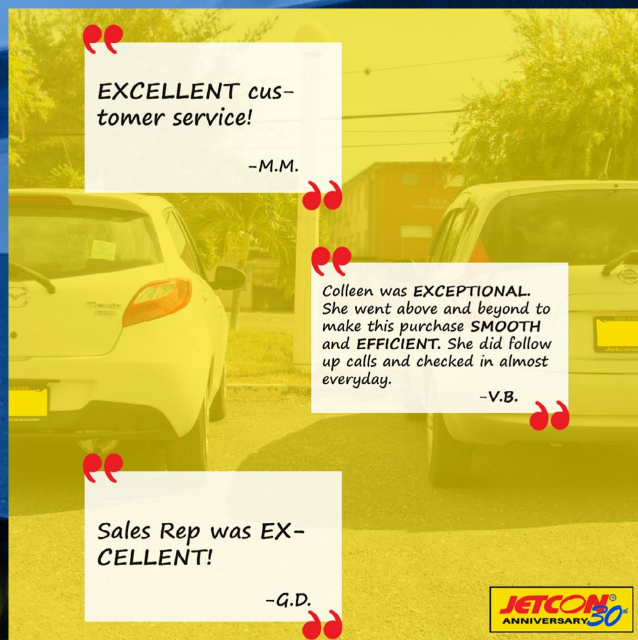
JETCON® 30th ANNIVERSARY

ANNUAL REPORT
2022

INSIDE YOUR REPORT



JETCON® ANNIVERSARY 30th

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

The 'Jetcon Way', fashioned after the spirit of founder Andrew Jackson, continues a rich tradition of principles and policies. This drives the delivery of a best in class customer service with integrity, empathy and fairness to all stakeholders.

POLICIES

Enterprise	**We have a good eye for opportunities.**
Automania	**We love and know the car industry.**
Community	**We take care of our community.**

PRINCIPLES

Mutual Benefit	We build 2-way relationships, looking beyond self-interests.
Quality Product	We aim to surpass customers' expectations.
Accountability	We believe and invest in what we sell.

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 Courtleigh Hotel and Suites, 85 Knutsford Blvd, Kingston 5 on a date and time to be determined for the purpose of transacting the following business:

1. Audited Financial Statements

To receive, consider and if thought fit approve the Audited Financial Statements of the Company for the year ended December 31, 2022, together with the Reports of the Directors and Auditors thereon.

2. Election of Directors

Resolution:

Be it resolved that in accordance with article 99 of the Company's Articles of Association, Garth Mckenzie, Christine Clarke and John Jackson retired and being eligible, Garth McKenzie offers himself for re-election.

The following Director/s who offer themselves for re-election are hereby re-elected:

a. Garth Mckenzie

The following persons offer themselves as directors and are hereby elected:

a. Susan Thompson
b. Justine Rector
c. Candice Carby

3. 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, 2022, Directors' fees are hereby approved.

4. Electronic Distribution of Annual Report

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

That the Annual Report from here-on, be distributed via Compact Disc, Thumb drive, or other digital media, ending distribution in book format.

5. To Appoint Auditors

To reappoint McKenley & Associates, Chartered Accountants, as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.

6. Any Other Business

To transact any other business as may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Andrew Joel Jackson,

Corporate Secretary
Jetcon Corporation Limited

Registered Office:
2 Sandringham Avenue, Kingston 10

IMPORTANT NOTICE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his/her or representative/proxy's stead. Such proxies need not be members of the Company.

A suitable Form of Proxy is Included (see page 65) for guidelines for appointing a valid proxy).

FORM OF PROXY MUST BE LODGED WITH THE REGISTRAR AND TRANSFER OFFICE:
Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston CSO not less than forty-eight (48) hours before the time appointed for holding the meeting.

CORPORATE DATA

BOARD OF DIRECTORS

John Jackson, *Chairman*
Andrew B. Jackson
Garth Mckenzie
Dr. Christine Clarke-Dougherty
Andrew Joel Jackson
Sean Jackson

MANAGEMENT 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

CORPORATE SECRETARY

Andrew Joel Jackson

REGISTERED OFFICE

Jetcon Corporation Limited
2 Sandringham Avenue, Kingston 10

AUDITORS

McKenley and Associates
Chartered Accountants

Unit 11, Seymour Park,
2 Seymour Avenue, Kingston 6

ATTORNEYS-AT-LAW

Hart Muirhead Fatta
2nd Floor, Victoria Mutual Building
53 Knutsford Boulevard, Kingston 5

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 & TRANSFER OFFICE

Jamaica Central Securities Depository Limited
40 Harbour Street, Kingston CSO

Beijing
X55

Year:	2023	Transmission:	Auto
Make:	Beijing	CC Rating:	1500T
Model:	X55	Engine:	Petrol

Nissan
Leaf

Year:	2018	Transmission:	Auto
Make:	Nissan	CC Rating:	40kwh
Model:	Leaf	Engine:	Electric

PROFILE OF DIRECTORS

John Jackson
Chairman

EXPERTISE: Auditing, Management, Finance and Investments.

