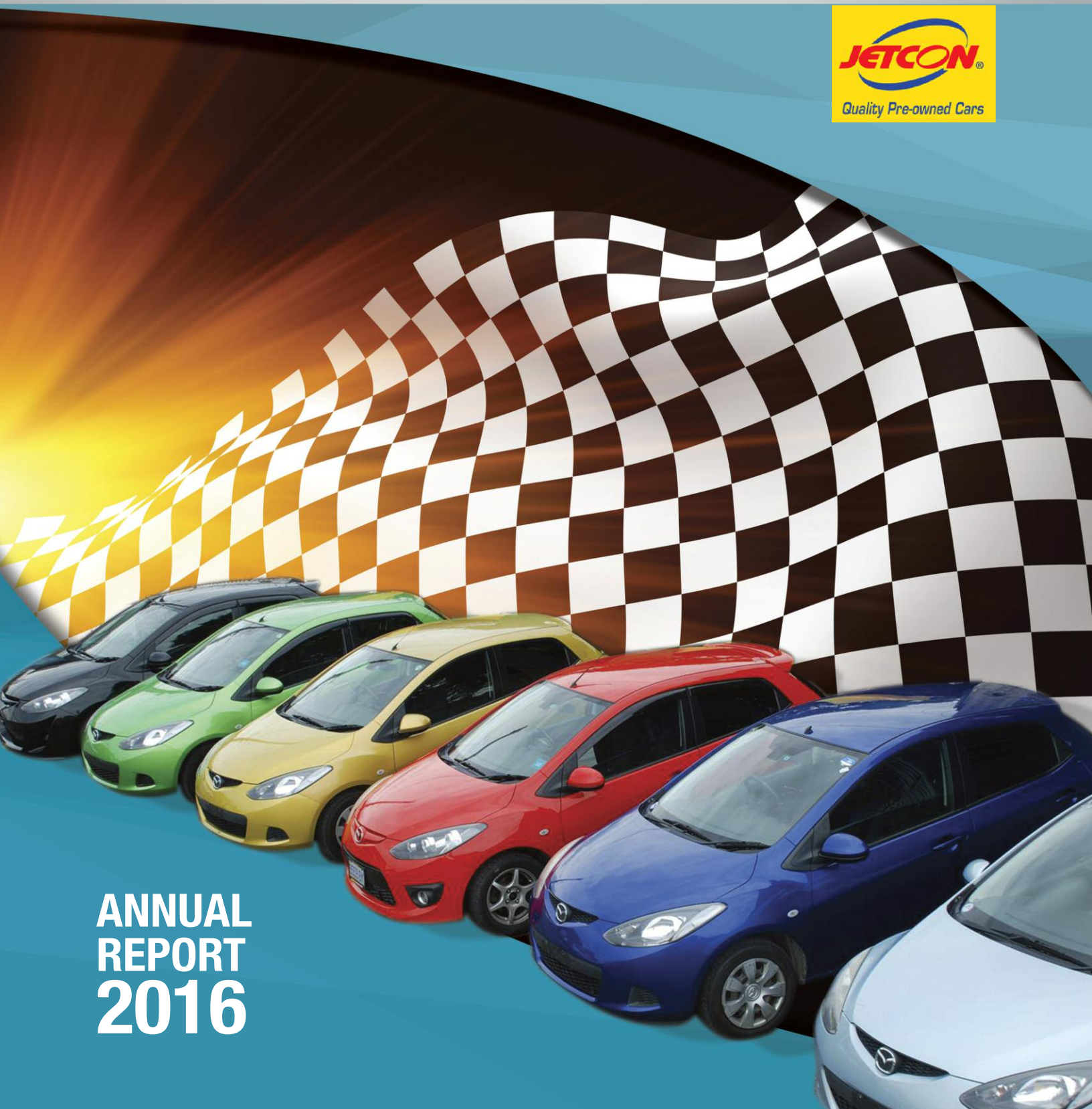
JETCON®

JETCON®
Quality Pre-owned Cars



ANNUAL REPORT 2016

Our Mission:

To maximise stakeholder value by consistently delivering superior service that delights our customers.

Our Vision:

To be the preferred provider of high quality vehicles, parts, accessories and services.

Our Values:

Teamwork, innovation, professionalism, honesty, integrity and trust.

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Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of Jetcon Corporation Limited will be held at The Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, on Wednesday, 14 th day of June, 2017, at 4:30 p.m. for the purpose of transacting the following business:

1. To receive, consider and if thought fit approve the Audited Financial Statements of the Company for the year ended December 31, 2016, together with the Reports of the Directors and Auditors thereon.

2. As Special Business:

   i) To propose an amendment to article 99 of the Company's Articles of Incorporation regarding Retirement of Directors, which states:

   "At the first Annual General meeting of the Company all Directors shall retire from office, and at the Annual General Meeting in every subsequent year all of the Directors for the time being shall likewise retire from office".

   Resolution:

   Be it resolved that article 99 of the Company's Articles of Incorporation be amended by substituting the words

   "one third of the directors or the nearest whole number thereto, shall retire from office at every other Annual General Meeting" after the words "subsequent year" to the end of the sentence.

   ii). To propose an amendment to article 100 of the Company's Articles of Incorporation regarding Age of Directors, which states:

   "No person shall be appointed or re-appointed a director if at the time of his proposed appointment he has attained the age of seventy years".

   Resolution:

   Be it resolved that Article 100 of the Company's Articles of Incorporation be amended by substituting the word "seventy-five" for "seventy".

3. Election of Directors

   All Directors retire and being eligible offer themselves for re-election.

   Resolution:

   (i) Be it resolved that, John Jackson, Andrew B. Jackson, Andrew Joel Jackson, Dr. Christene Clarke-Dougherty, CarlCarby, Garth Mckenzie and Karl Wright, who have retired and eligible for election be and are hereby elected.

4: As Special Business, to propose that Sean Jackson be appointed a Director of the Company.

   Resolution:

   Be it resolved that Sean Jackson who is eligible for election, be and is hereby appointed a Director of the Company.

5. To approve the remuneration of the Directors:

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

   That the amount shown in the Audited Financial Statements for the year ended December 31, 2016 as remuneration and fees to the Directors for services as Directors be and is hereby approved.

6. As Special Business, to consider and if thought fit, pass the following as ordinary resolutions:

   That pursuant to Article 48 of the Articles of Association of the Company.

   A) "That each of the authorised ordinary shares in the capital of the Company be subdivided into 4 units each for every 1 that currently exists, resulting in the authorised capital being increased to 1,200,000,000 ordinary shares of no par value.

   B) That the issued capital be subdivided into 3 shares for every one currently issued, effective for shareholders on record at the close of business on June 26, 2017".

7. To reappoint Crooks Jackson Burnett, Chartered Accountants, as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

8. To transact any other business as may properly be brought before the meeting.

BY ORDER OF THE BOARD

Andrew Joel Jackson
Corporate Secretary

Corporate Data

Board of Directors

John Jackson, Chairman
Andrew B. Jackson, Managing Director
Garth Mckenzie
Dr. Christine Clarke-Dougherty
Andrew Joel Jackson
Carl Carby
Karl Wright

Audit and Finance Committee

Garth Mckenzie, Chairman
Carl Carby
Andrew Joel Jackson

Compensation Committee

Dr. Christine Clarke-Dougherty, Chairman
Garth Mckenzie
Karl Wright

Corporate Secretary

Andrew Joel Jackson

Executive Team

Andrew B. Jackson, Managing Director
Andrew Joel Jackson, Operations Manager
Sean Jackson, Manager Logistics and IT
Keddine Bryce, Accountant
Colleen Clayton, Lead Sales Consultant
Julian Gordon, Sales Supervisor

Auditors

Crooks Jackson Burnett
Chartered Accountant
Unit 9a, 2 Seymour Avenue, Kingston 6

Attorneys-A-Law

Hart Muirhead Fatta Attorneys-at-Law
2nd Floor
Victoria Mutual Building
3 Knutsford Boulevard< Kingston

