

Jetcon Corporation Limited

INTERIM RESULTS

Third Quarter ended September 2020

Unaudited Financial Statements

Report of the Directors to Shareholders of

Jetcon Corporation Limited

For the Third quarter ending September 2020

The current year has been challenging for many listed companies with the impact the Covid 19 virus has had on the lives of Jamaicans and businesses. Some businesses have had positive financial impact but many in areas that are affected by the containment of business activities were not that fortunate. Jetcon Corporation is among companies that experienced negative effect, with the company's second quarter being the worse one for us. Following a loss in the June quarter, with sales falling sharply, business picked in the September quarter, but sales continue to be lower than in 2019. This trend is expected to continue into the fourth quarter.

The September quarter of 2020 ended with a small profit from revenues that declined 52 percent to \$153 million, from the same period in 2019, but the latest quarterly results were better than the loss of \$6.8 million in the second quarter from revenues of only \$86 million. Revenues for the nine months to September amounted to \$467 million, a decrease of 38 percent from the \$748 million for the same period in 2019. Net Profit for the quarter totalled \$2 million, down from \$21.6 million in the 2019 third quarter, a decrease of 91 percent, and for the 9 months to September 2020 profit totalled just \$5.5 million, down 88 percent from \$45.5 million, generated in the similar period in 2019.

Balance Sheet: Management undertook cost saving measures starting with the second quarter that resulted in reduced cost and kept a tight rein on the level of inventories, the companies biggest asset in monetary terms. We halted the purchase of inventories from March, which resulted in reduced inventories of vehicles since. We have begun purchasing vehicles again, to replenish certain models, as business slowly recovers. Nevertheless, inventories compared to the same third quarter of 2019 have decreased from \$466 million to \$395 million and the strategy for the next few months is for some more reduction in inventories. Total receivables amount to \$62 million, from \$49 million in the same period of 2019. We continue to enjoy positive cash flow, with limited borrowings which we have reduced with increased cash inflows. Management consider that we are in a good financial position to see us through this difficult period.

Outlook: Despite the challenges so far due to the COVID-19 pandemic, Jetcon has managed to endure with a relatively strong financial position. With smart marketing and pricing strategies, business continues to recover. We will continue to actively adjust these strategies as time goes on.

Our 2020 AGM was held safely on August 18th. We thank our dedicated staff, our customers and other stakeholders for their continued support.



John Jackson

Chairman



Andrew Jackson

Managing Director

JETCON CORPORATION LIMITED
Statement of Comprehensive Income
Third Quarter Ending September 30, 2020

	<u>3rd Quarter</u>		<u>Nine months to September</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
REVENUES	153,430,361	280,816,264	467,160,462	747,984,884
Cost of Sales	128,013,670	<u>235,584,725</u>	<u>391,005,052</u>	<u>622,284,112</u>
Gross Profit	<u>25,416,691</u>	<u>45,231,539</u>	<u>76,155,410</u>	<u>125,700,772</u>
EXPENSES				
Sales and Marketing	4,245,715	4,855,498	15,215,577	16,863,635
Administrative and other	14,447,739	14,346,962	41,133,904	49,227,860
Other Operating Expenses	3,616,744	4,148,728	11,086,259	13,375,592
Finance	1,084,632	323,250	3,162,238	717,397
Total Expenses	<u>23,394,830</u>	<u>23,674,438</u>	<u>70,597,978</u>	<u>80,184,484</u>
Profit Before Taxation	<u>2,021,861</u>	<u>21,557,101</u>	<u>5,557,432</u>	<u>45,516,288</u>
Taxation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Profit after Tax	<u>2,021,861</u>	<u>21,557,101</u>	<u>5,557,432</u>	<u>45,516,288</u>
Other comprehensive income:				
Fair Value Investment gains	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total comprehensive income	<u>\$ 2,021,861</u>	<u>\$21,557,101</u>	<u>\$5,557,432</u>	<u>45,516,288</u>
Earnings per share (Cents)	<u>0.35</u>	<u>3.69</u>	<u>0.95</u>	<u>7.80</u>