OTHER APPOINTMENTS: Chairman - Jamaican Teas Limited, KIW International, QWI Investments. Director - Bridgeton Management Services Limited. ***(Fmr. Chairman - Jamaica Deposit Insurance Corporation, Fmr. Director - Development Bank of Jamaica).***

NOTEWORTHY: John is a Chartered Accountant. He brings a wide range of experience in auditing, accounting, finance, investments, economics and management.

EDUCATION: South West London College – United Kingdom.

Andrew Joel Jackson
Corporate Secretary

EXPERTISE: Operations Management and Administration.

OTHER APPOINTMENTS: ***Fmr. Board Member - Drivers' Rallysport Club of Jamaica.***

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.

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 Is now a decorated motor sports competitor who Is passionate about cars and competition.

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.

Dr. Christine Clarke-Dougherty
Chairman - Compensation Committee

EXPERTISE: Economics and Special Projects Coordination.

OTHER APPOINTMENTS: Bank of Jamaica – Director & Chair of the Audit Committee.

NOTEWORTHY: A competent, experienced and dynamic University Administrator and Director. She has more than 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.

Andrew B. Jackson
Managing Director

EXPERTISE: Management and Leadership, Engineering and Entrepreneurship.

OTHER APPOINTMENTS: Investor's Choice Magazine – Manager (1991); Institute of Electrical and Electronics Engineers (Jamaica Section) – Chairman (1986); Jamaica Used Car Dealers Association – President (1997); ***(Fmr. President - Jamaica Karting Association - President (2001-2007); Jamaica Electric Vehicle Association (2023).***

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 BSC Physics & Nova Southeastern University – Florida MBA.

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

Garth McKenzie
Member - Audit & Finance Committee

EXPERTISE: Administration, Engineering, Change Management, Union Negotiation & Renewable Energy.

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

NOTEWORTHY: Since 1999, he has attended many prestigious utility and energy conferences. In 2002 he was a presenter at the CARILEC Engineers and Supply Chain Conference. 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.

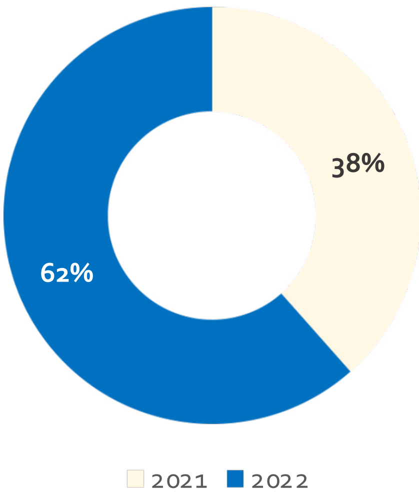
At our upcoming Annual General Meeting, *shareholders will be updated on developments during the year and provide insights into plans and developments for the remainder of 2023.*

Please see the MD&A report for *more details on the operations in 2022.*

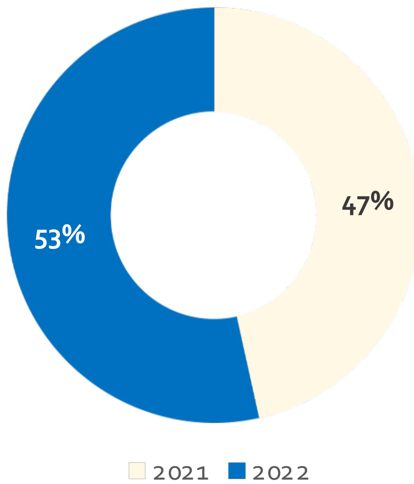
REPORT OF DIRECTORS

Jetcon Corporation is still regaining its financial footing following the COVID-19 pandemic. The company improved on a small profit of $15 million in 2021 to a $24.8 million profit in 2022. Our audited Financial Statements show revenues rising from $870 million in 2021 to $1 billion.