Registered Office

2 Lower Sandringham Avenue, Kingston

Bankers

CIBC First Caribbean Intl Bank Ja
23 Knutsford Blvd Kingston 5

National Commercial Bank Ja Ltd
The Atrium, 32 Trafalgar Road, Kingston 10

Bank Of Nova Scotia Ja Ltd
Port Royal Street, Kingston

Sagicor Bank Jamaica Ltd
17 Dominica Dr Kingston 5

First Global Bank Ltd
2 St Lucia Ave Kingston 5

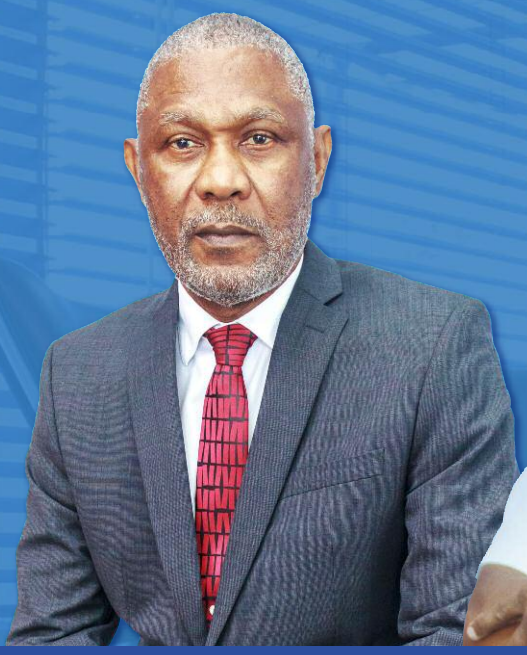
Registrar

Jamaica Central Securities Depositary Limited
40 Harbour Street, Kingston

JETCON® FACTS

Andrew Jackson, Managing Director, founded Jetcon Corporation in 1994.

Profile of Directors



JOHN JACKSON

He serves as Chairman of the Jetcon Corporation Board and is a Chartered Accountant and Financial Analyst, who brings a wealth of knowledge in auditing, management, finance and investments to the position. John is also Acting Chairman and a Director of Jamaican Teas Limited- a Junior Market listed company, where he serves as Mentor and Chairman of the Audit and Finance Committee. He is Chairman of KIW International, as well as the Jamaica Deposit Insurance Corporation (JDIC).

Among his directorships are- Bridgeton Management Services Limited, a private investment and management company since 1974; Boston Holdings Limited, publishers of the financial website ICinsider.com and the Development Bank of Jamaica (DBJ). He is also involved in other private entities. He has convened and managed the successful Investment Series– INVESTMENT '87 to INVESTMENT 2010 and was the main presenter on investments. He attended South West London College in the United Kingdom and is a member of the Chairman's Circle of the prestigious Oxford Club and Investment University, (IU) in the USA.

ANDREW B. JACKSON

He is the Managing Director of Jetcon Corporation, which he founded in 1994, growing the company from a start-up in 1991 to a limited liability company handling the importation and sale of pre-owned vehicles. Jetcon is now a leading dealership in Jamaica and an eminent publicly listed company.

Andrew served in various areas of Cable and Wireless Jamaica and NCR Jamaica before exploring his entrepreneurial skills. In 1989, he managed the Investor's Choice magazine and has held several positions including Chairman of the Institute of Electrical and Electronics Engineers (Jamaica Section), President of the Jamaica Used Car Dealers Association and President of Jamaica Karting Association for several years. He holds a BSc. in Physics and Electronics and an MBA from the University of the West Indies, (UWI) and an MBA from Nova University.

Profile of Directors *Continued*

GARTH MCKENZIE

He is Chairman of Jetcon's Audit and Finance Committee. Garth is an Electrical Engineer with a unique blend of skills, knowledge and insight gained from over 25 years of responsibility and experience in Business Development and Retail Sales, as well as Technical and General Management. He has a proven track record of commercial and operational successes, due to an inclusive leadership style, creative thinking and problem solving skills. He is a strong team builder and communicator, and can energise diverse and multifunctional teams in order to achieve measurable results. His areas of expertise are: Administration, Budgeting, GPS Technology, Change Management, Union Negotiation, Public Speaking, Safety Systems, Maintenance and Reliability Systems and Renewable Energy.

He served at the Jamaica Public Service Company as a Business Executive and holds a BSc. in Electrical Engineering from the University of the West Indies, (UWI) and an MBA from Nova University.

DR. CHRISTINE CLARKE-DOUGHERTY

She is the Chairman of Jetcon's Compensation Committee and a Lecturer in Economics at the University of the West Indies (UWI), Mona. Christine is a Director, and Chair of the Budget and Audit Committees of the Bank of Jamaica (BOJ), and Chair of the Undergraduate Committee (Banking and Finance and Economics Major) UWI. She served at the Planning Institute of Jamaica (PIOJ) in a number of capacities, including Director of Economic Planning and Research. She holds a Ph.D. Economics - Public Finance and a Master of Arts, Economics - Public Finance 2006, both from Rice University Houston, Texas, USA.

JETCON®

FACTS

Jetcon serves the market for smaller, more affordable cars – selling pre-owned imported vehicles

Profile of Directors *Continued*

ANDREW JOEL JACKSON

He is the Corporate Secretary and Operations Manager of Jetcon Corporation. Joel has wide experience in the Auto industry. Starting at age 14, during summer and Christmas holidays, he worked in critical areas such as Parts Management, Garage Operations and Administration. An avid motorsport competitor, he began karting at age 7 and upon finishing high school, he left to pursue his lifelong dream of professional motorsports. He holds the distinction of being the only Jamaican driver to have competed in a Formula Series (Formula BMW) and Skip Barber race series in the USA, Canada and Europe, and has several local and regional championships to his credit.

He is currently pursuing a Bachelor of Management Studies (BMS) at the University of the West Indies (UWI), Mona.

CARL CARBY

He is a Management Accountant, Executive Chairman of Carlong Publishers Limited and Chairman of Sangster's Book Store Limited. He served at Bahama Cement Company, Colgate Palmolive and T. Geddes Grant Limited prior to Carlong, which he owns jointly with Shirley Carby. Carl attended South West London College in the United Kingdom.

KARL WRIGHT

He is a former President of Victoria Mutual Building Society and currently serves as a Dispute Arbitrator for the Society. He is a member of the KIW International Board, where he serves as Chairman of the Investment and Finance Committee; he also serves on the UWI Development Trust Endowment Fund. Karl holds an MBA in Finance from Dalhousie University in Canada.

Report of Directors

Jetcon Directors (L-R) John Jackson, Andrew Joel Jackson, Andrew B. Jackson, Dr. Christine Clarke Dougherty, Karl Wight and Garth McKenzie.

2016 A Momentous Year for Jetcon

Jetcon Corporation completed a momentous year in 2016. The Company's 2016 Audited Financial Statements, the first since listing on the Junior Market of the Jamaica Stock Exchange (JSE) in March 2016, show marked progress and achievements during the year.

The Company's performance helped to propel the stock from its initial listing price of $2.25 to a high of $15 in early 2017, reflecting a gain of 567 percent.

Revenues surpassed our initial internal forecast of 30 percent growth with the year ending with an increase of 64 percent.

Growth in 2016 exceeded the 49 percent increase for 2015 over 2014. The performance resulted in revenues of $858 million versus $524 million in 2015, leading to profit more than doubling from $51 million to $105 million before tax and from $40 million to $98 million after tax. We ended the year with earnings per share of 54 cents and a strong 49.4 percent average rate of return on capital, up from 46.6 percent in 2015.

Our quarterly performance for the year under review reflects revenues growing over the prior year in each quarter, ending at $148 million in the first quarter, $195 million in the June quarter, $267 million in the September quarter and $247 million in the December quarter.

Capital

The IPO which opened and closed on March 14, 2016 within a short time frame was oversubscribed, adding 246 new shareholders to the Company and raising just under $100 million. Jetcon has been transformed as a result of its historic journey as the first pre-owned car dealership to list on the Jamaica Stock Exchange (JSE), and the investing public has seen the amazing benefits of the stock market, both for companies raising capital and as an investment vehicle for the average Jamaican.

The capital raised was immediately put to work resulting in a wider selection of motor vehicles for customers. Aggressive promotion supported by excellent customer service paid off with strong sales

growth in the post listing period. Contributing factors were – (i) a reduction in lending rates, which played a part in increased demand, (ii) improvement in the wider economy supported by tax reductions for some workers, thereby allowing for increased salaries and (iii) the lowest inflation rate in several decades.

