ANNUAL REPORT 2018

JETCON®

Quality Pre-owned Cars

JETCON®
Quality Pre-owned Cars

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MISSION

To maximise stakeholder value through the consistent delivery of superior service.

VISION

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

CORE VALUES

Teamwork, Innovation, Dedication, Transparency

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (AGM) of shareholders of **Jetcon Corporation Limited** will be held at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5 on Tuesday the 25th day of June 2019, at 4:30 p.m. for the purpose of transacting the following business:

Audited Financial Statements

To receive, consider and if thought fit approve the Audited Financial Statements of the Company for the year ended December 31, 2018, together with the Reports of the Directors and Auditors thereon.

Election of Directors

Resolution:

Be it resolved that Directors John Jackson and Christine Clarke-Dougherty, have retired in accordance with article 99 of the Company's Articles of Association and being eligible, offer themselves for re-election and are hereby elected.

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, 2018 as remuneration and fees to the Directors for services as Directors and is hereby approved.

To Appoint Auditors

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.

Any Other Business

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

BY ORDER OF THE BOARD

29th Day of April, 2019

Andrew Joel Jackson,
Corporate Secretary

Jetcon Corporation Limited

CORPORATE DATA

BOARD OF DIRECTORS
John Jackson, Chairman
Andrew B. Jackson, Managing Director
Garth Mckenzie
Dr. Christine Clarke-Dougherty
Andrew Joel Jackson, Corporate Secretary
Carl Carby
Sean Jackson

AUDIT AND FINANCE COMMITTEE
Garth Mckenzie, Chairman
Carl Carby
Andrew Joel Jackson

COMPENSATION COMMITTEE
Dr. Christine Clarke-Dougherty, Chairman
Andrew B. Jackson

CORPORATE SECRETARY
Andrew Joel Jackson

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

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

ATTORNEYS-AT-LAW
Hart Muirhead Fatta
2nd Floor, Victoria Mutual Building
53 Knutsford Boulevard, Kingston 5

REGISTERED OFFICE
Jetcon Corporation Limited
2 Lower Sandringham Avenue, Kingston 10

BANKERS
CIBC First Caribbean International Bank Jamaica
23-27 Knutsford Boulevard, Kingston 5

National Commercial Bank Jamaica Limited
The Atrium, 32 Trafalgar Road, Kingston 10

Bank of Nova Scotia Jamaica Limited
Corner Duke & Port Royal Street, P.O. Box 709
Kingston CSO

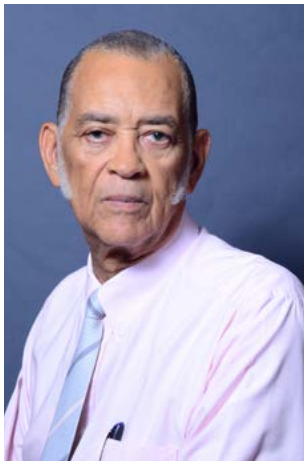
Sagicor Bank Jamaica Limited
17 Dominica Drive,
Kingston 5

First Global Bank Limited
2 St. Lucia Avenue, Kingston 5

Jamaica National Bank
2-4 Constant Spring Road, Kingston 10

REGISTRAR
Jamaica Central Securities Depository Limited
40 Harbour Street, Kingston CSO

PROFILE OF DIRECTORS



CARL B. CARBY

Director and Member of the Audit and Finance Committee

EXPERTISE: Management, Finance and Investments.

OTHER APPOINTMENTS: Carlong Publishers (Caribbean) Limited – Former Executive Chairman, Director; Sangster's Book Store Limited - Executive Chairman; He also served as a senior manager for ten years at each of these companies, namely Bahama Cement Company, Colgate Palmolive, T. Geddes Grant Limited /Neal & Massy Group.

NOTEWORTHY: Nominated for the Jamaica Observer Business Leader of the Year Award (2007).

EDUCATION: South West London College – United Kingdom.

GUIDING PRINCIPLE: Respect the teachings of your parents; always do what you consider fair and just and keep your eyes open for the many opportunities that the Lord provides.

JAMAICAN	MANAGEMENT ACCOUNTANT, BUSINESSMAN, INVESTOR	2016
NATIONALITY	OCCUPATION	APPOINTED

GARTH MCKENZIE

Chairman – Audit and Finance Committee

EXPERTISE: Administration, Accounting, GPS Technology, Change Management, Union Negotiation, Public Speaking, Safety Systems, Maintenance and Reliability Systems and Renewable Energy.

OTHER APPOINTMENTS: GMc Energy Limited – Managing Director; Nova Powerspeakers Toastmasters Club – Former President; Engineering Academic Advisory Committee UTECH – Vice Chairman; All Hellshire Leadership Council – Former President.

NOTEWORTHY: Since 1999, he has travelled to many prestigious utility and energy conferences all over the world. In 2002 he was awarded the honor of being a presenter at the CARILEC Engineers and Supply Chain Conference to address the topic: "Use of BRETBY Maintainability Index to Critically Evaluate Plant Maintenance Processes." Since 2016, he has consulted with a range of utilities, NGOs and private sector entities in Africa and the Caribbean.

EDUCATION: University of the West Indies – Jamaica, Nova Southeastern University – Florida & Monash University – Australia.

GUIDING PRINCIPLE: Demonstrate and practice brotherly love, relief and truth in all undertakings.

JAMAICAN	BUSINESSMAN, CONSULT. & ENERGY SERVICE PROVIDER	2000	MBA, MS, BSC.
NATIONALITY	OCCUPATION	APPOINTED	ACCREDITATIONS

DR. CHRISTINE CLARKE-DOUGHERTY

Chairman – Compensation Committee

EXPERTISE: Economics and Special Projects Coordination.

OTHER APPOINTMENTS: Bank of Jamaica – Director & Chair of the Budget and Audit Committees, Planning Institute of Jamaica – Director of Economics Planning and Research.

NOTEWORTHY: A competent, experienced and dynamic University Administrator and Director with ten years' experience in providing leadership, vision and oversight to all aspects of three undergraduate bachelor's degree programs relating to various aspects of commerce.

EDUCATION: Rice University – Houston, Texas & Mount Holyoke College – Massachusetts.

GUIDING PRINCIPLE: Delay is Danger.

JAMAICAN	LECTURER IN ECONOMICS	2016	PH.D., MA, BA
NATIONALITY	OCCUPATION	APPOINTED	ACCREDITATIONS

ANDREW B. JACKSON

Managing Director

EXPERTISE: Management and Leadership, Engineering and Entrepreneurship.

OTHER APPOINTMENTS: Investor's Choice Magazine – Manager (1991); Electrical and Electronics Engineers (Jamaica Section) – Chairman (Date); Jamaica Used Car Dealers Association – President (Date); Jamaica Karting Association – President (Date).

NOTEWORTHY: A true entrepreneur at heart. Founder of St. Andrew Investments Limited, 1991 which distributed lubricants in the automotive industry. It was this business that led to the establishment of Jetcon in 1994.

EDUCATION: University of the West Indies – Jamaica & Nova Southeastern University –Florida.

GUIDING PRINCIPLE/QUOTE: Whatever your mind can conceive and believe you can achieve.

JAMAICAN	MANAGING DIRECTOR - JETCON CORP LTD	1994	MBA, BSC.
NATIONALITY	OCCUPATION	APPOINTED	ACCREDITATIONS

ANDREW JOEL JACKSON

Corporate Secretary

EXPERTISE: Operations Management and Administration.

OTHER APPOINTMENTS: Board of the Drivers' Rallysport Club of Jamaica (resigned in January 2018).

NOTEWORTHY: An avid motorsport competitor who began karting at age 7. 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. He also has several local and regional championships to his credit.

EDUCATION: University of the West Indies – Jamaica.

GUIDING PRINCIPLE: Strive to be a little better today than yesterday.