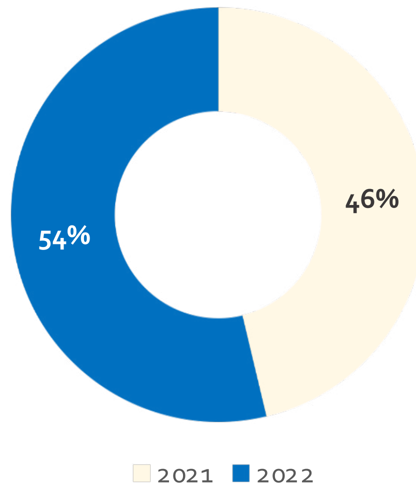
PROFIT ('000)



REVENUE ('000)



SHAREHOLDERS



Our performance since early 2020 came against a background of an improving local economy, with real economic growth now above that of 2019. Growth since the disruption to economic activity led to the decline in the official unemployment rate below 6 percent in the latest report to July 2022. With continued recovery since then, it is expected that the rate of unemployment may have fallen further. The Bank of Jamaica increased the interest rate for banks in the overnight market from 0.5 percent in late 2021 to 7 percent in 2022, a measure meant to curtail demand in the economy and reduce pricing pressures.

As a result of the above interest changes, banks have increased loan rates thus making the purchase of motor vehicles potentially more costly. There are signs that interest rates may have peaked with possibility of reductions later in 2023 or early 2024 as inflation has declined markedly since interest rates were increased.

At our upcoming Annual General Meeting, shareholders will be updated on developments during the year and provide insights into plans and developments for the remainder of 2023. Please see the MD&A report for more details on the operations in 2022. During the year, the stock price found itself near the $2 mark then plummeted to close the year at $1.05. The number of shareholders increased to 1,378 from 1,187 at the end of 2022. Under the articles of the company, the following Director will retire and being eligible offer himself for re-election: Garth McKenzie. The Directors are not recommending the payment of a dividend for the year considering the reduced profit performance over 2021 and 2022. The Directors thank the staff, other stakeholders and in particularly our customers for their continued devotion to the company.

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 met by the dedicated management team. Our attention is focused on the economic, social and regulatory environment as well as any potential hazards in the markets where the Company conducts business. The board established two sub-committees, namely Finance and Audit Committee and Compensation Committee, which continue to meet regularly. Furthermore, Jetcon's Corporate Governance Guidelines are available on the Jamaica Stock Exchange website, www.jamstockex.com.

For the year 2022, members of the board met on six (6) occasions. Additionally, the Finance and Audit Committee met on four (4) occasions, and the Compensation Committee did not hold any meetings.

BOARD OF DIRECTORS MEETING ATTENDANCE

MEETINGS OF THE BOARD	
# OF MEETINGS HELD	6
John Jackson	6
Andrew B Jackson	5
Andrew J Jackson	6
Sean Jackson	5
Christine Clarke (Retired)	4
Garth McKenzie	3

FINANCE & AUDIT COMMITTEE

The Finance and Audit Committee chaired by Garth McKenzie acts as an advisor to the board for the purpose of providing feedback in the areas of financial reporting, budgeting, auditing, contract review and compliance with legal requirements. The Finance and Audit Committee examines issues that are deemed pertinent to the business and ensures the maintenance of statutory and other obligations.

FINANCE & AUDIT COMMITTEEE MEETING ATTENDANCE

FINANCE & AUDIT COMMITTEEE	
# OF MEETINGS HELD	4
Andrew J Jackson	4
Garth McKenzie	4

COMPENSATION COMMITTEE

The Compensation Committee chaired by Christine Clarke-Dougherty makes recommendations to the board, as to the level 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.

COMPENSATION COMMITTEE MEETING ATTENDANCE

COMPENSATION COMMITTEE	
# OF MEETINGS HELD	0
Andrew B Jackson	0
Christine Clarke (Retired)	0
Garth McKenzie	0

MANAGEMENT TEAM

SEAN JACKSON
LOGISTICS & IT MANAGER

Sean is the Company's logistics manager. He oversees 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 REPRESENTATIVE

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 delivering 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 11 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 the 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 St. 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

MANAGING DIRECTOR'S OVERVIEW

I wish to express a hearty thank you to the board, staff, customers, and to you our valued shareholders for the expertise, dedication and confidence that's pivotal to the continued growth of Jetcon.

Our primary source of revenue and net income is the retail of pre-owned vehicles, sales of parts and motor vehicle servicing. In many ways, our performance despite the COVID-19 pandemic, is symbolic of our commitment to the consistent delivery of superior service. This is reflected in the volume of vehicle sales of over 680 units in 2022, with a large percentage of sales being repeat purchases from satisfied customers. This we achieved by continuing to incorporate valuable feedback, implementing innovative marketing strategies and improving our internal processes for a more seamless customer experience, helped by the discontinuation of the COVID-19 restrictions. These strategies enabled a strong recovery in business, with activities returning to pre-pandemic levels by Q3.