The tax-free status, accorded the Company as a result of the JSE listing, has also proved beneficial, as this allows the Company to enjoy reduced tax liabilities for a number of years. This should serve to fortify the Jetcon's position in its projections for growth and expansion.

The listing has also elevated the Company's profile with the attendant publicity from daily trading and mentions in the press and on the air waves.

Finally, the listing on the JSE has allowed us to include our staff in the ownership of the Company. This in turn, is anticipated to lead to wealth creation for staff, improvement in their understanding of the business and a proactive, motivated and inspired team of employees.

The Directors approved an interim dividend of 7 cents per share that was paid on March 15, 2017 to shareholders on record as of February 24, 2017. The Directors will be recommending that a 3 for 1 stock split be considered by shareholders for approval at the upcoming Annual General Meeting to be held on June 14, 2017.

Chairman, John Jackson delivers an address at the JSE's Listing Ceremony, at right is Andrew B. Jackson, Managing Director.

The Board is of the view that the expanded Directorship has enhanced the Company's prospects and viability through a more thorough and systematic approach to management. We wish to thank the staff for moving into a higher gear to meet and deliver winning performances in many respects.

Update

Revenues, for the first 3 months of 2017, grew 74 percent ahead of the first 3 months of 2016, while profit more than doubled that of the first quarter in 2016.

Whilst we cannot say with any certainty that this pace will continue for the full year, our budgets, forecast and strategies for the year is for increased revenues and profit, as we work as a team to build the Company into one which stakeholders will view positively.

Based on growth for 2016 and continued growth in 2017 so far, the Company is actively seeking additional space for expansion of the business.

Andrew B. Jackson Managing Director, with Jetcon List Strip

Executive Team

ANDREW JACKSON

Managing Director (see Directors' Profiles)

Senior Managers

ANDREW JOEL JACKSON

Operations Manager (see Directors' Profiles)

SEAN JACKSON

Manager Logistics and IT

Sean overseas logistics, including the shipping of cars from Japan to Jamaica, clearance of the fleets from the wharf and obtaining fitness and licensing of the vehicles. He has worked in various departments of the Company including Servicing, Parts and Administration for a number of years. He holds an Associate Degree in Computer and Information Systems and Security/Information Assurance from Miami Dade College, as well as, a Bachelors in Information Technology from Florida International University with a Minor in Business, as a Kaseya Certified Technician.

Executive Team, Senior Managers *Continued*

COLLEEN CLAYTON

Lead Sales Consultant

Colleen is Jetcon's longest standing team member, being with the team for some 17 years. This depth of experience enables her to seamlessly match a potential customer with the car they desire. She prides herself on gaining technical information about every brand that Jetcon sells, and strives to instill this mindset in the rest of the Sales Team. She has a BSc in Management Studies and in 2012, won the NCB Auto Dealer Award for the Salesperson with Most Improved Sales.

JULIAN GORDON

Service Supervisor

Julian has been with Jetcon for some 4 years, managing the operations of the garage. He is currently completing his BSc in Management Studies at the University of Technology, (Utech). He previously managed the fleet at Jamaica Fiberglass Products and had a stint at Team Xpress Racing. He is also a member of the Jamaica Marshalling Club, which provides marshalling for all motorsports events in Jamaica.

KEDDINE BRYCE

Accountant

Keddine has served the Company for some 10 years. She heads a team of 3 and oversees all the Accounting Operations at Jetcon.

JETCON®

FACTS

Jetcon Corporation handles the importation and sale of pre-owned vehicles

Management Discussion & Analysis (MD&A)

The Management Discussion and Analysis (MD&A) of the Company's Financial Position and Results of Operations is provided as a supplement to, and should be read in conjunction with, the Audited Financial Statements and accompanying Notes.

Jetcon is a dealer in pre-owned motor vehicles that are imported from Japan with ages up to 6 years. Imports are funded by the Company's resources, which may be supported by loans if needed. The Company, formerly a privately owned limited liability entity, was listed on the Junior Market of the Jamaica Stock Exchange after an invitation to the public to subscribe to shares. Since the Initial Public Offer, the Company has financed imports mainly by internal funds. Imports are subject to licenses granted by the Government of Jamaica's Trade Board.

Corporate Governance

The Board of Directors meets regularly and its two Sub Committees, (i) Compensation and (ii) Audit and Finance meet as often as required outside of regular board meetings and provide reports to the Board, as well as guidance and recommendations to Executive Management. During the year, Members of the Board and Executive Management attended training seminars hosted by the Jamaica Stock Exchange on Corporate Governance.

Jetcon Sales Operations

Sales Operations consist of retail sales of pre-owned vehicles and related products and services.

Each vehicle undergoes comprehensive inspection and testing, and superficial body damage is repaired by our Service Centre prior to delivery. The Company focusses on attracting customers by a mix of marketing and sales strategies including advertising and other marketing endeavours. Our Sales Team is trained to provide quality service and guidance to meet the needs of our clientele. The majority of the vehicles purchased

by customers are financed through bank loans. We work closely with many financial institutions, and this alliance provides timely and reliable solutions to meet customer requirements.

The Company also sells parts and provides servicing to third parties currently, on a limited basis. This is an area earmarked for growth and expansion going forward. Furthermore, the decision to acquire additional space will allow for expansion of this segment of the Company's operations.

Revenues and Profitability

Our primary source of revenue and net income is the retail sale of pre-owned vehicles, sales of parts and motor vehicle servicing. The strong growth in revenues seen in 2015 continued into 2016. Revenues amounted to $858 million, 64 percent over the prior year's $524 million. In 2015, revenues grew 49.9 percent compared to $349 million recorded for the 12 months ended December 2014. The strong performance in the past two years mainly reflects mostly growth in motor vehicle volume sales. Revenues grew 10 percent in 2011 to reach $156 million, up from $142 million recorded in 2010. In 2012, revenue grew 142 percent to $378 million, followed by moderate declines of 1 percent and 6 percent in 2013 and 2014 respectively.

The pre-owned car market accounts for about two thirds of all cars imported into the country. The sector provides an important service to the country by delivering affordable and reliable transportation for a wide cross-section of persons and businesses. The vehicles in which Jetcon trades are far less costly than new ones and have a relatively long life span, if properly maintained, thus saving the country foreign exchange.

There is some amount of seasonality in sales with July, November and December being peak months.

Currency Movements

Historically, inflation has not had a significant impact on results.

Profitability is primarily affected by our ability to achieve targeted unit sales and gross profit per vehicle rather than by changes in average retail prices. Large currency movements can materially affect sales with prices being pushed out of reach to some customers.

The strong growth in sales in 2015 and 2016 was due to:

(i) A depreciation of the Yen/USD exchange rate which made Japanese vehicles cheaper in USD terms. At the start of 2016, the exchange rate was approximately JPY116 to US$1 and by August it rose in value to JPY100 to US$1. By the end of the year, it was JPY118 to the US$1. During the year, the value of the Jamaican dollar also slipped around 6 percent versus the United States dollar and would have helped to squeeze margins for most of the second half of the year.

(ii) Favourable lending policies by banks and other financial institutions with respect to pre-owned vehicles, including low interest rates for car loans.

(iii) Our continued focus on selling vehicles with a lower cost profile that are more affordable

(iv) The benefits of listing the Company on the Junior Market provided additional capital, which allowed the Company to expand the selection of vehicles to customers, as well as the increased publicity given to the listing. During the year, we started to stock vehicles that were more highly priced to reach a wider market.

Total Comprehensive Income

Profit before tax increased 104 percent from $50.6 million in 2015 to $103 million in 2016. However, this was lower than the 292 percent growth in 2015 over that of 2014. The results surpass the $20 million earned in 2013. After tax profits increased from $40.3 million in 2015 to $99 million in 2016, partially as a result of the fall in the Company's tax rate.

Gross Profit Analysis

Gross profits followed the trend in sales with growth of 23 percent in 2011 and 201 percent in 2012, declining 18.6 percent and 13 percent respectively in 2013 and 2014 and increasing by 72 percent in 2015. Gross profit margin, which includes repairs and other costs to ensure vehicles are delivered to customers at the Jetcon brand level of service, has varied between 15.25 percent and 19.94 percent over the 5-year period with the outturn for 2016 being 18 percent. Jetcon should see an increase in this segment of operations in 2017.