JAMAICAN	OPERATIONS MANAGER	2010
NATIONALITY	OCCUPATION	APPOINTED

PROFILE OF DIRECTORS

JOHN JACKSON

Chairman

EXPERTISE: Auditing, Management, Finance and Investments.

OTHER APPOINTMENTS: Jamaican Teas Limited – Acting Chairman & Director; KIW International – Chairman; Jamaica Deposit Insurance Corporation – Chairman; Bridgeton Management Services Limited – Director; Boston Holdings Limited – WWDirector; Development Bank of Jamaica – Director.

NOTEWORTHY: John is a Chartered Accountant, he brings a wide range of experience in auditing, accounting, finance, investments, economics and management. He also serves on several boards in addition to Jetcon.

EDUCATION: South West London College – United Kingdom.

GUIDING PRINCIPLE: I try my best, at all times, in all things and with all people.

JAMAICAN	CHARTERED ACCOUNTANT & FINANCIAL ANALYST	2016	FCA
NATIONALITY	OCCUPATION	APPOINTED	ACCREDITATIONS

SEAN JACKSON

Director

EXPERTISE: Information and Computer Technology and Logistics.

OTHER APPOINTMENTS: Jetcon Corporation Limited – Race Team Manager.

NOTEWORTHY: He started racing karts at age 8 and today is an avid and decorated motor sports competitor.

EDUCATION: Miami Dade College – Florida & Florida International University – Florida.

GUIDING PRINCIPLE: Time is very precious, something you can never get back. Don't put off for tomorrow what can be done today. Do everything to the best of your ability, in a manner that is as efficient and effective as possible.

JAMAICAN	LOGISTICS & IT MANAGER	2010	BSC
NATIONALITY	OCCUPATION	APPOINTED	ACCREDITATIONS

REPORT OF DIRECTORS

Jetcon Corporation Limited, Jamaica's pre-eminent pre-owned car dealers, marked its third year of listing on the Junior Market of the Jamaica Stock Exchange in 2018. We also completed another profitable year of operations, although lower profits were reflected than that of 2017.

ECONOMY

Our performance came against a background of improvement in the local economy. The real economic growth, which approximated 2 percent for the year, resulted in the decline of the official unemployment rate below 9 percent. The economic growth also resulted in the reduction of the overnight bank rate to 1.5 percent by the Central Bank. While loan rates at financial institutions for the purchase of motor vehicles hovered around 7 percent per annum.

Subsequent to the year-end, we also note that the budget for the 2019/20 fiscal year indicates that the government will cut taxes in certain areas. This includes Corporate taxes and an increase in the income tax threshold and wage increase for Public Sector workers. This is expected to improve the buying power and quality of life for Jamaicans and potential car owners. In the short to medium-term, these economic growth initiatives represent positive developments for our industry and are likely to drive demand for our products and services.

Shareholders will be updated on the 2018 financial year developments during our upcoming Annual General Meeting, which will be held at the Knutsford Court Hotel, at 16 Chelsea Avenue, Kingston 5. They will also be provided with insights of the plans and developments that can be expected in 2019.

REVENUES & PROFIT

Our audited Financial Statements show revenues declining modestly from $1.18 billion in 2017 to $1.16 billion in 2018. Operational costs also saw increases in 2018, in our journey towards enhancing the Company's future growth and development. This resulted in the reduction in profit to $92 million, when compared to $154 million in 2017. This represented the first year of a decline in profit since 2014.

MARKETING

With the realization of profit declines, we swiftly moved to identify other areas of possible income generation and strengthened our servicing department by promoting the servicing of vehicles. This generated a growth in service income by 128 percent for the year 2017.

We also took decisive steps to move to address the declining profits, by investing in new facilities to drive expansion of sales in a sustainable way over the medium- term. This was done by leasing space as a client inside the Special Economic Zone (SEZ). The zone is operated by Kingston Wharves Limited and provides storage space at the port Company's Tinson Pen location.

Jetcon is one of only two car dealers granted privilege of use and the only pre-owned dealer with access to this facility. The impact of expanding staff and increased spending through the leasing of property at our new location is expected to allow us to expand sales beyond our past capacity.

STOCK PERFORMANCE

The stock which was priced at $2.25 at the time of IPO and adjusted in 2017 for the 3 for 1 stock split to end that year at $5, experienced a slippage in 2018 to close the year at $3.04. However, the number of shareholders in 2018 showed an upward trend of 18 percent increase over 2017, moving from 929 shareholders to end at 1,095 in 2018.

DIVIDEND

The Company paid an interim dividend due within the year of 3.5 cents per share with no further dividend recommended for the year.

DIRECTORS RETIRING

Under the articles of the Company, the following Directors will retire and being eligible, offered themselves for re-election: John Jackson, Christine Clarke-Dougherty and Andrew J. Jackson.

DECLARATION

For the 2019 fiscal year your Directors fully intend to honor their commitment to ensure long term value for stakeholders.

The Directors thank the staff, clients, shareholders and other stakeholders for their efforts that contributed to another successful year for Jetcon Corporation Limited, as we strive to deliver on our commitment.

CORPORATE GOVERNANCE

The Board of Directors of Jetcon Corporation Limited is committed to ensuring the effective governance of the Company, in order to achieve the highest standard of Corporate Responsibility and Risk Management. We view the development and achievement of the Company's strategic goals as both beneficial to the strength of the Company and the shareholders' value. The Board holds the belief that prudent governance is integral to the achievement of success and growth.

The Board meets regularly to discuss and review the performance of the Company to ensure that the objectives are being met by the dedicated management team. With special focus on the economic, social and regulatory environment and the risks that may exist in the markets in which the Company operates. In 2016 the Board established two sub-committees, namely Finance and Audit and Compensation committee, which continue to meet regularly.

BOARD OF DIRECTORS & COMMITTEE MEETING ATTENDANCE

	MEETINGS OF THE BOARD	FINANCE & AUDIT COMMITTEE	COMPENSATION COMMITTEE
# OF MEETINGS HELD	10	6	1
John Jackson	10		
Andrew B Jackson	10		1
Andrew J Jackson	10	6	
Sean Jackson	9		
Christine Clarke	9		1
Carl Carby	8	6	
Garth McKenzie	5	6	
Karl Wright	4		

FINANCE & AUDIT COMMITTEE

Garth McKenzie (Chair)
Carl Carby
Andrew J. Jackson

The Finance and Audit Committee is an advisor to the Board and provides feedback in the areas of financial reporting, budgeting, auditing, contract review and compliance with legal requirements. The Finance and Audit Committee reviews matters that are considered relevant to the business and ensures the maintenance of statutory and other obligations.

COMPENSATION COMMITTEE

Dr. Christine Clarke-Dougherty (Chair)
Andrew B. Jackson

The Compensation Committee recommends to the Board the levels of compensation for Directors. These recommendations are based on attendance and performance of duties – as well as salaries for the management team and other employees.

Mazda
Atenza

Year:	2014	Transmission:	Auto
Make:	Mazda	CC Rating:	2500
Model:	Atenza	Engine:	Petrol

Joel Jackson creates a huge splash at Rally Jamaica 2017 to finish in second place -Photo credit D_ Montii Motorgraphy

EXECUTIVE TEAM

SEAN JACKSON

LOGISTICS & IT MANAGER

Sean is the Company's logistics manager, which involves overseeing the process of shipment of motor vehicles from suppliers in Japan for delivery to customers in Jamaica and manages all IT related demands within the organization. His prior work experience within the Company includes but is not limited to motor vehicle servicing and Parts Distribution and Management. Coupled with his years of experience, Sean holds an Associate Degree in Computer and Information Systems from Miami Dade College, as well as a Bachelor's in Information Technology from Florida International University, with a minor in Business.

COLLEEN CLAYTON

LEAD SALES REP.

