

Jetcon Corporation Limited

INTERIM RESULTS

Third Quarter ended September 2019

Unaudited Financial Statements (Revised)

Report of the Directors to Shareholders of

Jetcon Corporation Limited

For the Third Quarter Ended September 2019

Jetcon recorded a big 64 percent rise in profit in the third quarter to September over the similar 2018 period but profit for the year to date still lags the 2018 results.

The company enjoyed a major improvement in gross profit margin in the quarter that lead to the strong improvement in gross profit and net profit for the period.

Revenues: Revenues for the third quarter decreased by 3 percent compared to the 2018 quarter to end at \$281 million but improvement in gross margin saw gross profit rising 27 percent to \$46 million from \$35.5 million in 2018 and ended with net profit jumping 64 percent to \$22 million from \$13 million in 2018. For the nine months to September, revenues dropped 16 percent to end at \$746 million and gross profit declined 19 percent to \$126 million.

Administrative and other cost increased by just 3 percent in the quarter and 8 percent for the nine-month period.

Balance sheet: We acquired additional property next to our existing main location resulting in fixed assets growing by \$47 million over the amount on record as of June 2018. The other main asset inventories declined as we continue to work off excess inventories.

Outlook: Sales for October were ahead of the similar period in 2018 and we are cautiously optimistic that the sales for the final quarter will exceed that of the 2018 quarter and help to add to the profit reported for first nine months of the year.



John Jackson

Chairman



Andrew Jackson

Managing Director

JETCON CORPORATION LIMITED
Statement of Comprehensive Income
Third Quarter Ended September 30 2019

| | 3rd Quarter | | 9 Months to September | | Audited |
|-----------------------------------|---------------------|--------------------|-----------------------|--------------------|--------------------|
| | 2019 | 2018 | 2019 | 2018 | 2018 |
| Revenues | 280,645,307 | 288,290,895 | 746,352,137 | 892,288,981 | 1,161,472,587 |
| Cost of Sales | <u>235,482,998</u> | <u>253,570,997</u> | <u>622,284,112</u> | <u>740,453,538</u> | <u>999,173,012</u> |
| Gross Profit | 45,162,309 | 34,719,898 | 124,068,025 | 151,835,443 | 162,299,575 |
| Other Income | <u>476,610</u> | <u>727,263</u> | <u>1,632,747</u> | <u>3,249,834</u> | <u>935,257</u> |
| | <u>45,638,919</u> | <u>35,447,161</u> | <u>125,700,772</u> | <u>155,085,277</u> | <u>163,234,832</u> |
| EXPENSES | | | | | |
| Sales and Marketing | 4,855,498 | 5,740,494 | 16,863,635 | 19,325,127 | 23,571,544 |
| Administrative and other | 9,859,922 | 8,704,482 | 29,446,513 | 24,753,927 | 44,945,546 |
| Other Operating Expenses | 8,669,179 | 7,429,159 | 33,156,939 | 15,650,133 | 0 |
| Finance Expense | 323,250 | <u>580,481</u> | <u>717,397</u> | <u>1,858,696</u> | <u>2,776,272</u> |
| | <u>23,707,849</u> | <u>22,454,616</u> | <u>80,184,484</u> | <u>61,587,883</u> | <u>71,293,362</u> |
| Profit Before Taxation | <u>21,931,070</u> | <u>12,992,545</u> | <u>45,516,288</u> | <u>93,497,394</u> | <u>91,941,470</u> |
| Taxation | - | - | - | - | (60,000) |
| Net Profit after Tax | 21,931,070 | 12,992,545 | 45,516,288 | 93,497,394 | 91,881,470 |
| Other comprehensive income: | | | | | |
| Fair Value Investment gains | - | (53,742) | | 22,722 | 58,612 |
| Total comprehensive income | <u>\$21,931,070</u> | <u>12,938,803</u> | <u>45,516,288</u> | <u>93,520,116</u> | <u>91,940,082</u> |
| Earnings per share (Cents) | <u>3.76</u> | <u>2.23</u> | <u>7.80</u> | <u>16.02</u> | <u>15.75</u> |