The introduction of Customs User Fees has resulted in a reduction in the gross profit margin in 2013 and 2014 as this cost was absorbed by the Company. In 2015, gross profit margin recovered, due to the overall lower acquisition cost of vehicles, which allowed the Company to increase margins while still maintaining the cost of cars at affordable levels. Jetcon also embarked on a new strategy during the latter part of the year that resulted in the further lowering of some of our cost.

Increased sales is also highly beneficial to generating profit growth as our overhead costs remain relatively stable compared with higher sales activity.

The decision to list resulted in added cost to the operations but that was compensated for by the ongoing publicity generated from listing, as well as the trading activity of the Company's shares.

Administrative and Other Expenses grew by 33 percent in 2016 to $36.3 million compared to $27.3 million from $30 million in 2014. Selling and Marketing costs moved from $6 million to $13 million and is mostly associated with increased sales.

Finance Costs declined in 2015 to $4.7 million, down from $10.5 million recorded in 2014, due to the repayment of bank loans and was lowered to $1.85 million in 2016. The latter is due to the full repayment of loans.

Return on Equity is at 49.4 percent for the year, an improvement over the 46.6 percent in 2015 and just 17 percent in 2014.

Quarterly Performance

During the year, the Company recorded outstanding quarterly results with volume sales growing 61 percent between June and December compared to 19 percent for the period January to May. July and December were the best months for sales. First quarter results showed revenue growth of 75 percent over 2016, and orders at the end of the period are ahead of the levels by 91 percent for the comparative period in 2016.

Jetcon Corp Ltd is one of the leading car dealers in Jamaica with highly trained mechanics and technicians and facility.

Quarterly results

	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
$'000	2016	2015	2016	2015	2016	2015	2016	2015
Sales Revenue	$147,669	95,549	195,008	140,364	267,118	143,264	247,249	144,069
Less Cost of sales	$115,309	79,412	166,308	112,761	220,432	295,120	201,807	123,180
Gross profit	$32,360	16,137	47,783	27,603	46,687	22,969	45,442	20,889
Gross Profit margin	22%	17%	25%	20%	17%	16%	18%	14%
Pre-tax Profit	$14,625	6,482	17,397	11,886	34,617	9,229	31,799	13,815

Liquidity

Our primary sources of liquidity in 2016 include funds provided by operations amounting to $100 million and net proceeds of $88 million from the issue of shares to the public in March, which was used to reduce borrowed funds and increase our inventory of motor vehicles.

During 2015, liquidity was provided by $15.6 million in cash from operations and a $7.5 million term loan. We repaid $16.3 million of term loans and revolving credit loans. Our liquidity profile has improved since 2011 with more cash being generated from operations to finance our business and utilize less bank financing each year.

Auto Service and Maintenance Facility

Jetcon has the distinction of being one of the first companies to have been registered by the government as a Certified Auto Dealer in 1995. With the added advantage of its professional Auto Service and Maintenance Facility, Jetcon is able to put all vehicles through a 120 point quality inspection of the engine and all major systems, to ensure that each car meets the standard of a Jetcon Quality Certified vehicle. Most routine mechanical and minor body repairs are done in-house but some reconditioning services are hired out to third parties specializing in those areas. Jetcon stands behind every pre-owned vehicle it sells.

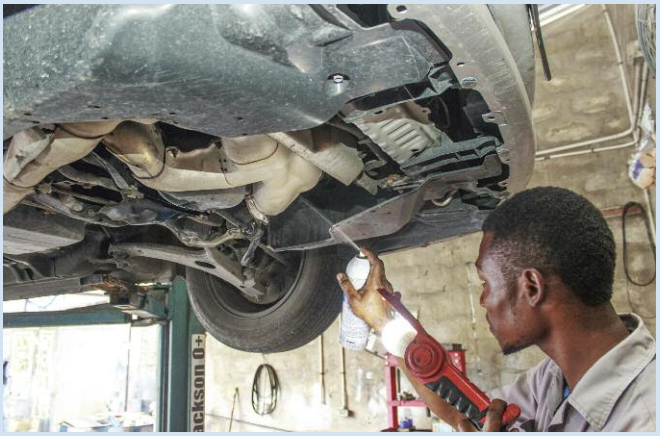
The Company is a highly regarded player in local, regional and international motor racing circles and asserts that there is a strong and inseparable link between motor racing and the auto business. Jetcon's involvement in the sport puts the team and its machinery through rigorous tests, which serve to strengthen the techniques and skills used in servicing and solving everyday car problems.

Customer Service – Our Priority

With focus on customer service and smaller, more affordable vehicles, Jetcon has steered its business into a high volume facility of pre-owned cars and related products and services and enjoys a reputation for quality delivery from clients and industry players alike.

Andrew Jackson, Managing Director the Company's success to its mantra of customer satisfaction,

"Our sales consultants are trained in good people skills and in the technical and service features of each vehicle.



We prioritize relationships with customers and this builds goodwill which translates to satisfaction and encourages repeat and referral business".

Testimonials

This is my second car from Jetcon and I must say the Customer Service has been excellent again and loving my new car *-Sirrano Williams January 2017.*

It has been a good experience from the first day I walked into the office. After sales was good. Very accommodating. I will be back when I'm ready to change my car. It says a lot when you are in traffic and you look at the plate holders and realise that most are from Jetcon. *-Moya Bernard December 2016.*

Really good Company that will really go the extra mile to get you in the seat of your car. *-Andre Coleman December 2016.*

Very economical motor vehicles for the Jamaican public. *-Sean Oconnor February 2015.*

I bought several cars from them and everytime has been very satisfying. GREAT CUSTOMER SERVICE. *-Wayne Leahong February 2015.*

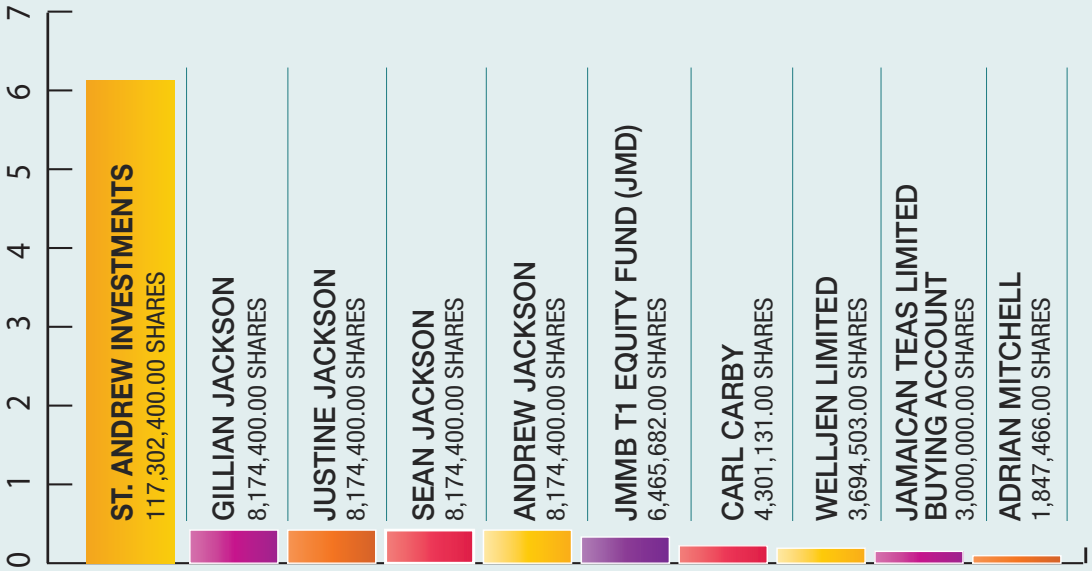
Excellent Customer Service and Quality Cars. *-Shauline Gentles December 2014.*