Colleen prides herself on providing the highest caliber of customer service and is Jetcon's longest serving team member, having dedicated over 15 years to the Company. Her depth of knowledge gained from accessing technical information on every brand sold by the Company, enables her to seamlessly match a potential customer with the car they desire. Colleen is also adept at encouraging other members of her sales team in applying these and other practices in obtaining similar sales objectives. Colleen 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

By utilizing our 120-point quality assurance system, Julian ensures that all our vehicles are in excellent condition prior to delivery to our customers. Julian is attentive to detail and insists that safety procedures are followed. He ensures that his team understands that accuracy is paramount at each stage of the servicing and delivery process. He is completing a Bachelor's Degree in Management Studies and is also a member of the Jamaica Marshalling Club, which provides marshalling for all motor sporting events in Jamaica.

KEDDINE BRYCE

ACCOUNTANT

Keddine has served the Company for over 10 years, with the majority of her tenure in the Accounting Department. Keddine methodically maintains the overall financial obligations of the Company and is supported by a team of three. She is versed in the Company's operations with prior experience in the Parts and Sales Department.

ANDREW J. JACKSON

OPERATIONS MANAGER

Joel has a wealth of experience in the auto industry. Starting by volunteering his holidays at the Company to work in critical areas, Joel has a strong interest in the success of the Company. His primary focus is sourcing of quality parts needed to execute the servicing of our motor vehicles in a timely fashion. Coupled with superb inventory management, while maintaining superior quality of our products. Joel's other areas of successful management in the Company include garage operations and administration.

ANDREW B. JACKSON

MANAGING DIRECTOR

Jetcon Corporation Limited was founded by Andrew B. Jackson in 1994. Prior to the start of Jetcon, he formed Andrew Investments Limited in 1991, which distributed lubricants in the automotive industry. With the increased liberalization of motor vehicle imports, Andrew decided to seize the opportunity of car dealership when he accessed the market of motor vehicle sales. Andrew is the human resources manager and ensures the successful day-to-day operations of the Company. He holds a BSc in Physics and Electronics from the University of the West Indies and an MBA from Nova Southeastern University. Before deciding to explore his entrepreneurial skills, Andrew has served in various capacities at Cable and Wireless and NCR Jamaica.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis (MD&A), of financial status and results of operations, is provided as a supplement to, and should be read in conjunction with the audited Financial Statements and their accompanying notes.

Jetcon Corporation Limited is the leading provider of pre-owned motor vehicles. Our primary business is the sale of cars, Sport Utility Vehicles (SUVs) and small commercial vehicles through imports from Japan, which are supported by licenses granted by the government of Jamaica. Beginning in 2018, these licenses require the procurement of a Pre-Shipment Inspection Certificate, provided by an independent assessor in the vehicles' country of origin, prior to importation.

The Company also sells parts and offers standalone motor vehicle servicing, scalable to our customers' needs. Organic growth remains our primary source of funding which may be supplemented by credit funding where necessary.

SALES OPERATION

In many ways, our performance is symbolic of our commitment to the consistent delivery of superior service. This is reflected in the volume of vehicle sales of over 700 units in 2018, with a large percentage of sales repeat purchases from satisfied customers. This we achieved by incorporating valuable feedback into our operations as well as streamlining our internal processes for a more seamless customer experience.

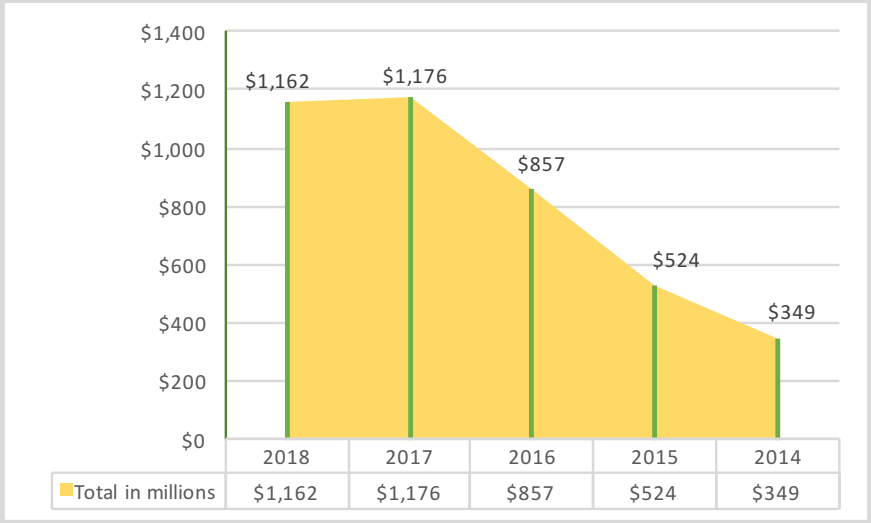
By working in close collaboration with institutions that provide financing to our customers, we have been able to provide a convenient and holistic approach to motor vehicle ownership. This alliance provides timely and reliable solutions for customer requirements as the team remains highly focused on driving operational efficiency and synergies, to create value for our stakeholders.

The acquisition of additional space in 2017 enabled us throughout the year to continue to provide storage capacity for the increased inventory of vehicles to meet growing demands with the January to March quarter of 2018 representing peak quarters in terms of sales volume. In addition, with the acquisition of space in the Special Economic Zone at Tinson Pen Aerodrome, easing the process of importation will enable us to pursue other ventures as well as provide access to a wider variety and volume of vehicles.

The pre-owned car market accounts for about two thirds of all cars imported into the country. This sector provides an important service to the country by delivering affordable and reliable vehicles to a wide cross-section of persons and businesses. The vehicles sold by Jetcon, are by far, more affordable than new ones and can last a considerably long time if properly maintained.

REVENUES AND PROFITABILITY

ANNUAL REVENUE 2014 - 2018 ($MILLION)



Our primary source of revenue and net income is the retail of pre-owned vehicles, sales of parts and motor vehicle servicing. The Company enjoyed extremely strong annual sales growth between 2015 and 2017 as indicated

Subaru
Legacy B4

Year:	2014	Transmission:	Auto
Make:	Subaru	CC Rating:	2500
Model:	Legacy B4	Engine:	Petrol

below and as shown in the graph above. Jetcon completed another successful year to December 2018 but with revenues falling by a mere 1.3 percent to $1.16 billion when compared to the previous year, exceeding the billion-dollar mark for the second consecutive year.

In 2017 revenue rose by 37 percent to $1.18 billion and for 2016 revenue amounted to $857 million, a growth of 63 percent over the prior year's $524 million. The 2015 revenue increased by 50 percent when compared with the $349 million recorded for the 12 months ending December 2014, preceded by moderate declines of 1 percent and 6 percent in 2013 and 2014 respectively.

PROFIT

2018 ended with profits falling by 40 percent to $92 million when compared to 2017, while growths of 55 percent were experienced in 2017, 145 percent in 2016 and 286 percent in 2015.

GROSS PROFIT

Gross Profit for the year fell by 27 percent to $162 million as cost of sales rose 5 percent, partially due to costs related to the leasing of additional space at Tinson pen as well as some discounting to move products. gross profit margin was higher in 2017 when compared to 2018, with records of 19 percent and 14 percent respectively

GROSS PROFIT ANALYSIS

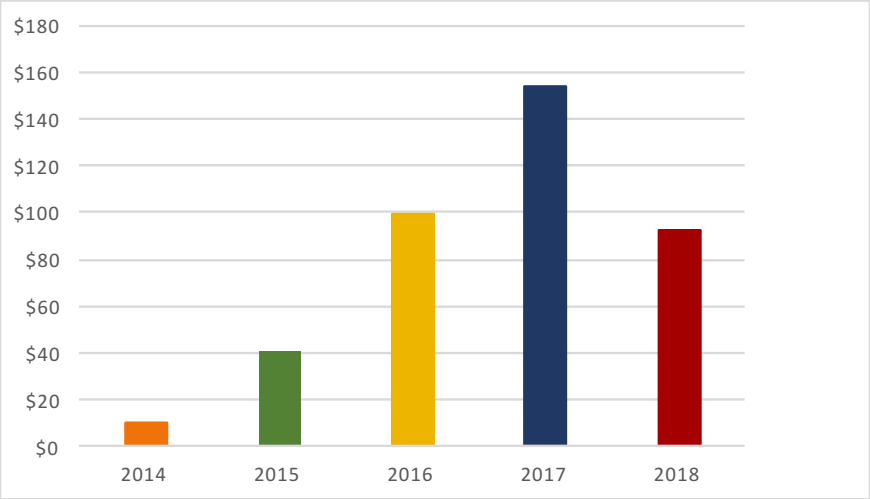
Gross Profits have followed the trend in sales growing by 23 percent in 2011 and 201 percent in 2012. The company experienced two consective declines in 2013 and 2014 by 19 percent and 13 percent respectively, while 2015 recorded a 66 percent growth. Gross profit margin, which includes repairs and other costs to ensure vehicles are delivered to customers at the Jetcon brand level of service, has ranged from 14 percent to 19 percent over the 5-year period.