However, 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 enhanced value for our stakeholders.

We are confident that the demand for motor vehicle will continue to climb in 2023 as interest rates decrease. We are also strengthening our stocks of inventory, customer experience and sound business principles in order to build a Company that serves our customers well and is profitable and sustainable in the long term. In addition, we also have new developments which will be made public in due time.

ANDREW JACKSON
Managing Director

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 required 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

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.

The acquisition of additional space in 2017 and 2019 enabled us throughout the year to continue to provide storage capacity for the increased inventory of vehicles which enabled us to briefly halt the purchase of stock while continuing sales at lower levels during the severe months of the pandemic. In addition, with the acquisition of space in the Special Economic Zone at Tinson Pen, easing the process of importation has provided us with the capacity to pursue opportunities that may arise above our current business operations.

REVENUES AND PROFITABILITY

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 2019. However, as with most businesses, Jetcon was hit hard in 2020 due to effects of the COVID-19 pandemic, and the effects continued into 2022. We were able to build on our 2021 recovery in 2022, and despite the numerous restrictions and lockdowns, revenue increased 18 percent to $1.03b over 2021.

Revenues fell 18 percent in 2021. Revenues in 2020 fell by 38 percent, in 2019 revenue fell by 12 percent, in 2018 revenue fell by just 1 percent, 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/LOSS

2022 ended with a profit of $24.8 million, up from 2021 which ended with a profit of $15.4 million, a significant turnaround from 2020, which ended with a loss of $6.7 million, while 2019 ended with profits falling by 34 percent to $60 million when compared to 2018, while a reduction of 40 percent was experienced in 2018, and growths of 49 percent were experienced in 2017, 104 percent in 2016 and 292 percent in 2015.

GROSS PROFIT & GROSS PROFIT ANALYSIS

Gross profit in 2022 increased by 18 percent to $140 million, in 2021 gross profit (GP) increased by 48 percent, In 2020 gross profit fell 40 percent to $80.7 million, following a 16 percent fall in 2019 to $136 million. Cost of sales (COS) for 2022 increased by 25 percent.

Gross profit margin for 2022, which includes repairs and other costs to ensure vehicles are delivered to customers at the Jetcon brand level of service was in line with the 2021, 2020 and 2019 gross profit margin at 13.6 percent. However, it was below the gross profit margin in 2017 and 2018 which were 19 percent and 14 percent respectively. For further historical data refer to the 9 Year Historical Financial Data on page 15.

TOTAL COMPREHENSIVE INCOME

After tax profits increased to $24.7 million, up from a $15.4 million profit in 2021, from a $6.7 million loss In 2020, profits of $92 million in 2018, an increase 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 increased by 11 percent in 2022, with selling and marketing expenses increasing by 12 percent to $25.7 million. Administrative and other expenses rose by 10 percent in 2022, from $78.3 million to $85.5 million.

Financial expenses also increased by 14 percent in 2022 to $5.3 million, from $4.6 million in 2021, an increase of 64 percent, from $3.7 million in 2019 to $6 million in 2020, following an increase of 32 percent from $2.77 million in 2018 to $3.7 million in 2019 and an increase of 22 percent to $2.8 million in 2018 over 2017, due to the implementation of IFRS 9; which has resulted in an increase in impairment provision by 19 percent to 2.3 million in 2017, from 1.9 million in 2016.

QUARTERLY PERFORMANCE

The following table shows the quarterly performance of the Company in 2022 compared with its performance in 2021.

QUARTERLY RESULTS

	JAN – MAR		APR - JUN		JUL - SEPT		OCT - DEC	
$'000	2022	2021	2022	2021	2022	2021	2022	2021
Sales Revenue	255,067	202,034	251,583	208,487	300,945	196,423	224,730	262,649
Year over year change	26.3%		21%		53%		-14.4%	
Less Cost of sales	215,367	176,887	219,378	177,012	259,712	166,271	197,494	230,621
Gross profit	39,701	25,147	32,205	31,475	41,233	30,152	27,235	32,029
Gross Profit margin	16%	12%	13%	15%	14%	15%	12%	12%
Pre-tax Profit	10,247	494	4,186	5,286	11,645	5,710	2,681	(503)
Net Profit to Sales	4%	0.2%	1.6%	2.5%	4%	3%	1.2%	0.2%

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 new funding arrangements to meet our future funding needs if required.