JETCON CORPORATION LIMITED
Statement of Financial Position
Third Quarter Ended September 30 2019

| ASSETS | Unaudited | Audited |
|---------------------------------|----------------------|--------------------|
| | 2019 | 2018 |
| NON-CURRENT ASSETS: | | |
| FIXED ASSETS | <u>132,867,597</u> | <u>85,296,610</u> |
| CURRENT ASSETS: | | |
| Inventories | 466,074,108 | 481,598,719 |
| Receivables | 49,026,103 | 26,575,759 |
| Due from Parent | 2,345,639 | 2,360,729 |
| Investment | 104,390 | 45,778 |
| Cash and Equivalents | <u>13,941,496</u> | <u>30,894,647</u> |
| Total Current Assets | <u>531,491,736</u> | <u>541,475,632</u> |
| CURRENT LIABILITIES: | | |
| Payables | 35,730,957 | 95,987,372 |
| Overdrafts and Short-term Loans | <u>46,766,259</u> | <u>24,652,998</u> |
| Total Current Liabilities | <u>82,497,216</u> | <u>120,640,370</u> |
| NET CURRENT ASSETS | 448,994,520 | 420,835,262 |
| | <u>\$581,862,117</u> | <u>506,131,872</u> |
| SHAREHOLDERS EQUITY | \$532,563,126 | 506,131,872 |
| LONG TERM LIABILITY | <u>49,298,991</u> | = |
| | <u>\$581,862,117</u> | <u>506,131,872</u> |

JETCON CORPORATION LIMITED
Statement of cash flow
Third Quarter ending September 30 2019

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Cash Flows from operating activities | | |
| Net Income | 45,516,288 | 93,520,116 |
| Non-Cash Items | | |
| Depreciation | <u>1,260,000</u> | <u>1,260,000</u> |
| Net Cash provided by Operations | <u>46,776,288</u> | <u>94,780,116</u> |
| Changes in working Capital | <u>(65,471,370)</u> | <u>(46,072,268)</u> |
| Cash Flows from Financing activities | | |
| Dividend Payment | (17,505,000) | (20,422,500) |
| Loans net of repayments | <u>49,298,991</u> | <u>(19,054,235)</u> |
| Net cash used provided by investing activities | <u>31,793,991</u> | <u>(39,476,735)</u> |
| Investment Activity | (52,223,625) | (17,832,489) |
| Net increase in cash | (39,124,716) | (8,601,376) |
| Cash Balance at Beginning of Period | <u>6,299,953</u> | <u>14,843,025</u> |
| Cash Balance at End of Period | <u>(32,824,763)</u> | <u>6,241,649</u> |
| Represented by cash and equivalent | | |
| Bank Overdraft | (46,766,259) | (24,652,998) |
| Cash and Bank balance | <u>13,941,496</u> | <u>30,894,647</u> |
| | <u>(32,824,763)</u> | <u>6,241,649</u> |

JETCON CORPORATION LIMITED
Statement of Shareholders' Equity
Third Quarter ending September 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 | 93,520,116 | 93,520,116 |
| Dividend Paid | <u>0</u> | <u>0</u> | <u>0</u> | <u>(20,422,500)</u> | <u>(20,422,500)</u> |
| Balance at September 2018 | <u>583,500,000</u> | <u>\$88,817,218</u> | <u>16,756,288</u> | <u>400,558,366</u> | <u>506,131,872</u> |
| Balance at December 2018 | 583,500,000 | 88,817,218 | 16,814,900 | 398,919,720 | 504,551,838 |
| Dividend Paid | 0 | 0 | 0 | (17,505,000) | (17,505,000) |
| Total Comprehensive Income for Period | 0 | 0 | 0 | <u>45,516,288</u> | <u>45,516,288</u> |
| Balance at September 2019 | <u>583,500,000</u> | <u>\$88,817,218</u> | <u>16,814,900</u> | <u>426,931,008</u> | <u>532,563,126</u> |


 John Jackson
 Chairman


 Andrew Jackson
 Managing Director

Jetcon Corporation Limited

Notes to the Financial Statements

For the Third Quarter ended September 30 2019

1. IDENTIFICATION

Jetcon Corporation Limited is incorporated and domiciled in Jamaica. Its registered office is situated at 2 Sandringham 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 September 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 Third Quarter Ended September 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.