The introduction of customs user fees resulted in a reduction in the gross profit margin in 2013 and 2014, as the company absorbed this cost. Gross profit margin experienced an increase in 2015 due to overall lower acquisition cost of vehicles which allowed the company to increase margins while still maintaining the cost of vehicles at affordable levels. Jetcon also embarked on a new strategy during the latter part of the year that resulted in further lowering of some of our costs. This was changed in 2018 to reduce damage to our vehicles during sea voyage.

Increased sales are also highly beneficial to generating increased profits, as our overhead costs remain relatively stable compared with increased sales activity.

TOTAL COMPREHENSIVE INCOME

TOTAL COMPREHENSIVE INCOME AFTER TAX 2014 - 2017 ($MILLION)



After Tax Profits decreased by 40 percent, from $154 million in 2017 to $92 million in 2018. on the other hand, after tax profit increased from $99 million in 2016 to $154 million in 2017, an increase of 55 percent. while after tax profits increased from $40.3 million in 2015 to $99 million in 2016 partially as a result of the fall in the tax base for the company. profit before tax increased from $50.6 million in 2015 to $103 million in 2016, a rise of 104 percent. however, this was lower than the 292 percent growth in 2015 over that of 2014.

EXPENSES

Total Expenses rose by 3 percent during the year, with selling and marketing expenses rising by 4 percent to $23.6 million. selling and marketing costs moved from $6 million to $13 million in 2016 which was mostly associated with increased sales.

Administrative Expenses rose by 1 percent to $44.9 million in 2018 compared to 22 percent in 2017 and 33 percent in 2016.

Financial Expenses also saw an increase of 22 percent to 2.8 million in 2018, due to the implementation of IFRS 9; which has resulted in an increase in impairment provision, 19 percent to 2.3 million in 2017, from 1.9 million in 2016.

Return On Average Equity was 42.25 percent for 2017, 49.4 percent for 2016 and 46.6 percent in 2015 coming from a rate of just 17 percent in 2014.

QUARTERLY PERFORMANCE

During the year, the Company recorded growth in Q1, followed by slowed growth in Q2, and a decline in revenues in Q3 and Q4.

QUARTERLY RESULTS

	JAN - MAR		APR - JUN		JUL - SEPT		OCT - DEC	
$'000	2018	2017	2018	2017	2018	2017	2018	2017
Sales Revenue	305,944	258,566	299,494	294,468	286,808	333,221	269,227	292,146
Year over year change	18%		2%		-14%		-8%	
Less Cost of sales	241,545	204,866	243,718	233,872	258,415	264,783	255,495	242,172
Gross profit	64,399	53,699	55,776	60,596	28,393	68,437	13,732	49,972
Gross Profit margin	21%	21%	19%	21%	10%	20%	5%	17%
Pre-tax Profit	44,478	37,021	38,406	42,946	11,344	48,363	-2,287	28,775
Net profit as a Percentage of Revenues	15%	14%	13%	15%	4%	15%	-1%	10%

Prior to IPO in 2016 there were marked variations in quarterly sales. Subsequent to the IPO and resulting increase in inventory we are seeing less variations in quarterly sales.

Mazda
CX-5

Year:	2016	Transmission:	Auto
Make:	Mazda	CC Rating:	2000
Model:	CX-5	Engine:	Petrol

LIQUIDITY

Our primary sources of liquidity in 2018 included funds provided by operations, amounting to $93 million, down from $156 million in 2017 with an additional $41 million injected into the inventory of motor vehicles.

During the year the Company purchased fixed assets amounting to $15.3 million and dividends of $20.4 million.

INCOME TAX

The Company is not subjected to Income Tax rate for 5 years starting from April 2016, due to the listing on the Junior Market which allows for a 5-year tax free status, from April 2016 to March 2021.

BALANCE SHEET

Jetcon's equity capital grew to $505 million at the end of 2018, from $433 million in 2017 and $294 million, at the end of 2016.

One of the most important items in the Financial Statements is the inventory of motor vehicles. These include landed vehicles and those in transit and not yet in the island. The average inventory turn including goods in transit in 2016, was around 4 months, compared to just 3 months in 2016 and under 2 months in 2015. The increased level of inventories in 2017 onwards facilitates increased sales.

Jetcon has short term credit arrangements with some suppliers and currently, the Company has adequate working capital to fund short term requirements.

LIQUIDITY AND CAPITAL RESOURCES

Our primary ongoing cash requirements are to fund our existing operations, including capital expenditures and inventory purchases. Our primary ongoing sources of liquidity include funds provided by operations and borrowings under our revolving credit facility.

In addition to the credit facility, the Company also has guarantees provided by financial institutions to the customs department as security relating to customs duty for our in-bonded warehouse.

We anticipate that we will be able to enter into new funding arrangements to meet our future funding needs if required.

CURRENCY MOVEMENTS

Historically, inflation has not had a significant impact on our 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 the reach of some customers.

Sponsors of Y-Speedos Swim Club

There continues to be favorable lending policies by financial institutions for the financing of pre-owned vehicles, including low interest rates for car loans.

RISKS

Interest rates have fallen in Jamaica to the lowest levels ever, but these could rise in 2019 and beyond if demand for loans rise sharply, making borrowing cost greater for the financing of vehicles.

OUTLOOK 2019

As part of the thrust to ensure long term value for our stakeholders, we will be maximizing the use of the additional storage space acquired within the Special Economic Zone (SEZ) at Tinson Pen. The SEZ facility allows us to import and store volumes in excess of 500 motor vehicles, and lays the framework, for the Company to distribute into the local market or engage in re-exportation to the Caribbean region. Jetcon would be the first Jamaican dealership to ever engage in cross-border trade of second-hand vehicles across the region. Early indications for local distribution also show promising results with sales for January 2019 up by 9 percent and 10 percent for February 2019 when compared to the same period for 2018. We will increase resources to serve this purpose, with the intention that success locally will lead to similar ventures in other Caribbean markets.

In the short term, the primary driver for increased earnings will be vehicle unit sales growth and increased revenues from vehicle servicing and sale of parts. We also believe that increased pre-owned vehicle unit sales will drive increased sales of parts, ancillary products and vehicle servicing revenues over time.

Continued demand for pre-owned vehicles is expected to continue to be a major part of the motor industry in Jamaica as the vehicles are well received by the motoring public who have been well served by them. This is based on the government's commitment to implement policies to generate economic growth, increase employment and keep interest rates low, as well as the continuing road infrastructure improvements which, while temporarily a nuisance, will lead to future enjoyment.

In 2018, the government implemented a Pre-Inspection Regime that required all imported cars to be inspected by the relevant authority, in the exporting country. Whilst this Pre-Shipment Inspection Regime had been included in the 2014 Motor Vehicle Policy and had its benefits, the implementation was relatively sudden and led to initial increased costs, which declined as the year went on. We expect costs to further decrease as we make revisions to our pre-delivery preparation strategies.