INCOME TAX

The Company was 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. As of March 2021, the Company Is now subject to a 5-year tax discount of 50 percent.

BALANCE SHEET

Jetcon's equity capital increased in 2022 to $580 million, from $556 million in 2021, up from $541 million at the end of 2020, from $547 million at the end of 2019, up from $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 2017, 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. In 2018 and 2019 average inventory turn remained around 4 months, due to the effects of the government's implementation of the Pre-Shipment Inspection regime introduced in 2018. This also remained steady throughout 2020, 2021 and 2022, as the logistical effects of the pandemic were far less severe for used cars using Ro-Ro ships, than it was for shipping containers or the new car industry.

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

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.

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

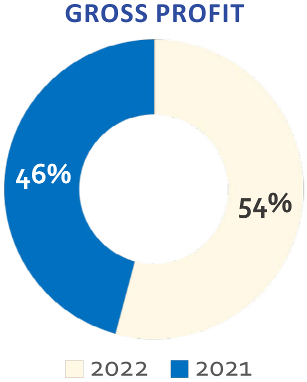
Interest rates began to rise in 2022, negatively affecting sales towards the end of Q3, and the effects are still being felt as of Q1 in 2023, although interest rates are expected to fall as inflation falls.

The effects of the pandemic have mostly subsided, however there are still economic effects being felt around the world, with some countries facing recessions, and vehicle prices still rising, although not at the levels of increase in years past.

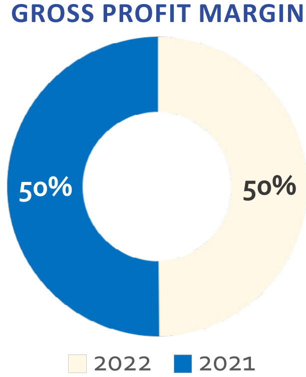
9 YEAR HISTORICAL FINANCIAL DATA

BALANCE SHEET	2022	2021	2020	2019	2018	2017	2016	2015	2014
SHARES ISSUED '000	**583,500**	**583,500**	**583,500**	**583,500**	**583,500**	**583,500**	**583,500**	**450,000**	**450,000**
$'000									
Shareholders' equity	579,553	556,011	540,577	547,339	504,551	433,221	294,014	106,662	66,354
Long Term Liability	0	7,007	29,692	29,300	0	12,468	0	3,908	10,726
Fixed Assets Net	161,457	173,034	177,808	135,822	81,904	68,724	35,827	30,504	31,146
Current Assets	480,375	574,592	472,134	544,858	480,854	470,203	297,264	113,237	91,140
Current Liabilities	62,279	184,607	79,673	104,041	58,311	92,286	294,014	33,490	45,581
Inventories	392, 706	447,096	391,858	444,682	434,648	393,821	250,827	84,480	71,665
Receivables	59,233	63,476	45,572	87,154	32,813	59,193	35,698	18,286	14,076
Cash & Equivalent	6,535	53,673	26,357	10,675	11,046	14,843	3,161	5,594	3,044
Inventory Yearly Change	(12.17%)	14.10%	(11.88%)	2.31%	10.00%	57.00%	197.00%	18.00%	(5.00%)
PROFIT & LOSS									
Revenues	1,032,324	869,593	629,276	1,025,926	1,161,472	1,176,584	857,044	524,256	349,277
Yearly Change	18.72%	38.19%	(38.66%)	(11.75%)	(1.30%)	37.30%	63.50%	50.10%	(6.40%)
Gross Profit	140,373	118,802	80,793	135,673	162,300	221,697	153,188	87,598	53,226
Yearly Change	18.16%	47.05%	(40.45%)	(16.40%)	(26.79%)	44.72%	74.88%	64.58%	(13.26%)
Pretax Profit	28,759	16,553	(6,734)	60,303	91,941	153,846	103,169	50,612	12,898
Yearly Change	73.74%	145.80%	(111.17%)	(34.4%)	(40.24%)	49.12%	103.84%	292.40%	(35.39%)
Aftertax Profit	24,755	15,422	(6,734)	60,303	91,881	153,786	98,987	40,349	10,466
Yearly Change	60.52%	128.10%	(111.17%)	(34.4%)	(40.00%)	55.36%	145.33%	285.52%	(28.07%)
IMPORTANT RATIOS									
Current Asset Ratio	7.7	3.11	5.93	5.24	8.25	5.10	1.01	3.38	2.00
Gross Profit Margin	13.60%	13.66%	12.84%	13.20%	14.00%	19.00%	18.00%	17.00%	15.00%
Earnings Per Share	0.04	0.03	(0.01)	0.10	0.16	0.26	0.18	0.09	0.02
Year End Stock Price ($)	1.05	0.93	0.79	1.69	3.00	5.00	2.00	0.75	N/A