JETCON CORPORATION LIMITED
Statement of Financial Position
Third Quarter Ending September 30, 2020

ASSETS	Unaudited	Audited
	2020	2019
		2019
NON-CURRENT ASSETS:		
FIXED ASSETS	<u>140,647,052</u>	<u>132,867,597</u> <u>135,729,469</u>
CURRENT ASSETS:		
Inventories	394,931,155	466,074,108 444,682,692
Receivables	62,579,600	49,037,307 87,154,925
Investments	93,309	104,390 93,309
Due from Parent	2,345,639	2,345,639 2,345,639
Cash and Equivalents	26,478,225	<u>13,941,496</u> <u>10,675,373</u>
Total Current Assets	<u>486,427,928</u>	<u>531,502,940</u> <u>544,951,938</u>
CURRENT LIABILITIES:		
Payables	31,903,185	35,742,161 94,601,162
Bank Overdraft & Short Term loans	10,326,899	<u>46,766,259</u> <u>9,439,886</u>
Total Current Liabilities	<u>42,230,084</u>	<u>82,508,420</u> <u>104,041,048</u>
NET CURRENT ASSETS	444,197,844	448,994,520 440,910,890
LONG TERM LIABILITY	<u>31,947,712</u>	<u>49,298,991</u> <u>29,300,606</u>
	<u>552,897,184</u>	<u>532,563,126</u> <u>547,339,753</u>
SHAREHOLDERS EQUITY	<u>\$552,897,184</u>	<u>532,563,126</u> <u>547,339,752</u>

JETCON CORPORATION LIMITED
Statement of Cash Flows
Third Quarter Ending September 30, 2020

	2020	2019
Cash Flows from operating activities		
Net Income	5,557,432	45,516,288
Non-Cash Items		
Depreciation	840,000	1,260,000
Other adjustments	<u>(304)</u>	<u>0</u>
Net Cash provided by Operations	<u>6,397,128</u>	<u>46,776,288</u>
Changes in working Capital	<u>11,628,885</u>	<u>(65,471,370)</u>
Cash Flows from Financing activities		
Financing Activity		
Dividend Payment	0	(17,505,000)
Loans received net	<u>(6,792,477)</u>	<u>49,298,991</u>
Net cash used provided by Financing activities	<u>(6,792,477)</u>	<u>31,793,991</u>
Investment Activity	(5,757,583)	(52,223,625)
Net increase in cash	(5,475,953)	(39,124,716)
Cash Balance at Beginning of Period	<u>10,675,373</u>	<u>6,299,953</u>
Cash Balance at End of Period	<u>\$16,151,326</u>	<u>(32,824,763)</u>
Represented by cash and equivalent		
Bank Overdraft	(10,326,899)	(46,766,259)
Cash and Bank balance	<u>26,478,225</u>	<u>13,941,496</u>
	<u>\$16,151,326</u>	<u>(32,824,763)</u>

Jetcon Corporation Limited
Statement of Shareholders' Equity
Third quarter ending September 30, 2020

	No. of Shares	Share Capital	Capital Reserve	Retained Earnings	Total
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>0</u>	<u>0</u>	<u>0</u>	45,516,288	45,516,288
Dividend Paid				<u>-17,505,000</u>	<u>-17,505,000</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>
 Balance at December 2019	 583,500,000	 88,817,218	 16,803,819	 441,718,715	 547,339,752
Total Comprehensive Income for Period				<u>5,557,432</u>	<u>5,557,432</u>
Balance at September 2020	<u>583,500,000</u>	<u>\$88,817,218</u>	<u>16,803,819</u>	<u>447,276,147</u>	<u>552,897,184</u>


 John Jackson
 Chairman


 Andrew Jackson
 Managing Director

Jetcon Corporation Limited

Notes to the Financial Statements

For the Third Quarter ending September 30, 2020

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, 2020 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 ending September 30, 2020

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.