Historical Financial Data

BALANCE SHEET	2016	2015	2014	2013	2012	2011	2010
Shares Issued '000	194,500	150,000	150,000	150,000	150,000	150,000	150,000
$'000	$2.76						
Shareholders' equity	294,014	106,662	66,354	55,888	41,339	27,481	6,552
Long Term Liability	0	3,908	10,726	13,058	5,537	9,280	11,300
Total Gearing	2,656	11,737	23,216	41,221	19,613	24,410	22,515
Fixed Assets net	35,827	30,504	31,146	34,596	32,988	29,747	11,450
Current Assets	297,264	113,237	91,140	98,724	83,573	53,631	46,735
Current Liabilities	294,014	33,490	45,581	55,385	60,787	40,340	29,550
Inventories	250,827	84,480	71,665	75,439	69,105	43,287	31,926
Receivables	35,698	18,286	14,076	10,164	4,362	2,882	11,138
Cash & Equivalent	3,161	5,594	3,044	2,988	247	80	177
Inventory growth	197%	18%	-5%	9%	60%	36%	#DIV/0!
PROFIT & LOSS							
Revenues	858,272	524,256	349,277	373,070	377,953	156,088	141,743
Yearly Change	63.71%	50.10%	-6.38%	-1.29%	142.14%	10.12%	
Gross Profit	153,188	87,598	53,226	61,363	75,345	25,037	20,343
Yearly Change	74.88%	64.58%	-13.26%	-18.56%	200.93%	23.07%	
Pretax Profit	103,169	50,612	12,898	19,964	21,017	3,588	(521)
Yearly Change	103.84%	292.40%	-35.39%	-5.01%	485.76%	-788.68%	#DIV/0!
Aftertax Profit	98,987	40,349	10,466	14,550	13,856	2,319	(412)
Yearly Change	145.33%	285.52%	-28.07%	5.01%	497.50%	-662.86%	#DIV/0!
IMPORTANT RATIOS							
Equity/Debt ratio	110.72	9.09	2.86	1.36	2.11	1.13	0.29
Current Assets ratio	1.01	3.38	2.00	1.78	1.37	1.33	1.58
Return on equity	49.41	46.64	17.12	29.93	40.27	13.63	-12.58
Sales To Inventories	2.92	15.65	4.87	4.95	5.47	3.61	4.44
Sales To Receivables	3.42	6.21	24.81	36.71	86.65	54.16	12.73
Gross Profit Margin	18%	17%	15%	16%	20%	16%	17%
Return on Assets	17%	17%	6%	7%	10%	2%	-1%
Net Asset Per Share	1.51	0.71	0.44	0.37	0.28	0.18	0.04
Earnings Per Share	0.54	0.27	0.07	0.10	0.09	0.02	0.00
Year end Stock Price	6.00	2.25	na	na	na	na	na
PE Ratio after tax	11.11	8.36	na	na	na	na	na

Disclosure of Shareholdings

TOP TEN SHAREHOLDERS



DIRECTORS' HOLDINGS

	Number of Shares		
	Direct	Beneficial	Total
Andrew B. Jackson	117,302,400		117,302,400
John Jackson	120,000	2,834,369	2,954,369
Andrew Joel Jackson	8,174,400		8,174,400
Carl Carby	4,301,131		4,301,131
Karl Wright	1,580,027		1,580,027
Garth McKenzie	nil		nil
Christine Clarke-Dougherty	nil		nil

SENIOR MANAGEMENT HOLDINGS

Keddine Bryce			725,000
Colleen Clayton			240,600
Julian Gordon			120,000
Total Issued Shares			**194,500,000**
Total Number of Shareholders			**338**

Audited Financial Statements

Crooks Jackson Burnett
Chartered Accountants

Unit #9A, Seymour Park, 2 Seymour Avenue
Kingston 6, Jamaica W.I. Telephone:
(876)978-6525; 978-6689

February 27, 2017

Independent auditor's report

To the Members of
Jetcon Corporation Limited

Report on the audit of the financial statements

Opinion
We have audited the financial statements of Jetcon Corporation Limited (the Company) set out on pages 23 to 40, which comprise statement of financial position as at December 31, 2016, statement profit or loss and other comprehensive income, statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information

In our opinion, the accompanying financial statements give a true and fair view of the financial position of company as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis of Opinion
We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the **Auditor's Responsibility for the Audit of the Financial Statements** section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Those matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the Key audit matter**
Impairment loss - Inventory [see significant accounting policies, *note 2(g)* of the financial statements]. At reporting date the company's inventory amounted to $250,826,759 representing 75% of the company's total assets; this reflects approximately 200% increase over the prior period [2015 = $84,479,822]. The company's valuation methodology has been assessed and found to be reliable; however, as a result of the magnitude of the increase extensive tests were undertaken.	We tested sales subsequent to reporting date and evaluated such sales to determine whether, items of inventory, if any, were sold subsequent to year-end, at a price below cost, in the context of net realisable value. We conducted an evaluation of the overall sales performance of the company for the period January 1, 2017 to the date of finalising the financial statements. Based on our independent evaluation we determined that the year-end inventory is not impaired.

Principal: Effie M. Crooks, F.C.A; Associate: Ethlyn Crooks, A.C.A.

Other information

Management is responsible for the other information. The other information comprises annual Report but does not include the financial statements and our auditor's report thereon

In our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Financial Statements

Management is responsible for the preparation of financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue a statement when it's a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud to error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.

Independent auditor's report
Jetcon Corporation Limited

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the company financial statements, including the disclosures, and whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by 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, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

.....

Chartered Accountants
Unit #9A, Seymour Park, 2 Seymour Avenue
Kingston 6, Jamaica W.I.

Statement of Loss and Other Comprehensive Income

YEAR ENDED DECEMBER 31, 2016

	Note	2016 $	2015 $	
Revenue		**857,044,456**	523,245,799	
Cost of Sales	3	**(703,856,068)**	(435,647,929)	*
Gross Profit		**153,188,388**	87,597,870	
Other operating income		**1,227,296**	1,010,164	
		154,415,684	88,608,034	
Expenses:				
Selling and marketing expenses		**(13,075,296)**	(6,027,949)	*
Administrative and other expenses		**(36,319,037)**	(27,270,122)	*
Financial expenses	5	**(1,851,856)**	(4,697,763)	
Total expenses	3,5	**(51,246,189)**	(37,995,834)	
Net profit before tax		**103,169,495**	50,612,200	
Taxation	6	**(4,182,206)**	(10,262,789)	
Net profit after tax		**98,987,289**	40,349,411	
Other comprehensive income:				
Increase/(decrease) in fair value in available for sale investment security	9	**6,229**	(144)	
Total comprehensive income		**98,993,518**	40,349,267	
Earnings per stock unit for profit attributable to stockholders of the company during the year	15	**$0.54**	**$0.27**	

Statement of Financial Position

at DECEMBER 31, 2016

	Note	2016 $	2015 $
ASSETS			
Property, plant and equipment	7	35,827,423	30,504,360
Investments	8	10,345	4,116
Deferred tax asset	9	-	355,795
Total non-current assets		35,837,768	30,864,271
Inventories	10	250,826,759	84,479,822
Receivables	11	35,698,274	18,285,768
Cash and bank balances	12	3,161,330	5,594,368
Parent company	13	7,577,282	4,877,282
Total current assets		297,263,645	113,237,240
TOTAL ASSETS		333,101,413	144,101,511
EQUITY			
Share capital	14	88,817,218	18,350
Retained earnings		188,482,629	89,489,111
Capital reserves	14	16,714,626	17,196,276
Total equity attributable to shareholders		294,014,473	106,703,737
LIABILITIES			
Long-term liabilities	18	-	3,907,751
Total non-current liabilities			
Payables	16	34,911,206	18,615,541
Bank overdraft	17	2,655,579	1,514,345
Taxation		1,520,155	7,045,495
Current portion of long-term liabilities	18	-	6,314,642
Total current liabilities		39,086,940	33,490,023
Total liabilities		39,086,940	37,397,774
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		333,101,413	144,101,511

The financial statements on pages 2 to 19 were approved for issue by the Board of Directors on February 27, 2017 and signed its behalf by:

..... Director

Andrew Jackson

..... Director

John H. Jackson

Statement of Changes in Shareholders Equity

YEAR ENDED DECEMBER 31, 2016

	Share capital $	Capital reserves $	Retained earnings $	Total $
Balance as at January 1, 2015	18,350	17,196,276	49,139,844	66,354,470
Other comprehensive income for the year - fair value adjustment			(144)	(144)
Total comprehensive income	-	-	40,349,411	40,349,411
Balance as at December 31, 2015 *(see note 15)*	18,350	17,196,276	89,489,111	106,703,737
Issue of bonus shares	481,650	(481,650)		-
Issue of shares, net of transaction costs	88,317,218			88,317,218
Other comprehensive income for the year - fair value adjustment			6,229	6,229
Total comprehensive income	-	-	98,987,289	98,987,289
Balance as at December 31, 2016 ***(see note 15)***	**88,817,218**	**16,714,626**	**188,482,629**	**294,014,473**

Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2016

	2016	2015
	$	$
CASH FLOWS WERE PROVIDED BY/ (USED IN):		
OPERATING ACTIVITIES		
Net profit after taxation	**98,993,518**	40,349,267
Item not affecting cash resources:		
Fair value adjustment to investment instrument	**(6,229)**	144
Deferred tax charge	**355,795**	15,245
Depreciation	**851,674**	956,636
	100,194,758	41,321,292
Changes in non-cash working capital components:-		
Inventories	**(166,346,937)**	(12,814,970)
Receivables	**(17,412,506)**	(4,209,872)
Payables	**16,295,665**	(12,394,550)
Taxation	**(5,525,340)**	4,965,946
Cash (used in)/provided by operating activities	**(72,794,360)**	16,867,846
FINANCING ACTIVITIES		
Issue of shares	**88,317,218**	-
New Loans received	**-**	7,500,000
Repayment of Loans	**(10,222,393)**	(16,328,386)
Parent company	**(2,700,000)**	(2,521,779)
Cash provided by/(used in) financing activities	**75,394,825**	(11,350,165)
INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	**(6,174,737)**	(315,395)
Cash used in investment activities	**(6,174,737)**	(315,395)
INCREASE IN CASH AND CASH EQUIVALENT	**(3,574,272)**	5,202,286
CASH AND CASH EQUIVALENT - Beginning of year	**4,080,023**	(1,122,263)
CASH AND CASH EQUIVALENT - End of year	**505,751**	4,080,023
REPRESENTED BY:		
Cash and bank balances	**3,161,330**	5,594,368
Bank overdraft	**(2,655,579)**	(1,514,345)
	505,751	4,080,023

YEAR ENDED DECEMBER 31, 2016

1. Identification

The company is incorporated under the Jamaican Companies Act. It's a 60.31% [2015 = 78%] subsidiary of St. Andrew Investments Limited. Jetcon Corporation Limited and its parent company are domiciled in Jamaica, having their registered office at 2 Sandringham Avenue, Kingston 10, Jamaica.

The main activities carried out during the year were the importation and sale of motor vehicles, motor vehicle parts and the servicing of vehicles.

Effective March 24, 2016, the company's shares were listed on the Junior Market of the Jamaica Stock Exchange.

2. Statement of Compliance, Basis of Preparation and Significant Accounting Policies

(a) Statement of Compliance:

The financial statements of the company have been 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.

Basis of preparation:

The financial statements are presented on the historical cost basis, except for freehold land and building [*note 7*] and available for sale investment [*note 8*], which are stated at 'valuation' and measured at 'fair value' respectively.

Accounting estimates and judgements:

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the company'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 under their respective headings.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future years if the revision affects both current and future periods.

Standards, Interpretations and Amendments to published Accounting Standards effective in the current year

During the year, certain new standards, interpretations and amendments to existing standards became effective. Management has assessed the relevance of all such new standards, interpretations and amendments that became effective January 1, 2016; the majority of these standards did not have a significant effect on the amounts and disclosures in these financial statements. They included:

IASB Annual Improvements - The IASB annual improvements project resulted in amendments to the following standards, which may be relevant to the company's operations. These amendments are effective for the accounting periods beginning on or after January 1, 2016. The company has assessed them and has adopted those which are relevant to its financial statements:

- IFRS 7, 'Financial Instruments: Disclosures', has been amended to clarify, among other things, that the additional disclosure requirements to IFRS 7, "Disclosure - Offsetting financial assets and financial liabilities" is not specifically required for all interim period, unless required by IAS 34.

2. BASIS of PREPARATION and SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Statement of Compliance (continued)

Standards, Interpretations and Amendments to published Accounting Standards effective in the current year (continued):

IASB Annual Improvements - The IASB annual improvements project resulted in amendments to

- IAS 34, Interim financial reporting - The amendment clarifies what is meant by reference to in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment require a cross-reference from interim financial statements to the location of that information.

The implementation of these new or amended standards and interpretations did not have a significant impact on the accounting policies or financial disclosure of the company.

New, Revised and Amended Standards and Interpretations issued but not yet effective:

IFRS 9, Financial Instruments is effective for periods beginning on or after January 1, 2018 Earlier adoption is permitted. This standard 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 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 expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

There are no other new or amended standards and interpretations tha t are issued but not yet effective that are expected to have a significant impact on the accounting policies or financial disclosures of the company.

Significant Accounting Policies

(b) Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue from sale of goods is recognised in the profit or loss when the significant risks and reward of ownership have been transferred to the buyer, usually when the company has delivered the goods to the customer.

No revenue is recorded if there are significant uncertainties regarding recovery of the consideration due, the associated costs or possible return of goods.

Revenue is shown net of Consumption Tax, returns, rebates and discounts. Interest income is recognised as it accrues, unless collectibility is in doubt.

(c) Foreign Currency Transactions

i. Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ["the functional currency"]. The financial statements are presented in Jamaican dollars, which is also the company's functional currency.

2. BASIS of PREPARATION and SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

(c) Foreign Currency Transactions

ii. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains or losses arising from fluctuations in exchange rates are recognised in the profit and loss account. Foreign currency balances at the balance sheet date are converted at the rates applicable for that date.

(d) Financial Instruments

Financial Instruments carried on the balance sheet include cash, investments, bank balances, receivables and payables. The particular recognition methods are disclosed in the individual policy statements associated with each of them.

(e) Plant, Machinery and Equipment

Plant, machinery and equipment and other assets are carried at cost and valuation less accumulated depreciation. Depreciation is calculated on a straight line basis, (except motor vehicles, which is computed on the reducing balance basis), at rates estimated to write-off the cost of the assets over their expected useful lives. Annual rates used are as follows:

Freehold buildings	2 1/2%
Furniture, fixtures and equipment	10%/20%
Computer systems and motor vehicles	20%

Gains and losses on disposal of plant, machinery and equipment are determined by comparing proceeds with the carrying amount and are included in the profit and loss account.

Repairs and maintenance expenditure are charged to the profit and loss account during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company.

(f) Impairment of Non-Current Assets

Plant, machinery and equipment and other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of the asset's net selling price and the value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows.

(g) Inventories

Inventories are stated at lower of cost and net realisable value, cost being determined on the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(h) Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.-term deposits For the purpose 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.

(i) Borrowings

Bank loans and overdrafts are recorded at proceeds received. Finance charges, including direct issue costs are accounted for on an accrual basis in the profit and loss account and are added to the carrying amount of the loan to the extent that they are not settled in the period in which they arise.

2. BASIS of PREPARATION and SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

(j) Trade Receivables

Trade receivables are carried at original invoiced amounts less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Provision is the difference between the carrying amount and the recoverable amount. The carrying amount of the asset is reduced through the use of an allowable account, and the loss is recognised in the profit or loss. When trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoverables of amount previously written off are credited to the profit or loss.

(k) Accounts payable:

Accounts payable is measured at amorised cost. A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that affects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(l) Investments

These are classified as *available-for-sale* investments and are stated at fair value. Unrealised gains and losses arising from changes in the fair value of these securities are recognised in equity revaluation reserve. When securities classified as *available-for-sale* are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account as gains and losses from investment securities. (*see note 8*)

The fair value of *available-for sale* investments is based on their quoted market bid price at the balance sheet date. Where the quoted market price is not available, fair value is estimated using discounted cash flow techniques.

(m) Employee Benefits

Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. At year-end the company had no liability for annual leave as a result of services rendered by employees.

(n) Taxation

Taxation expense in the profit and loss account comprises both current and deferred tax.

(i) Current taxation

Current tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at balance sheet date. Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account except, to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

The company's liability for current tax is calculated at tax rates that have been enacted at balance sheet date. Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account except, to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

2. BASIS of PREPARATION and SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies (continued)

(n) Taxation (continued)

(ii) Deferred taxation

A deferred tax charge is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes. The tax rates used in these financial statements are those enacted at balance sheet date.