To expand our vehicle unit sales, we will need to continue our delivery of an unrivalled customer experience. The hiring and development of team members with the necessary drive to fuel our success will be critical. Managing the risks posed by a competitive environment, ensuring a continued flow of vehicles for sale and exploring new sources of revenue are also crucial in our efforts to maximize cash flow and customer satisfaction.

Mitsubishi
RVR

Year:	2014	Transmission:	Auto
Make:	Mitsubishi	CC Rating:	1800
Model:	RVR	Engine:	Petrol

Nissan
X-Trail

Year:	2014	Transmission:	Auto
Make:	Nissan	CC Rating:	2000
Model:	X-Trail	Engine:	Petrol

HISTORICAL FINANCIAL DATA

BALANCE SHEET	2018	2017	2016	2015	2014	2013	2012	2011	2010
SHARES ISSUED '000	583,500	583,500	583,500	450,000	450,000	450,000	450,000	450,000	450,000
$'000									
Shareholders' equity	504,551	433,221	294,014	106,662	66,354	55,888	41,339	27,481	6,552
Long Term Liability	0	12,468	0	3,908	10,726	13,058	5,537	9,280	11,300
Fixed Assets Net	81,904	68,724	35,827	30,504	31,146	34,596	32,988	29,747	11,450
Current Assets	480,854	470,203	297,264	113,237	91,140	98,724	83,573	53,631	46,735
Current Liabilities	58,311	92,286	294,014	33,490	45,581	55,385	60,787	40,340	29,550
Inventories	434,648	393,821	250,827	84,480	71,665	75,439	69,105	43,287	31,926
Receivables	32,813	59,193	35,698	18,286	14,076	10,164	4,362	2,882	11,138
Cash & Equivalent	11,046	14,843	3,161	5,594	3,044	2,988	247	80	177
Inventory Yearly Change	10%	57%	197%	18%	-5%	9%	60%	36%	0%
PROFIT & LOSS									
Revenues	1,161,472	1,176,584	857,044	524,256	349,277	373,070	377,953	156,088	141,743
Yearly Change	-1.3%	37.3%	63.5%	50.1%	-6.4%	-1.3%	142.1%	10.1%	
Gross Profit	162,300	221,697	153,188	87,598	53,226	61,363	75,345	25,037	20,343
Yearly Change	-26.79%	44.72%	74.88%	64.58%	-13.26%	-18.56%	200.93%	23.07%	
Pretax Profit	91,941	153,846	103,169	50,612	12,898	19,964	21,017	3,588	-521
Yearly Change	-40.24%	49.12%	103.84%	292.40%	-35.39%	-5.01%	485.76%	-788.68%	-
Aftertax Profit	91,881	153,786	98,987	40,349	10,466	14,550	13,856	2,319	-412
Yearly Change	-40%	55.36%	145.33%	285.52%	-28.07%	5.01%	497.50%	-662.86%	-
IMPORTANT RATIOS									
Current Asset Ratio	8.25	5.1	1.01	3.38	2	1.78	1.37	1.33	1.58
Gross Profit Margin	14%	19%	18%	17%	15%	16%	20%	16%	14%
Earnings Per Share	0.16	0.26	0.18	0.09	0.02	0.03	0.03	0.01	0
Year End Stock Price	3	5	2	0.75	N/A	N/A	N/A	N/A	N/A

DISCLOSURE OF SHAREHOLDINGS

TOP TEN SHAREHOLDERS

NO.	ACCOUNT(S)	VOLUME	PERCENTAGE
1	ST. ANDREW INVESTMENTS	351,907,200	60.31
2	ANDREW JOEL JACKSON	24,523,200	4.20
3	SEAN JACKSON	24,523,200	4.20
4	JUSTINE JACKSON	24,523,200	4.20
5	GILLIAN JACKSON	23,921,593	4.10
6	CARL CARBY	17,505,000	3.00
7	JMMB T1 EQUITY FUND (JMD)	13,190,046	2.26
8	MAYBERRY WEST INDIES LIMITED	12,588,553	2.16
9	KARL P. WRIGHT	5,650,000	0.97
10	MF&G TRUST & FINANCE LTD - A/C 57	5,542,398	0.95
	TOTAL	**503,874,390**	**86.35**

SHAREHOLDINGS OF DIRECTORS

NO.	DIRECTOR	DIRECT	BENEFICIAL	TOTAL
1	Andrew B Jackson	-	351,907,200	351,907,200
2	Sean Jackson	24,523,200	-	24,523,200
3	Andrew Joel Jackson	24,523,200	-	24,523,200
4	Carl Carby	17,505,000	-	12,903,393
5	John Jackson	455,948	4,531,678	4,987,626
6	Garth McKenzie	6,600	-	6,600
7	Christine Clarke- Dougherty	NIL	NIL	NIL
	TOTAL			**418,851,219**

SHAREHOLDINGS OF SENIOR MANAGERS

NO.	SENIOR MANAGER	TOTAL
1	Keddine Bryce	725,000
2	Colleen Clayton	240,000
3	Julian Gordon	120,000
	TOTAL	**1,085,000**

TOTAL SHAREHOLDINGS

TOTAL NUMBER OF ISSUED SHARES	**583,500,000**
TOTAL NUMBER OF SHAREHOLDERS	**1,095**

NISSAN LATIO

The Nissan Latio which was designed in 2011 to replace the Nissan Tiida, provides optimal experience inside and out, without the high costs. It's reliability and fuel efficiency make it an excellent option in today's economy.

TOYOTA AQUA

Looking for efficiency of an electric vehicle, but with the reliability and range of a petrol engine? Look no further than the Toyota Aqua. They combine petrol and electric motors to provide remarkable range and efficiency all while being self-sufficient. Our customers have managed to achieve excellent kilometers on a single tank. The Aqua comes complete with climate air conditioning, power mirrors, traction and stability control, and toggleable EV and ECO modes, to make the most out of the Hybrid system.

CORPORATE SOCIAL RESPONSIBILITY

JETCON DONATES CAR TO OPERATORS OF HOPE GARDENS TO STRENGTHEN EXPANSION EFFORTS

TANYA PARKES
2013 MAZDA DEMIO

My experience at Jetcon was wonderful. Their customer service is incomparable. Twice I have done business with them and on both occasions the process was seamless. My sales representative gave me the utmost level of comfort while taking me through the process. The smiles, hospitality and efficiency speaks volumes, even the security guard adds to the psychosocial environment. It's like you're adopted into a family of love. It took me just days to receive my car and of course, I was very appreciative. I have no regrets doing business with them and would recommend Jetcon to anyone interested in owning a car.

DATA DASHBOARD	2017	2018
GOVERNANCE & ETHICS		
ETHICS AND COMPLIANCE		
Total number of incidents of non-compliance with regulations and voluntary codes	0	0
ENVIRONMENT		
Energy Consumption (KWH)	30,717	22,444
Water Consumption (metric units ,000)	2,718	2,745
EMPLOYEES		
Total Employees	23	30
Total New Hires	5	11
Total number of on the job accidents	0	0
COMMUNITY		
Total Philanthropic Support ($ in thousands)	194	510

GILLIAN EVANS-JOHNSON
2013 SUBARU IMPREZA XV

Purchasing my motor vehicle from Jetcon Corporation Ltd. was the best decision made. I had been car shopping for months and could not find a car to meet my desire and budget. The process was a hassle-free one.

HIGHLIGHTS

AT JETCON WE ARE COMMITTED TO THE CONTINUOUS IMPROVEMENT OF OUR BUSINESS, FOR THE BENEFIT OF COMMUNITY AND ALL OUR STAKEHOLDERS.