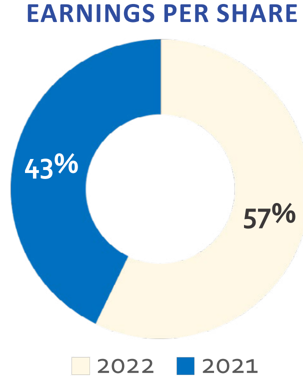
GROSS PROFIT



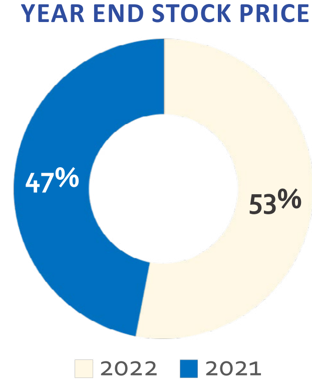
GROSS PROFIT MARGIN



EARNINGS PER SHARE



YEAR END STOCK PRICE



DISCLOSURE OF SHAREHOLDINGS

TOP TEN SHAREHOLDERS

NO.	SHAREHOLDERS	TOTAL	% OF ISSUED SHARES
1	ST. ANDREW INVESTMENTS	354,711,298	60.79
2	ANDREW JOEL JACKSON	22,861,603	3.91
3	SEAN JACKSON	21,473,236	3.68
4	CARL CARBY	20,500,000	3.51
5	MAYBERRY JAMAICAN EQUITIES LIMITED	18,585,144	3.19
6	JUSTINE JACKSON	16,479,179	2.82
7	GILLIAN JACKSON	15,577,204	2.67
8	JMMB T1 EQUITY FUND (JMD)	13,190,046	2.26
9	KARL P. WRIGHT	6,000,000	1.03
10	MF&G ASSET MANAGEMENT LTD	5,542,398	0.95
	TOTAL	**494,920,108**	**84.82**

SHAREHOLDINGS OF DIRECTORS

NO.	DIRECTOR	DIRECT	BENEFICIAL	TOTAL
1	Andrew B Jackson	-	354,711,298	354,711,298
2	Andrew Joel Jackson	22,861,603	-	22,861,603
3	Sean Jackson	21,473,236	-	21,473,236
4	John Jackson	2,738,410	6,290,211	9,028,621
5	Christine Clarke- Dougherty	10,000	-	10,000
6	Garth McKenzie	6,600	-	6,600
	TOTAL			**408,091,358**

SHAREHOLDINGS OF SENIOR MANAGERS

NO.	SENIOR MANAGER	TOTAL
1	Keddine Bryce	1,000,000
2	Colleen Clayton	466,828
3	Julian Gordon	23,000
	TOTAL	**1,489,828**

TOTAL SHAREHOLDINGS

TOTAL NUMBER OF ISSUED SHARES	583,500,000
TOTAL NUMBER OF SHAREHOLDERS	1,378

CORPORATE SOCIAL RESPONSIBILITY

OUR CUSTOMERS AND EMPLOYEES REMAIN ONE OF OUR TOP PRIORITIES

2022 emphasized why here at Jetcon, providing our customers with the highest quality service and an environment for both our customers and employees to feel safe, has and will always be one of our top priorities.

REDUCED PRICES AND CASH BACK

We supported our customers and shareholders through the provision of lower sale prices for our vehicles. Many Jamaicans experienced financial hardship as a result of the effects of COVID-19 over the past two years. Jetcon aimed to lessen this burden by making its vehicles more affordable through seasonal sales and cash back incentives. We continue to provide exceptional vehicles at reduced prices. Our decision to implement a cash back promotion on select 2018 vehicles and newer as well as significantly reduced prices on select 2017 vehicles was a no brainer.

SWIMMING ASPIRATIONS

We continue to annually sponsor the Speedos Swim Club at the Karl Dalhouse Memorial Invitational Swim Meet. Our contribution facilitated the team in acquiring resources for their young swimmers, thus improving the performance of those promising, future professional athletes. Additionally, the meet is a qualifying competition for the Carifta Games. Therefore, our contribution to the swim club was greatly received. This year's winner is the Tornadoes Swim Club, accumulating 1120 points with the runners up being Y-Speedos on 918 points. We felt a sense of fulfilment and our plan is to continue to support the swimmers in the future.