Deferred tax charges are recognised for temporary differences between the carrying amounts of assets and liabilities and the amounts as measured for tax purposes, which will result in taxable amounts in future periods. The carrying amounts of deferred tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax to be utilised.

(o) Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. (referred to in IAS 24 as the "reporting entity"). Related Party transactions and balances are recognised and disclosed for the following:

a. A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity;

ii. has significant influence over the reporting entity; or

iii. is a member of the key management personnel of the reporting entity or parent of the reporting entity.

b. An reporting entity if any of the following conditions applies:

i. the entity and the reporting entity are members of a group (which means that each parent, subsidiary and fellow subsidiary is related to each other).

ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. both entities are joint ventures of the same third party.

iv. the entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself a plan, the sponsoring employers are also related to the reporting entity.

vi. the entity is controlled or jointly controlled by a person identified in (a) above.

vii. a person identified in (a){i} above has significant influence over the entity (or is a member of the key management personnel of the entity.

YEAR ENDED DECEMBER 31, 2016

3. EXPENSES BY NATURE

Total cost of sales, administrative and selling expenses

	2016	2015	
	$	$	
Cost of Sales - Motor Vehicles	**675,023,039**	411,896,495	
Repairs and service costs - motor vehicles	**28,833,029**	23,751,434	*
Motor vehicle operating expenses	**2,555,421**	2,012,512	
Staff costs [*see note 3(b)*]	**22,444,500**	14,822,531	
Directors' fees	**2,950,000**	-	
Advertising and sponsorship	**4,338,897**	2,435,782	
Rent and utilities	**5,576,832**	5,455,147	
Insurance	**1,859,395**	1,764,231	
Security	**1,492,960**	1,142,061	
Audit fee	**1,150,000**	900,000	
Repairs and maintenance	**2,426,256**	1,427,298	
Depreciation	**851,674**	956,636	
General office expenses	**3,748,398**	2,381,873	
	753,250,401	468,946,000	

3b. STAFF COSTS

	$	$
Adminstration and sales		
Wages and statutory contributions	**12,467,567**	8,529,381
Statutory contributions	**2,498,245**	1,651,971
Directors' remuneration	**3,972,106**	3,398,822
Staff benefits	**3,506,582**	1,242,357
	22,444,500	14,822,531
Services		
Wages and associated costs	**5,413,601**	4,167,776
	27,858,101	18,990,307

The average number of persons employed full-time by the company during the year was 20.

4. OTHER INCOME

	$	$
Miscellaneous income	**444,594**	1,010,164
Interest income	**782,702**	-
	1,227,296	1,010,164

5. FINANCE CHARGES

	$	$
Loan interest	**425,428**	2,569,720
Bank charges	**1,162,997**	813,651
Finance charge	**145,072**	62,567
Foreign exchange loss	**(53,351)**	398,755
Overdraft interest	**171,710**	853,070
	1,851,856	4,697,763

6. TAXATION

(a) Taxation is based on profits for the year adjusted for taxation purposes, and is calculated at the rate of 25%. Taxation, as set out below, comprise: -

	2016	2015
	$	$
Taxation charge	**3,826,411**	9,315,027
Tax adjustment - prior period	**-**	932,517
Deferred taxation *(See note 8)*	**355,795**	15,245
	4,182,206	10,262,789

(b) The taxation charge differs from the theoretical amount that would arise using the income tax rate as follows:

	$	$
Surplus for the year before taxation	**103,169,495**	50,612,200
Computed "expected" tax at 25%	**25,792,374**	12,653,050
Adjusted as a consequence of the following:		
Tax adjustment - prior period		932,516
Employment Tax Credit	**(676,959)**	(3,527,002)
Net effect of disallowed allowances	**136,268**	154,225
Expense not allowable for tax purposes	**2,351**	50,000
Remission of tax	**(20,716,033)**	-
Deferred tax adjustment	**(355,795)**	**-**
	4,182,206	10,262,789

(c). Remission of income tax:

The company's shares were listed on the Junior Market of the Jamaica stock Exchange, effective March 24, 2016. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided it complies with the criteria of the Income Tax (Jamaica Stock Exchange Junior Market) regulation and its shares remain listed for at least fifteen (15) years:

The financial statement have been prepared on the basis that the company will have the full benefit of the tax remissions. The period is as follows:

Years 1 to 5	100%
Years 5 to 6	50%

The taxation charge in these financial statements is based on the chargeable profits of the pre-remission tax period: January 1, 2016 to March 23, 2016.

As a consequence of the company obtaining a remission of tax status, effective March 24, 2016, the deferred tax asset position at the prior year-end was reversed; therefore reporting a nil deferred tax position at year-end.

YEAR ENDED DECEMBER 31, 2016

7. FIXED ASSETS

	Freehold Property	Freehold Property	Computer systems	Motor Vehicles	Plant, Machines, Furniture & Fixtures	Total
	$	$	$	$	$	$
AT COST/VALUATION						
December 31, 2014	30,000,000	-	1,853,656	4,471,607	2,680,838	39,006,101
Additions	-	-	10,970	-	304,425	315,395
December 31, 2015	30,000,000	-	1,864,626	4,471,607	2,985,263	39,321,496
Additions	881,196	3,950,000	420,784	-	922,757	6,174,737
December 31, 2015	30,881,196	3,950,000	2,285,410	4,471,607	3,908,020	45,496,233
ACCUMULATED DEPRECIATION						
December 31, 2014	1,650,000	-	1,688,317	2,332,913	2,189,270	7,860,500
Charge for the year	330,000	-	42,039	427,739	156,858	956,636
December 31, 2015	1,980,000	-	1,730,356	2,760,652	2,346,128	8,817,136
Charge for the year	355,917	-	56,065	342,191	97,501	851,674
December 31, 2016	2,335,917	-	1,786,421	3,102,843	2,443,629	9,668,810
NET BOOK VALUE						
December 31, 2016	**28,545,279**	**3,950,000**	**498,989**	**1,368,764**	**1,464,391**	**35,827,423**
December 31, 2015	28,020,000	-	134,270	1,710,955	639,135	30,504,360
December 31, 2014	28,350,000	-	165,339	2,138,694	491,568	31,145,601

The company's freehold land and building were revalued during 2009 by independent valuators, Allison Pitter & Company. The valuation was done on the basis of open market value. The valuation surplus was credited to capital reserves.

The directors have assesed the values of land and building, based on recent sale of similar properties and have determined that the fair value of freehold property is $45,000,000.

* Freehold property includes land valued at $16,800,000. No depreciation is computed on land.

8. INVESTMENTS - SECURITIES

	2016	2015
	$	$
These comprise quoted securities:-		
Investment securities at the beginning of the year	**4,116**	4,260
Fair value adjustment to investment instrument	**6,229**	(144)
Market value	**10,345**	4,116

9. DEFERRED TAX

Deferred income tax is calculated on all temporary differences under the liability method using the rate of 25%. Deferred income tax liability/(asset) resulted as follows: -

	2016	2015
	$	$
Deferred tax asset at the beginning of year	**(355,795)**	(371,040)
Plant and equipment - deferred tax asset (see note 6)	**355,795**	15,245
Deferred tax asset at end of year	**-**	(355,795)

No deferred tax was accounted for in the current period and the deferred tax asset was written back because the benefit would not be expected to be utilised in the near future as the company was granted a tax remission [see note 6].

10. INVENTORIES

Inventories comprise:

	2016	2015
	$	$
Motor vehicles	**70,877,654**	36,198,651
Motor vehicles - bonded warehouse	**129,436,761**	22,811,740
Parts	**3,546,631**	1,345,530
Inventories on hand	**203,861,046**	60,355,921
Goods-in-transit	**46,965,713**	24,123,901
	250,826,759	84,479,822

11. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments comprise:-

	2016	2015
	$	$
Trade receivables	**7,922,437**	5,553,776
Prepayments	**324,510**	351,477
Deposits	**2,072,933**	2,800,173
Related party balances	**1,747,849**	-
Other receivables	**23,630,545**	9,580,342
	35,698,274	18,285,768

Trade receivables are stated net of provision for bad debts of $1,446,893 (2015 = $788,696)

12. CASH and BANK BALANCES

Cash and bank balances represent amounts held in Saving and Current Accounts denominated in Jamaican Dollars and United States Dollars.

13. PARENT COMPANY

This represents current account transactions with the parent company.