37 %

RENEWABLE ENERGY USE AT OUR CORPORATE OFFICE

2nd

YEAR SUPPORTING THE MELBOURNE CRICKET CLUB'S 5K WALK/RUN

100%

COMPLIANCE TO GOVT. REGULATIONS REGARDING THE DISPOSAL OF WASTE OILS

Taking care of our communities also means taking care of our own, and so our commitment to Corporate Social Responsibility has led to several philanthropic programs in our effort to restore hope and purpose in society.

We hold ourselves to the highest level of accountability and challenge ourselves to look beyond our own interests. As such one of our major outreach efforts included the donation of a 2013 Nissan AD Wagon to the Nature Preservation Foundation.

Jetcon first embraced the competitive motor sports industry through circuit racing at the Dover Raceway, after which the passion for karting was ignited. Jetcon continues to play a vital role in this field, via its involvement in competitions as well as the sponsorship of several motor sporting events. A continuance of

SPONSORS OF THE KARL DALHOUSE SWIM MEET

BMW X1				
	Year:	2013	Transmission:	Auto
	Make:	BMW	CC Rating:	2000
	Model:	X1	Engine:	Petrol

our admiration for friendly rivalry and competition also led to the sponsorship of the Y-Speedos Swim Club in 2017 and 2018.

With the evolution of vehicle design a reflection of cultural change, the transport industry has also been critical to economic growth. Carts, bicycles, motorcycles and four wheeled motor cars are evidence of the transition Jamaicans have come to know. The progression of motorized transport has changed lifestyles, commute and the face of leisure opportunities. In preservation of our motoring heritage and the memory of the industry which gave us the vehicles we have today, Jetcon now markets 'classic' motor cars. This provides opportunities not just for an aesthetically pleasant mobile museum but for further innovation, income, skill training, knowledge and change.

ASPHALT ASSAULT

Competitor and proud sponsor of the Asphalt Assault Dexterity Series-Photo credit D_Montii Motorgraphy

At Jetcon, we recognize that the people who make our brands come to life are our most important asset. Consequently, throughout the year we have offered cash backs and discounts to relieve the financial constraints, customers often experience when owning a vehicle. Over the course of the year contributions were also made to the Jamaica Red Cross, Young Strikers' Youth Club, Cornwall College and several other charities. 2018 also marked our second-year of participation in the Melbourne Cricket Club's 5k Walk/Run, which provides support to Special Olympics and the University Hospital of the West Indies (UHWI) - Sickle Cell Unit.

Additionally, we strive to create an environment where employees can grow, thrive and be highly engaged and motivated by their work and in so doing, create an unparalleled experience for our customers here at Jetcon. We are empowered by the simple act of giving and intend to collaborate our efforts and forge relationships for a greater impact in 2019.

JETCON CORPORATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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Crooks Jackson Burnett
Chartered Accountants

Unit #9 | Seymour Park
2 Seymour Avenue | Kingston 6, Jamaica W.I.
Tel: (876) 978-6525 • (876) 978-6689

Independent auditors' 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 33 to 52, which comprise statement of financial position as at December 31, 2018, statement of 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, 2018, 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.

Our Audit Approach

Audit Scope

As part of designing our audit, we determined materially and assessed the risk of material misstatement in the financial statements. In particular, we consider where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits, we also address the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent auditor's report
Jetcon Corporation Limited

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. We have determined that there are no key matters to communicate in our report.

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.

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 as 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 or 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.
- 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's 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.

Independent auditor's report
Jetcon Corporation Limited

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.

The engagement partner on the audit resulting in this independent auditor's report is Effie Crooks.

Chartered Accountants

February 28, 2019
2 *Seymour Avenue, Kingston 6, Jamaica W.I.*

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2018

	Note	2018 $	2017 $
Revenue		**1,161,472,587**	1,176,584,124
Cost of Sales	4	**(999,173,012)**	(954,887,165)
Gross Profit		**162,299,575**	221,696,959
Other operating income	3	**935,257**	1,597,968
		163,234,832	223,294,927
Expenses:			
Selling and marketing expenses	5	**(23,571,544)**	(22,708,161)
Administrative expenses	5	**(44,945,546)**	(44,473,151)
Financial expenses	6	**(2,776,272)**	(2,267,130)
Total expenses		**(71,293,362)**	(69,448,442)
Net profit before tax		**91,941,470**	153,846,485
Taxation	7	**(60,000)**	(60,000)
Net profit after tax		**91,881,470**	153,786,485
Other comprehensive income:			
Increase in fair value of *available-for-sale* investment security	10	**58,612**	35,433
Total comprehensive income		**91,940,082**	153,821,918
Earnings per stock unit for profit attributable to stockholders of the company during the year	16	**$0.16**	**$0.26**

STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2018

	Note	2018	2017
		$	$
ASSETS			
Property, plant and equipment	9	**81,903,972**	68,724,121
Investments	10	**104,390**	45,778
Total non-current assets		**82,008,362**	68,769,899
Inventories	11	**434,648,425**	393,821,450
Receivables	12	**32,813,588**	58,005,755 *
Cash and bank balances	13	**11,046,798**	14,843,025
Parent company	14	**2,345,638**	2,345,638
Total current assets		**480,854,449**	469,015,868
TOTAL ASSETS		**562,862,811**	537,785,767
EQUITY			
Share capital	15 [a]	**88,817,218**	88,817,218
Retained earnings		**398,919,720**	327,460,750 *
Capital reserves	15 [b]	**16,814,900**	16,756,288
Total equity attributable to shareholders		**504,551,838**	433,034,256
LIABILITIES			
Long-term liabilities	18	**-**	12,465,743
Payables	17	**53,564,128**	85,697,276
Bank overdraft		**4,746,845**	-
Current portion of long-term liabilities	18	**-**	6,588,492
Total current liabilities		**58,310,973**	92,285,768
Total liabilities		**58,310,973**	104,751,511
TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES		**562,862,811**	537,785,767

The financial statements on pages 33 to 52 were approved for issue by the Board of Directors on February 28, 2019 and signed on its behalf by:

Chairman — John H. Jackson

Director — Andrew Joel Jackson

* *Restated to conform with the provisions of IFRS 9*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 2018

	Share capital $	Capital reserves $	Retained earnings $	Total $
Balance as at January 1, 2017	88,817,218	16,720,855	188,476,400	294,014,473
Net profit			153,786,485	153,786,485
Transactions with owners:				
Dividend paid			(13,615,000)	(13,615,000)
Other comprehensive income for the year - fair value adjustment		35,433		35,433
Balance as at December 31, 2017 *(see note 15)*	88,817,218	16,756,288	328,647,885	434,221,391
Prior year adjustment:				
Impairment loss adjustment			(1,187,135)	(1,187,135)
Restated balance At December 31, 2017	88,817,218	16,756,288	327,460,750	433,034,256
Net profit			91,881,470	91,881,470
Transactions with owners:				
Dividend paid *(note 8)*			(20,422,500)	(20,422,500)
Other comprehensive income for the year - fair value adjustment		58,612	-	58,612
Balance as at December 31, 2018 ***(see note 15)***	**88,817,218**	**16,814,900**	**398,919,720**	**504,551,838**

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	2018	2017
	$	$
CASH FLOWS WERE PROVIDED BY/ (USED IN):		
OPERATING ACTIVITIES		
Net profit after taxation	**91,940,082**	153,821,918
Item not affecting cash resources:		
Fair value adjustment to investment instrument	**(58,612)**	(35,433)
Taxation charge	**60,000**	60,000
Depreciation	**2,100,763**	1,685,799
	94,042,233	155,532,284
Changes in non-cash working capital components:-		
Inventories	**(40,826,975)**	(142,994,691)
Receivables	**25,192,167**	(23,494,615)
Payables	**(32,133,148)**	50,786,070
Taxation paid	**(60,000)**	(1,580,154)
Cash provided by operating activities	**46,214,277**	38,248,894
FINANCING ACTIVITIES		
New Loans received	**-**	20,701,354
Repayment of Loans	**(19,054,235)**	(1,647,120)
Dividend paid	**(20,422,500)**	(13,615,000)
Parent company	**-**	5,231,643
Cash (used in)/provided by financing activities	**(39,476,735)**	10,670,877
INVESTMENT ACTIVITIES		
Purchase of property, plant and equipment	**(15,280,614)**	(34,582,497)
Cash used in investment activities	**(15,280,614)**	(34,582,497)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT	**(8,543,072)**	14,337,274
CASH AND CASH EQUIVALENT - Beginning of year	**14,843,025**	505,751
CASH AND CASH EQUIVALENT - End of year	**6,299,953**	14,843,025
REPRESENTED BY:		
Cash and bank balances	**11,046,798**	14,843,025
Bank overdraft	**(4,746,845)**	-
	6,299,953	14,843,025

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

1. Identification

The company is incorporated under the Jamaican Companies Act. It's a 60.31% subsidiary of St. Andrew Investments Limited. Jetcon Corporation Limited and its parent company are domiciled in Jamaica, having their registered offices 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.

