

Jetcon Corporation Limited

INTERIM RESULTS

Second Quarter ended June 2019

Unaudited Financial Statements

Report of the Directors to Shareholders of Jetcon Corporation Limited For the Second quarter ending June 2019

The second quarter was another challenging one for Jetcon Corporation, with revenues falling 26 percent and profits by 35 percent; for the half year, revenues fell by 22 percent and profit by 34 percent.

The first half reverses three years of solid growth for Jetcon. The management team has been closely monitoring the situation and have put in place strategies to combat the down turn.

We are pleased to report that we have seen positive developments since June, with sales up 10 percent ahead of 2018, in both June and July. Orders for August, suggest that we will enjoy a much better sales than in 2018. Sales in August last year were below the historical pattern. Our projections calls for higher sales than 2018 in the second half of the financial year.

Revenues and Profit - Revenues decreased 26 percent, to \$221 million compared with \$300 million in the June 2018 quarter. The company experienced a decrease in gross margin, from 18.9 percent to 16.5 percent and a decrease of 77 percent in pretax profit, to \$8.7 million versus \$38.4 million in 2018. Earnings per share ended at 1.49 cents versus 6.58 cents in 2018.

Reduced margin occurred as we reduced prices in some cases to move inventories during the first half of the year but expect that the discounting will ease as the year progresses.

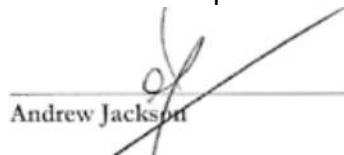
Balance sheet - Inventory of motor vehicles and parts have increased by 14 percent since June 2017, to reach \$477.6 million, an ongoing deliberate strategy to increase choice for customers and sales, heading into Q3, historically our strongest quarter in sales, aided by the usage of the new Special Economic Zone. Total receivables amount to \$52 million which include amounts deposited with suppliers for goods.

The company will pay out a dividend of 3 cents per share on August 15th.



John Jackson

Chairman



Andrew Jackson

Managing Director

JETCON CORPORATION LIMITED
Statement of Comprehensive Income
Second Quarter Ending June 30, 2019

	2nd Quarter		<u>6 Months to June</u>		<u>Audited</u>
	2019	2018	2019	2018	2018
Revenues	221,102,117	300,266,856	467,168,619	606,520,658	1,162,407,844
Cost of Sales	<u>184,712,318</u>	<u>245,421,113</u>	<u>386,801,114</u>	<u>486,882,543</u>	<u>999,173,012</u>
Gross Profit	36,389,799	54,845,743	80,367,505	119,638,115	163,234,832
 EXPENSES					
Sales and Marketing	6,295,106	7,413,891	12,008,137	13,584,633	23,571,544
Administrative and other	9,874,054	8,942,202	19,586,591	17,575,977	44,945,546
Other Operating Expenses	11,158,511	3,777,705	24,487,760	7,380,974	-
Finance	<u>390,299</u>	<u>4,862</u>	<u>394,147</u>	<u>591,682</u>	<u>2,776,272</u>
	<u>27,717,970</u>	<u>20,138,660</u>	<u>56,476,635</u>	<u>39,133,266</u>	<u>71,293,362</u>
Profit Before Taxation	<u>8,671,829</u>	<u>34,707,083</u>	<u>23,890,870</u>	<u>80,504,849</u>	<u>91,941,470</u>
Taxation	<u>-</u>		<u>-</u>	<u>-</u>	<u>(60,000)</u>
Net Profit after Tax	8,671,829	34,707,083	23,890,870	80,504,849	91,881,470
Other comprehensive income:					
Fair Value Investment gains	<u>-</u>	<u>(53,742)</u>		<u>22,722</u>	<u>58,612</u>
Total comprehensive income	<u>\$8,671,829</u>	<u>\$34,653,341</u>	<u>\$23,890,870</u>	<u>80,527,571</u>	<u>91,940,082</u>
Earnings per share (Cents)	<u>1.49</u>	<u>5.95</u>	<u>4.09</u>	<u>13.80</u>	<u>15.75</u>

JETCON CORPORATION LIMITED
Statement of Financial Position
Second Quarter Ending June 30, 2019

ASSETS	Unaudited		Audited
	2019	2018	2018
NON-CURRENT ASSETS:			
FIXED ASSETS	<u>85,236,328</u>	<u>77,245,444</u>	<u>81,903,972</u>
CURRENT ASSETS:			
Inventories	477,653,771	418,325,070	434,648,425
Receivables	52,479,807	34,511,607	32,813,588
Due from Parent	2,345,639	2,360,729	2,345,638
Investment	104,390	45,778	104,390
Cash and Equivalents	<u>5,292,422</u>	<u>15,556,720</u>	<u>11,046,798</u>
Total Current Assets	<u>537,876,029</u>	<u>470,799,904</u>	<u>480,958,839</u>
CURRENT LIABILITIES:			
Payables	36,470,571	12,535,734	53,564,128
Short Term Borrowings	48,199,078	21,947,787	0
Bank Overdraft	<u>0</u>	<u>0</u>	<u>4,746,845</u>
Total Current Liabilities	<u>84,669,649</u>	<u>34,483,521</u>	<u>58,310,973</u>
NET CURRENT ASSETS	453,206,380	436,316,383	422,647,866
LONG TERM LIABILITY	<u>10,000,000</u>	<u>0</u>	<u>0</u>
	<u>\$528,442,708</u>	<u>513,561,827</u>	<u>504,551,838</u>
SHAREHOLDERS EQUITY	<u>\$528,442,708</u>	<u>513,561,827</u>	<u>504,551,838</u>
	<u>0</u>	<u>0</u>	

