PLANT and EQUIPMENT</b>	29,695,323	30,720,587	30,504,360
<b>INVESTMENTS</b>	-	4,116	4,116
<b>DEFERRED TAX ASSET</b>	-	354,372	355,795
<b>CURRENT ASSETS</b>			
Inventories	236,007,165	124,877,530	84,479,822
Receivables	19,991,772	11,511,215	18,285,768
Parent company	5,829,041	-	4,877,282
Cash and bank balances	1,264,050	301,243	5,594,368
	<b>263,092,027</b>	<b>136,689,988</b>	<b>113,237,240</b>
<b>CURRENT LIABILITIES</b>			
Payables	40,132,809	35,789,238	18,615,541
Taxation	5,782,035	7,649,060	7,045,495
Parent company	-	1,931,845	-
Short-term borrowings	15,287,150	17,090,391	7,828,987
	<b>61,201,993</b>	<b>62,460,533</b>	<b>33,490,023</b>
<b>NET CURRENT ASSETS</b>	<b>201,890,034</b>	<b>74,229,454</b>	<b>79,747,217</b>
	<b>231,585,357</b>	<b>105,308,529</b>	<b>110,611,488</b>
<b>EQUITY</b>	<b>231,585,357</b>	<b>84,439,628</b>	<b>106,703,737</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>LONG-TERM LIABILITIES</b>	-	20,868,901	3,907,751
	<b>231,585,357</b>	<b>105,308,529</b>	<b>110,611,488</b>

Approved by the Board of directors on the 12th of August, 2016

 John Jackson Chairman	 Andrew Jackson Managing Director
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**JETCON CORPORATION LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**SIX MONTHS ENDED 30 JUNE 2016**

	No of Shares	Share capital \$	Capital reserves \$	Retained earnings \$	Total \$
Balance at January 1, 2015	18,350	18,350	17,196,276	49,139,844	66,354,470
Total comprehensive income	-	-	-	18,085,158	18,085,158
Balance at June 30, 2015	18,350	18,350	17,196,276	67,225,002	84,439,628
Balance at January 1, 2016	18,350	18,350	17,196,276	89,489,111	106,703,737
Issue of shares	481,650	481,650	(481,650)	-	-
Stock split	149,500,000	-	-	-	-
Issue of shares	44,500,000	88,317,218	-	-	88,317,218
Total comprehensive income	-	-	-	36,564,402	36,564,402
<b>Balance at June 30, 2016</b>	<b>194,500,000</b>	<b>88,817,218</b>	<b>16,714,626</b>	<b>126,053,513</b>	<b>231,585,357</b>

**JETCON CORPORATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**SIX MONTHS ENDED JUNE 30, 2016**

	Unaudited 30-Jun-16 \$	Unaudited 30-Jun-15 \$	Audited 31-Dec-15 \$
<b>CASH FLOWS WERE PROVIDED BY/ (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Net profit after taxation	36,564,402	18,085,158	40,349,411
Item not affecting cash resources:	<u>1,168,947</u>	<u>441,826</u>	<u>971,881</u>
	<u>37,733,349</u>	<u>18,526,984</u>	<u>41,321,292</u>
Movements in working capital			
Inventories	(151,527,343)	(53,212,678)	(12,814,970)
Receivables	(1,706,004)	2,564,680	(4,209,872)
Parent company	(951,759)	4,287,348	(2,521,779)
Payables	21,517,268	4,779,147	(12,394,550)
Taxation	<u>(1,263,460)</u>	<u>5,569,511</u>	<u>4,965,946</u>
Decrease in net cash provided by operations	<u>(133,931,298)</u>	<u>(36,011,992)</u>	<u>(26,975,225)</u>
	<u>(96,197,949)</u>	<u>(17,485,008)</u>	<u>14,346,067</u>
<b>FINANCING ACTIVITIES</b>			
Issue of shares	88,317,218	-	-
Repayment of loans	<u>(10,222,392)</u>	<u>8,298,641</u>	<u>(8,828,386)</u>
<b>Cash provided by financing activities</b>	<u>78,094,826</u>	<u>8,298,641</u>	<u>(8,828,386)</u>
<b>INVESTMENT ACTIVITIES</b>			
Purchase of fixed assets	-	-	(315,395)
<b>Cash used in investment activities</b>	<u>-</u>	<u>-</u>	<u>(315,395)</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>(18,103,123)</b>	<b>(9,186,367)</b>	<b>5,202,286</b>
<b>CASH AND CASH EQUIVALENT - Beginning of year</b>	<u>4,080,023</u>	<u>(1,122,263)</u>	<u>(1,122,263)</u>
<b>CASH AND CASH EQUIVALENT - End of year</b>	<u><u>(14,023,100)</u></u>	<u><u>(10,308,630)</u></u>	<u><u>4,080,023</u></u>
<b>REPRESENTED BY:</b>			
Cash and bank balances	1,264,050	301,243	5,594,368
Bank overdraft	<u>(15,287,150)</u>	<u>(10,609,873)</u>	<u>(1,514,345)</u>
	<u><u>(14,023,100)</u></u>	<u><u>(10,308,630)</u></u>	<u><u>4,080,023</u></u>

# Jetcon Corporation Limited

Notes to the Financial Statements  
For the 1st quarter ending June 30, 2016

## 1. IDENTIFICATION

Jetcon Corporation Limited is incorporated and domiciled in Jamaica. Its registered office is situate at 2 Sandingham Avenue, Kington 10, Jamaica, WI.

The Company is listed on the Junior Market of the Jamaica Stock Exchange. The principal activity of the company is the importation of motor vehicles for resale in Jamaica.

## 3. ACCOUNTING POLICIES:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act. The principal accounting policies applied in the preparation of these unaudited financial statements are consistent with those used in the audited financial statements for the year ended December 31, 2015 and comply with the requirements of the International Financial Reporting Standards (IAS 34, Interim Financial Reporting).

## 4. NEW STANDARDS

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018).

## 5. USE OF ESTIMATES AND JUDGEMENTS:

(a) Property, plant and equipment

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

(b) Depreciation

Depreciation is recognized on profit or loss on the straight-line basis, over the estimated useful lives of property, plant, motor vehicles and equipment except for land and investment properties.

(c) Borrowings

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

d) Inventories are valued at the lower of cost or net realisable value.

## 5. Earnings per share

Earnings per share for the 2016 quarters, are based on the average number of shares issued during the quarter. The prior periods reflect the increased number of shares in 2016, based on the issue of bonus shares and a stock split. (See note 6 below).

## 6. Share Capital

During the quarter the company opted to be listed on the junior market of the Jamaica Stock Exchange. In preparation for the listing, the share capital was restructured, resulting in the issue of 481,650 bonus shares, in addition the authorized share capital was split into 300 million shares of no par value, resulting in the issued capital increasing to 150 million shares of no par value. In March the company issued 44.5 million shares to the public, bringing the total issued shares to 194,500,000 units.