(b) Basis of preparation

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, 2018 and have determined that the following will affect the amounts and disclosures in these financial statements:

- **IFRS 9, Financial Instruments** is effective for periods beginning on or after 1st January 2018

  This standard replaces IAS 39 - Financial Instruments: Recognition and Measurement and sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

  Classification and measurement

  IFRS 9 contains a new classification and measurement approach for financial assets and reflects the business model in which the asset is managed and the cash flow characteristics of the assets. Accordingly, the basis of measurement for the company's financial assets has been modified. The standard contains three principal classification categories for financial assets:

  (a) measured at amortised cost
  (b) fair value through other comprehensive income {FVOCI]
  (c) fair value through profit or loss [FVTPL]

  The standard eliminates the existing IAS 39 categories as held to maturity, loans and receivables available for sale.

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

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

IFRS 9, Financial Instruments (continued)

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' [ECL] model. This requires considerable judgement on how changes in economic factors affect ECLs, which is determined on a probability-weighted basis. The probability weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. This new standard is applicable to financial assets measured at amortised cost or FVOCI.

Under IFRS 9, loss allowance are measured on either of the following stages, based on the extent of credit deterioration since origination:

i. Stage 1 - 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date. This stage differs from the current approach which estimates a collective allowance to recognise losses that have been incurred.

ii. Stage 2 - Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. Provisions are higher at this stage because of the increased risk and the impact of a longer time horizon being considered compared to 12 months as in Stage 1

iii. Stage 3 - Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

- **IFRS 15, 'Revenue from Contracts with Customers'** is effective for periods beginning on or after January 1, 2018. The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must be allocated to the separate elements.

  When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The implementation of this standard does not have a significant effect on how the company's revenue is reported.

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

New standards, and interpretations of, and amendments to existing standards that are not yet effective:

- **IFRS 16, 'Leases'** is effective for periods beginning on or after January 1, 2019. The new standard will affect primarily the accounting by leases and will result in the recognition of almost leases on balance sheet. This standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and the financial to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases

  The new standard will also affect the income statement because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expenses will be replaced with interest and depreciation, so key metrics such as EBITDA will change.

  The standard also states that operating cash flow will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflect interest can continue to be presented as operating cash flows.

  The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  The company is currently assessing the impact of future adoption of the standard on its financial statements.

Management is evaluating the impact that the foregoing standards and amendments to standard may have on its financial statements when they are adopted.

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.

Significant Accounting Policies (continued)

(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 (continued)

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. For the purposes 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.

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

Significant Accounting Policies (continued)

(i) 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.

(j) Accounts payable

Accounts payable is measured at amortised 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.

(k) 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 or loss account as gains and losses from investment securities. (*see note 9*)

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.

(l) 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.

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

Significant Accounting Policies (continued)

(m) Taxation

(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 or 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.

(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.

(n) 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. A 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

3. OTHER OPERATING INCOME

	2018	2017
	$	$
Interest income	**757,627**	375,108
Miscellaneous	**177,630**	1,222,860
	935,257	1,597,968

4. COST OF SALES

	2018	2017
	$	$
Cost of Sales - Motor Vehicles	**956,592,218**	918,019,588
Motor vehicle parts and servicing	**37,699,624**	33,066,802
Other direct costs	**4,881,170**	3,800,775
	999,173,012	954,887,165

5. EXPENSES

	2018	2017
	$	$
Administrative:		
Staff costs	**22,510,930**	19,364,538
Directors' fees	**2,750,000**	2,950,000
Security and insurance	**2,956,512**	5,423,489
Audit fee	**1,343,750**	1,250,000
Repairs and maintenance	**859,889**	1,531,587
Depreciation	**2,288,892**	1,685,799
Rent, utility and general office expenses	**8,657,808**	10,092,388
Travelling, transportation and entertainment	**681,711**	822,440
Other	**2,896,054**	1,352,910
	44,945,546	44,473,151
Sales and marketing:		
Salaries and statutory contributions	**11,762,528**	11,639,255
Advertising, sponsorship and promotion	**10,287,906**	8,380,249
Annual report	**1,521,110**	1,866,316
	23,571,544	21,885,820
	1,067,690,102	1,021,246,136

5. EXPENSES

Staff costs

	2018	2017
	$	$
Wages and associated costs [*included in cost of sales*]	**10,592,586**	7,538,442
Salaries and statutory contributions - Sales and marketing	**11,762,528**	11,639,255
Salaries and statutory contributions - Administrative	**16,864,879**	15,005,577
Staff benefits	**5,646,051**	4,358,961
	22,510,930	19,364,538
	44,866,044	38,542,235

The average number of persons employed full-time by the company during the year was 30.

6. FINANCIAL EXPENSES

	$	$
Bad debt provision	**657,837**	-
Finance charge	**83,273**	82,595
Loan interest	**565,789**	701,357
Bank charges and credit card commission	**1,210,773**	1,397,829
Overdraft interest	**258,600**	85,349
	2,776,272	2,267,130

7. TAXATION

(a) The current taxation charge represents Minimum Business Tax (MBT). There is no charge in respect of company profits tax as a result of 'remission of taxes' granted by Tax Administration Jamaica [*see note 7(c)*].

	2018	2017
	$	$
Taxation charge	**60,000**	60,000

(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	**91,941,470**	153,846,485
Computed "expected" tax at 25%	**22,985,367**	38,461,621
Adjusted as a consequence of the following:		
Minimum Business tax	**60,000**	60,000
Adjustment for the effect of remission of tax	**(22,985,367)**	(38,461,621)
	60,000	60,000

(c). Remission of income tax:

The company's shares were listed on the Junior Market of the Jamaica stock Exchange [JSE], 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: To obtain the remission of income taxes, the following conditions should be adhered to over the period:

(i) The company remains listed for at least 15 years and is not suspended from the JSE for any breaches of the rules of the JSE.

(ii) The subscribed participating voting shareholders does not exceed $500 million.

(iii) The company has at least 50 participating voting shareholders.

7. TAXATION (continued)

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 6 to 10	50%

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.

8. DIVIDENDS

By resolution dated May 12, 2018 the directors declared the payment of dividend of $.035 per share totalling $20,422,500 to be paid to shareholders on the company's register of members as at June 29, 2018.