JETCON CORPORATION LIMITED
Statement of Cash Flows
Second Quarter Ending June 30, 2019

	2019	2018
Cash Flows from operating activities		
Net Income	23,890,870	80,527,571
Non-Cash Items		
Depreciation	840,000	840,000
Other adjustments	-	-
Net Cash provided by Operations	<u>24,730,870</u>	<u>81,367,571</u>
Changes in working Capital	<u>(79,765,122)</u>	<u>(74,186,105)</u>
Cash Flows from Financing activities		
Dividend Payment	-	-
Loans repaid net	<u>58,199,078</u>	<u>2,893,552</u>
Net cash used provided by investing activities	<u>58,199,078</u>	<u>2,893,552</u>
Investment Activity	<u>(4,172,356)</u>	<u>(9,361,323)</u>
Net increase in cash	(1,007,530)	713,695
Cash Balance at Beginning of Period	<u>11,146,798</u>	<u>14,843,025</u>
Cash Balance at End of Period	<u>(10,039,268)</u>	<u>15,556,720</u>
Represented by cash and equivalent		
Bank Overdraft	4,746,845	-
Cash and Bank balance	<u>5,292,422</u>	<u>15,556,720</u>
	<u>\$10,039,267</u>	<u>15,556,720</u>

Jetcon Corporation Limited
Statement of Shareholders' equity
Second quarter ending June 30, 2019

	No. of Shares	Share Capital	Capital Reserve	Retained Earnings	Total
Balance at December 2017	583,500,000	88,817,218	16,756,288	327,460,750	433,034,256
Total Comprehensive Income for Period	0	0	0	80,527,571	80,527,571
Dividend Paid	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance at June 2018	<u>583,500,000</u>	<u>\$88,817,218</u>	<u>16,756,288</u>	<u>407,988,321</u>	<u>513,561,827</u>
Balance at December 2018	583,500,000	88,817,218	16,814,900	398,919,720	504,551,838
Total Comprehensive Income for Period				<u>23,890,870</u>	<u>23,890,870</u>
Balance at June 2019	<u>583,500,000</u>	<u>\$88,817,218</u>	<u>16,814,900</u>	<u>422,810,590</u>	<u>528,442,708</u>


 John Jackson

Chairman


 Andrew Jackson

Managing Director

Jetcon Corporation Limited

Notes to the Financial Statements

For the Second quarter ending June 30, 2019

1. IDENTIFICATION

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

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

The interim financial report for the reporting period ended June 30, 2019 has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'.

Changes in significant accounting policies relevant to the company's operations:

IFRS 9, Financial instruments replaces the provisions of IAS 39 that relates to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, and impairment of financial assets. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' [ECL], which means that a loss event will no longer need to occur before an impairment allowance is recognised. The impact of the application of **IFRS 9** is not considered material to the company's disclosure. The immateriality disclosure exemption under IAS 1 'Presentation of Financial Statements', has been applied.

The company applies the simplified approach permitted by **IFRS 9**, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using the ECL. As a practical expedient, a provision matrix is utilized in determining the lifetime ECLs for trade receivables.

The adoption of **IFRS 9** from January 1, 2018 resulted in no adjustments to the comparative figures presented in the financial statements. Further, as stated above, the immateriality exemption under IAS 1 'Presentation of Financial Statements', has been applied.

Jetcon Corporation Limited
Notes to the Financial Statements
For the second quarter ending June 30, 2019

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

BASIS OF PREPARATION

(b) Property, plant and equipment

Items of property, plant and equipment are stated at cost and valuation less accumulated depreciation. Depreciation is recognized on profit or loss on the straight-line basis, over the estimated useful lives of property, plant, motor vehicles and equipment except for land and investment properties.

(c) Borrowings

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

(d) Inventories

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

3. EARNINGS PER SHARE

Earnings per share is based on 583,500,000 shares issued.

4. SHARE CAPITAL

The company opted to be listed on the junior market of the Jamaica Stock Exchange on the 24th of March 2016. In preparation for the listing, the share capital was restructured, resulting in the issue of 481,650 bonus shares, in addition, the authorized share capital was split into 300 million shares of no par value, resulting in the issued capital increasing to 150 million shares. In March the company issued 44.5 million shares to the public, bringing the total issued shares to 194,500,000 units and in 2018 the shares were split into 3 and brought the issued capital to 583,500,000 units.