14. SHARE CAPITAL and CAPITAL RESERVES

(a) Share capital

	2016	2015
	$	$
Authorised -		
300,000,000 [2015 = 20,000] Ordinary shares of no par value		
Issued and fully paid -		
194,500,000 [2015 = 18,350] Ordinary shares of no par value	**97,040,590**	18,350
Less:		
Transaction costs	**(8,223,372)**	-
	88,817,218	18,350

At an extra-ordinary general meeting of the company held on February 17, 2016 the company unanimously passed the following resolutions:

i. That the authorised share capital of the company be increased by 980,000 ordinary shares from 20,000 ordinary shares to 1,000,000 ordinary shares.

ii. That the sum of $491,650 being part of the company's capital reserves be capitalised and applied in paying up in full, at par, on behalf of shareholders 481,650 ordinary shares, ranking *pari passu* in all respects with the existing ordinary shares of the company.

iii. That each of the existing shares in the company be split in the ratio of 300 to 1.

In March 2016, the company raised an additional $88,317,218, net of transaction costs, from its initial public offering of 44,500,000 ordinary shares to the public for its enlistment on the Jamaica Stoch Exchange Junior Market. All ordinary shares carry the same voting rights.

(b) Capital reserve:

Capital reserve comprise:

	$	$
Unrealised surplus arising from revaluation of freehold property *(see note 7).*	**16,714,626**	17,196,276

15. EARNINGS PER STOCK UNIT

Basic earnings per ordinary stock unit is calculated by dividing the net profit attributable to equity holders by the weighted average number of stock units in issue during the year.

	2016	2015
	$	$
Net profit attributable to equity holders of the company	**98,993,518**	40,349,267
Weighted average number of ordinary stock units in issue	**184,408,470**	150,000,000
Basic earnings per stock unit	**$0.54**	**$0.27**

The weighted average number of ordinary shares in issue at year end reflects the 150 million shares in issue up to March 24, 2016, the date before the IPO became binding and the 194.5 million units in issue at the year end.

16. TRADE, OTHER PAYABLES AND ACCRUALS

These comprise:-

	2016	**2015**
	$	**$**
Trade payables	**17,448,733**	8,229,093
Deposits - other	**7,714,301**	4,449,229
Statutory payables	**1,069,893**	449,403
Other accruals	**8,678,279**	5,487,816
	34,911,206	18,615,541

17. BANK OVERDRAFT

Bank overdraft is secured by means of a charge over the company's freehold premises located at 2 Sandringham Avenue, Kingston 10 and unlimited guarantees by director and shareholder. The bank overdraft attracts interest at the rate of 19.85% (2015 = 19.85%) per annum.

18. LONG-TERM LIABILITY

	2016	2015
	$	$
National Commercial Bank Jamaica Limited	**-**	6,145,072
JMMB Merchant Bank Limited - Loan # 1	**-**	4,077,321
	-	10,222,393
Less - Current maturities	**-**	(6,314,642)
Long-term portion	**-**	3,907,751

The company repaid all its long-term liabilities during the year.

19. RELATED PARTY TRANSACTIONS

Included in year the company made payments amounting to $682,412 in respect of advertising related expenses to Virgin Advertising Limited and Boston Holdings Limited, which are companies related by means of common directorship.

20. SUBSEQUENT EVENT

Subsequent to year end, the directors at a meeting held on January 28, 2017 approved the payment of an interim dividend of 7 cents per share, the date for the payment of the dividend is March 15, 2017 to those members on record at February 24, 2017.

The Board also agreed to recommend, at the meeting of shareholders, an undertaking for a stock split, moving the current issued share capital from 194,500,000 shares to 583,500,000 shares.

21. FINANCIAL RISK MANAGEMENT

The company's activities exposes it to a variety of financial risk: (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company seeks to manage these by close monitoring of each class of its financial instruments as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is exposed to currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than Jamaican Dollar. Foreign exchange risk arises from commercial transactions, primarily with respect to purchases, which are denominated in United States dollars. The company does not earn foreign currency to counter the effects of the fluctuation in exchange rates.

The company manages this risk by purchasing foreign currency in advance and maintaining foreign currency accounts to satisfy its foreign creditors.

Foreign currency sensitivity

Due to the nature of the company's operations and the very short term nature of balances denominated in currencies other than the Jamaican dollar, there is no material impact on its operations as a result of changes in foreign currency rates. The company makes advance payments on foreign purchases, this serves to counter the long-term effect of changes in the exchange rates.

The exchange rates applicable at reporting date was US$ 1 = J$128.44 (2015 = J$120.34), in respect of foreign currency assets at year-end.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to 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 on the market. The company's exposure in relation to financial instrument is minimal as these are recorded at face value and no diminution in value is expected.

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company's cash and cash equivalents are subject to interest rate risk. The level of interest bearing deposits is low and the company has not been able to negotiate the most advantageous interest rates in relation to its overdraft; however, the terms of its long-term borrowings are considered comparable to market, based on current trends.

Interest rate sensitivity

The company has interest-bearing liabilities in the form of overdraft and loans as disclosed in *note 17* and is exposed to interest rate risk on its bank overdraft as this is affected by market interest rates. Significant movements in interest rates could affect the company's operations; however, at balance sheet date its level of borrowings was minimal; therefore the associated risk level is considered low.

21. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Credit risk is the risk arising from a counterparty to a financial contract failing to discharge its obligations, and arises principally from the company's receivables from customers, cash and investment securities.

The maximum exposure to credit risk at reporting date is represented by the carrying value of its financial assets. The company's exposure to this risk is influenced by the individual characteristics of each customer.

Trade and other receivables
The level of trade receivables is relatively low as it is not the culture in this industry to support high levels of receivables. For those receivables as at 31 December 2016, management established specific credit arrangements with these customers after their creditworthiness determined.

Profile of the company's debtors:

2016	0 - 30 days	31 - 90 days	Over 90 days	Total
	$	$	$	$
Trade receivables	5,085,913	1,567,780	1,268,744	**7,922,437**
Prepayments and other receivables	7,528,448	6,766,312	13,481,077	**27,775,837**
	12,614,361	8,334,092	14,749,821	**35,698,274**

Impairment is assessed for each customer balance in excess of 30 days and a provision is made where collectability is deemed doubtful. At 31 December 2016, bad debt provision of $1,446,893 [2015 = $788,696] was set-off against trade receivables.

2015	0 - 30 days	31 - 90 days	Over 90 days	Total
	$	$	$	$
Trade receivables	2,409,748	2,129,780	1,014,249	**5,553,777**
Prepayments and other receivables	4,241,814	2,943,012	5,547,165	**12,731,991**
	6,651,562	5,072,792	6,561,414	**18,285,768**

(d) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. Its financial liability comprise payables and accruals.

The company's financial liabilities at 31st. December 2016 and 2015 comprise payables, accruals bank overdraft and long-term loans. The table below summarises the maturity profile of the company's financial liabilities at 31st. December 2016:

21. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The table below summarises the maturity profile of the company's financial liabilities at 31st. December 2016:

	Current 2016 J$	Current 2015 J$	**Non-current 2016 J$**	Non-current 2015 J$
Long-term liabilities	**-**	6,314,642	**-**	3,907,751
Payables and accruals	**27,196,905**	14,166,312	**-**	-
Customer deposits	**7,714,301**	4,449,229	**-**	-
Bank overdraft	**2,655,579**	1,514,345	**-**	-
	37,566,785	26,444,528	**-**	3,907,751

Assets available to meet all of the above liabilities include receivables and the expected generation of cash from the normal course of trading. Motor vehicles included in inventories and/or goods-in-transit will fulfil the company's obligations in respect of its current liabilities.

(e) Capital management

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital as well as to meet its liabilities when they fall due and to provide returns for its shareholders. The Board of directors monitors the return on capital on a regular basis.

The company is not subjected to any externally imposed capital requirements.

Other than the financial liabilities quantified in these financial statements there are no ***off balance sheet*** items, contingent liabilities or capital commitments.

There were no changes in the company's approach to capital management during the year.

FORM OF PROXY
JETCON CORPORATION LIMITED

Place
$100.00
stamp here

I/We.....

of .....

being a member/members of Jetcon Corporation 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 Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, on Wednesday,14th day of June 2017, at 4:30 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 Lower Sandringham Avenue, Kingston, 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.

Notes

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