9. FIXED ASSETS

	Freehold Property	Leasehold Property	Computer systems	Motor Vehicles	Plant, Machines, Furniture & Fixtures	Total
	$	$	$	$	$	$
AT COST/VALUATION						
January 1, 2017	30,881,196	3,950,000	2,285,410	4,471,607	3,908,020	45,496,233
Additions	30,125,946	-	1,046,073	559,847	2,850,631	34,582,497
December 31, 2017	61,007,142	3,950,000	3,331,483	5,031,454	6,758,651	80,078,730
Additions	6,228,302		259,675	5,305,167	3,487,470	15,280,614
December 31, 2018	67,235,444	3,950,000	3,591,158	10,336,621	10,246,121	95,359,344
ACCUMULATED DEPRECIATION						
January 1, 2017	2,335,917	-	1,786,421	3,102,843	2,443,629	9,668,810
Charge for the year	352,030	-	172,375	894,321	267,073	1,685,799
December 31, 2018	2,687,947	-	1,958,796	3,997,164	2,710,702	11,354,609
Charge for the year	352,030	-	205,062	1,090,297	453,374	2,100,763
December 31, 2018	3,039,977	-	2,163,858	5,087,461	3,164,076	13,455,372
NET BOOK VALUE						
December 31, 2018	**64,195,467**	**3,950,000**	**1,427,300**	**5,249,160**	**7,082,045**	**81,903,972**
December 31, 2017	58,319,195	3,950,000	1,372,687	1,034,290	4,047,949	68,724,121

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 [*see note 15(b)*]. The directors have assessed the values of land and buildings, based on recent sale of similar properties and have determined that the fair value of freehold properties is $100,625,000.

10. INVESTMENTS - SECURITIES

	2018	2017
	$	$
These comprise quoted securities:-		
Investment securities at the beginning of the year	**45,778**	10,345
Fair value adjustment to investment instrument	**58,612**	35,433
Market value	**104,390**	45,778

11. INVENTORIES

Inventories comprise:

	2018	2017
	$	$
Motor vehicles	**160,435,935**	222,287,707
Motor vehicles - bonded warehouse	**253,687,127**	92,862,189
Parts	**5,590,014**	4,145,720
Inventories on hand	**419,713,076**	319,295,616
Goods-in-transit	**14,935,349**	74,525,834
	434,648,425	393,821,450

12. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

These comprise:-

	2018	2017	
	$	$	
Trade receivables	**20,419,903**	20,415,203	*
Prepayments	**1,033,111**	899,042	
Deposits	**510,453**	-	
Related party balances	**3,006,678**	-	**
Other receivables	**7,843,443**	36,691,510	**
	32,813,588	58,005,755	

Trade receivables are stated net of provision for impairment. The provision have been computed in compliance with the provisions under IFRS 9 [see note 20 {b}].

* *Restated to conform with the provisions of IFRS 9*

** *Restated*

13. CASH and BANK BALANCES

Cash and bank balances represent amounts held in saving and current accounts denominated in Jamaican Dollars and United States Dollars.

For the purpose of the cash flow statement, cash and cash equivalents comprise bank balances and bank overdraft.

14. PARENT COMPANY

This represents amounts due from the parent company at balance sheet date. There were no trading activities between the companies during the year.

15. SHARE CAPITAL and CAPITAL RESERVES

(a) Share capital

	2018	2017
	$	$
Authorised -		
900,000,000 [2017 = 900,000,000] Ordinary shares of no par value		
Issued and fully paid -		
583,500,000 [2017 = 583,500,000] Ordinary shares of no par value	**97,040,590**	97,040,590
Less: Transaction costs	**(8,223,372)**	(8,223,372)
	88,817,218	88,817,218

(b) Capital reserve:

Capital reserve comprise:

	$	$
Unrealised surplus arising from revaluation of freehold property and investment security *(see notes 9 & 10).*	**16,814,900**	16,720,855

On June 14, 2017, at the annual general meeting of the company, the shareholders approved the subdivision of each ordinary share into three (3) ordinary shares with effect from June 26, 2017. To facilitate this subdivision of shares, the maximum number of shares that the company is authorised to issue was increased from 194,500,000 to 583,500,000. As a result of the stock split, all prior period stock data presented in the financial statements have been adjusted to reflect the subdivision.

16. 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.

	2018	2017
	$	$
Net profit attributable to equity holders of the company	**91,940,082**	153,821,918
Weighted average number of ordinary stock units in issue	**583,500,000**	583,500,000
Basic earnings per stock unit	**$0.16**	$0.26

17. TRADE, OTHER PAYABLES AND ACCRUALS

These comprise:-

	2018	2017
	$	$
Trade payables	**8,879,945**	70,663,007
Deposits - other	**8,926,363**	8,456,503
Statutory payables	**1,195,449**	1,426,133
Accruals	**34,562,371**	5,151,633
	53,564,128	85,697,276

18. LONG-TERM LIABILITY

	2018	2017
	$	$
National Commercial Bank Jamaica Limited	-	19,054,235
Less - Current maturities	-	(6,588,492)
Long-term portion	-	12,465,743

The company repaid its long-term liability during the year.

19. RELATED PARTY TRANSACTIONS

The company had no trading transactions with related parties during the year.

20. 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.

20. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

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 balance sheet date are US$ 1 = J$126.8307 (2017= J$124.0571) in respect of foreign currency assets and US$ 1 = J$127.9683 (2017 = J$125.0936) in respect of foreign currency liabilities.

(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 is exposed to interest rate risk and this is affected by movements in 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.

(b) Credit risk

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

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the company and a failure to make contractual payments for a period greater than 120 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within based operating profit. Sebsequent recoveries of amounts previously written off are credited against the same line item.

20. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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.

Computation of net impairment on financial assets in respect of the current and the prior year was recognised in the profit or loss and adjusted to retained earnings respectively:

December 31, 2018	Current	31 - 60 Days Past Due	61 - 90 Days Past Due	91 - 120 Days Past Due	121 - 150 Days Past Due	151 - 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount - trade receivables	11,661,499	2,063,633	5,986,537	-	-	-	3,557,332	23,269,001
Expected loss rate	5%	8%	11%	17%	23%	25%	40%	
	$	$	$	$	$	$	$	$
Loss allowance	583,075	159,932	685,458	-	-	-	1,420,633	2,849,098
Actual provision								**2,191,261**
Under provision, adjusted in profit or loss								**657,837**

December 31, 2017	Current	31 - 60 Days Past Due	61 - 90 Days Past Due	91 - 120 Days Past Due	121 - 150 Days Past Due	151 - 180 Days Past Due	Over 180 Days Past Due	Total
Gross carrying amount - trade receivables	7,169,545	9,349,541	3,095,601	768,000	-	1,219,650	1,004,127	22,606,464
Expected loss rate	5%	8%	11%	17%	23%	25%	35%	
	$	$	$	$	$	$	$	$
Loss allowance	358,477	701,216	348,255	129,600	-	304,913	348,800.59	2,191,261
Actual provision								1,004,126
Under provision, adjusted in retained earnings								1,187,135

20. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Reconciliation

	2018	2017
	$	$
Calculated under IAS 39 - opening balance	1,004,126	1,446,893
Amount restated through opening retained earnings	1,187,135	-
Opening loss allowance as at 1 January - calculated under IFRS 9	2,191,261	1,446,893
Increase/(decrease) in provision recognised in profit or loss during the year	657,837	(442,767)
Receivables written off during the year as uncollectable	-	-
Unused amount reversed	-	-
At 31 December	**2,849,098**	1,004,126

(c) Liquidity risk

The table below summarises the maturity profile of the company's financial liabilities at December 31, 2018 and 2017:

	Current 2018	Current 2017	**Non-current 2018**	Non-current 2017
	J$	J$	**J$**	J$
Long-term liabilities	**-**	6,588,492	**-**	12,465,743
Payables and accruals	**44,637,765**	77,982,975	**-**	-
Customer deposits	**8,926,363**	7,714,301	**-**	-
Bank overdraft	**4,746,845**	-	**-**	-
	58,310,973	92,285,768	**-**	12,465,743

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.

(d) 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.

21. CONTINGENT LIABILITY & CAPITAL COMMITMENT

In the normal course of business, the company is subject to various claims, disputes and legal proceedings. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the company, and the amount can be reasonably estimated.

At reporting date, the company had no outstanding legal matters being pursued in the Courts and the Board has indicated that it is not aware of any potential liability that may negatively affect the company.

FORM OF PROXY

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 Tuesday 25th day of June 2019, 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, no 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.

PLACE
$100
STAMP HERE

NOTES

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