REDUCING EMISSION & BEAUTIFICATION

Today, Jetcon has over 400 used vehicles. However, of those 400, we have a few electric vehicles; the Nissan Leaf and Tesla Model 3. These are fully electric, zero emission vehicles. Jetcon is on the path of assiduously reducing the amount of emission gases in the atmosphere. Taking care of our communities also means taking care of our own and so our commitment to corporate social responsibility has led to several programs in our effort to restore hope and purpose in society. Let us not forget how we beautified the community. Plants are lined alongside Sandringham Avenue to enhance the beauty of the environment.

The company will continue to be cognizant of people and establishments in need. We will lend a helping hand when possible. The pandemic has proven to be an incredibly difficult period for Jamaican people and businesses. However, we will continue to pray and give God thanks for all we've accomplished so that we can continue to bestow blessings where necessary.

FINANCIAL STATEMENTS

McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS

2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-9789
Fax: (876) 927-6409
Website: www.wmckenley.com

Independent Auditor's Report

To the Members of
Jetcon Corporation Limited

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Jetcon Corporation Limited (the Company) as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022
- the statement of comprehensive income for the year then ended
- the statement of cash flows for the year then ended
- the statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include significant accounting policies and explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatements in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed 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 or error.

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. Key audit matters are selected from the matters communicated with the Audit Committee members (those charged with Governance) but are not intended to represent all matters that were discussed with them. These matters are addressed in the context of our audit of the financial statements as a whole and informing our opinion thereon. We do not provide a separate opinion on these matters. During our work, we encountered no key audit matter that required disclosure.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 cease operations or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 International Standards on Auditing (ISA) 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.

Auditor’s Responsibility for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 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 to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- We are not responsible for the direction, supervision, and performance of the Company. We remain solely responsible for our audit opinion.
- 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 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.

We communicate with the Board of Directors of the Company 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report inclusive of the Director's, Chairman of the Board and the Chief Executive Officer Reports but does not include the financial statements and the Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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 appear to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

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

McKenley & Associates

Chartered Accountants
Kingston, Jamaica
June 13, 2023

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	Note	2022 $	2021 $
Revenue		1,032,324,701	869,593,347
Cost of sales	9	(891,951,183)	(750,790,836)
Gross profit		140,373,518	118,802,511
Other income	8	4,875,933	3,667,475
		145,249,451	122,469,986
Administration and other expenses	9	(85,525,277)	(78,334,079)
Selling & marketing	9	(25,688,607)	(22,941,491)
Operating profit		34,035,567	21,194,416
Finance costs	10	(5,276,108)	(4,640,428)
Profit before taxation		28,759,459	16,553,988
Taxation	11	(4,003,475)	(1,131,832)
Net profit		24,755,984	15,422,156
Other comprehensive income -			
Item that will be reclassified to profit or loss -			
Fair value investment gain		9,643	10,694
Total comprehensive income		24,765,627	15,432,850

		$	$
Earnings per share	12	0.042	0.026

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Note	2022	2021
Assets		$	$
Non-current assets			
Property, plant and equipment	13	148,101,017	146,416,963
Right-of-use asset	21	13,270,209	26,540,417
Investments	14	86,472	76,829
Current assets			
Inventories	15	392,706,022	447,096,615
Related parties	16	20,345,639	10,345,639
Receivables	17	59,233,312	63,476,115
Cash and cash equivalents	18	6,535,346	53,673,749
Taxation recoverable		1,554,918	-
		480,375,237	574,592,118
Current liabilities			
Payables	19	47,504,314	167,440,356
Taxation		4,003,475	1,131,832
Bank overdraft	18	1,296,542	351,822
Current portion of long-term borrowings	20	-	325,710
Right of use liabilities	21	9,475,144	15,357,718
		62,279,475	184,607,438
Net current assets		418,095,762	389,984,680
Total assets less current liabilities		579,553,460	563,018,889
Equity			
Share capital	22	88,817,218	88,817,218
Capital reserves	23	16,796,982	16,787,339
Retained earnings		473,939,260	450,406,655
		579,553,460	556,011,212
Non-current liabilities:			
Right of use liabilities	21	-	7,007,677
Total equity and non-current liabilities		579,553,460	563,018,889

Approved for issue by the Board of Directors on June 13, 2023 and signed on its behalf by:

John Jackson

Chairman

Andrew Jackson

Managing Director

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Net profit after taxation		24,755,984	15,422,157
Prior year adjustment (in retained earnings)		(1,223,380)	633
Adjustments for:			
Amortization - right of use asset	21	13,270,208	13,270,208
Depreciation	13	5,243,998	4,636,985
Interest income	8	(697,628)	(2,175,357)
Interest expense	10	29,314	642,213
Interest on lease liabilities	21	3,483,124	1,559,474
Income tax expense	11	4,003,475	*1,131,832
Operating cash flows before movements in working capital		48,865,095	34,488,145
Changes in operating assets and liabilities:			
Inventories		54,390,593	(55,237,669)
Receivables		4,242,803	(17,903,638)
Payables		(119,936,042)	113,502,136
Taxation recoverable		(1,554,918)	-
Taxation payable		(1,131,832)	-
Net cash flow (used in) / provided by operating activities		(15,124,301)	74,848,974
Cash flows from investing activities:			
Purchase of property, plant & equipment	13	(6,928,053)	(13,121,754)
Parent company, net payment		(10,000,000)	(2,000,000)
Interest income	8	697,628	2,175,357
Net cash used in investing activities		(16,230,425)	(12,946,397)
Cash flows from financing activities:			
Lease liabilities	21	(12,890,250)	(15,805,030)
Interest paid		(3,512,438)	(2,201,687)
Loans repaid		(325,710)	(16,931,647)
Net cash used in financing activities		(16,728,398)	(34,938,364)
Net (decrease) / increase in cash resources		(48,083,123)	26,964,213
Cash resources at the beginning of the year		53,321,927	26,357,714
Cash resources at the end of year		5,238,804	53,321,927
Represented by:			
Bank overdraft	18	(1,296,542)	(351,822)
Cash and cash equivalents	18	6,535,346	53,673,749
		5,238,804	53,321,927

* restated for comparative purposes

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital	Capital Reserves $	Retained Earnings $	Total $
Balances at 31 December 2019		88,817,218	16,803,819	441,718,715	547,339,752
Loss for the year		-	-	(6,734,849)	(6,734,849)
Other Comprehensive income:					
Decrease in fair value of investments	13	-	(27,174)	-	(27,174)
Balances at 31 December 2020		88,817,218	16,776,645	434,983,866	540,577,729
Profit for the year		-	-	15,422,156	15,422,156
Prior year adjustment		-	-	633	633
Other Comprehensive income:					
Increase in fair value of investments	13	-	10,694	-	10,694
Balances at 31 December 2021		88,817,218	16,787,339	450,406,656	556,011,213
Profit for the year		-	-	24,755,984	24,755,984
Prior year adjustment		-	-	(1,223,380)	(1,223,380)
Other Comprehensive income:					-
Increase in fair value of investments		-	9,643	-	9,643
Balances at 31 December 2022		88,817,218	16,796,982	473,939,260	579,553,460

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Jetcon Corporation Limited (the "Company") was incorporated in 1991 and domiciled in Jamaica. In 2016, the company was converted to a public entity and the shares were listed on the Junior Market of the Jamaica Stock Exchange effective March 24, 2016, following a public share issue. The registered office of the Company is located at 2 Sandringham Avenue, Kingston 10.

The Company's principal activity is the importation and sale of motor vehicles, spare parts and servicing of vehicles sold to third parties.

The Company is a subsidiary of St. Andrew Investments Limited a private company domiciled in Jamaica that holds 60.78% of the issued shares.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

A summary of significant accounting policies is included in note 25.

(b) Basis of measurement

The financial statements are presented on the historical cost basis, except for quoted investments at fair value and certain properties at revaluation amounts.

(c) Accounting estimates and judgment

The preparation of the financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

(c) Accounting estimates and judgments (Continued)

Key sources of estimation uncertainty:

Revenue from contract with customers

Judgment – is required in (i) identifying performance obligations and determining the timing of the satisfaction of the performance obligations and (ii) the transaction price and the amount allocated to the performance obligations.

Estimation – if the consideration promised in a contract includes a variable amount, the company is required to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer.

Financial assets

Judgment – financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on (i) the company's business model for managing the financial assets and (ii) the contractual cash flow characteristic of the financial assets. Judgment is required in determining the business model and its objective.

Impairment of assets

At each reporting date, judgment has been used in determining whether there has been an indication of impairment in the carrying amounts of the Company's tangible and intangible assets, which would require impairment testing to determine whether there is any indication that those assets have suffered impairment losses.

Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of an asset is the higher of fair value, less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in comprehensive income. This is reversed only if there has been a change in the estimates used to determine the recoverable amount and not to exceed the original carrying amount before its impairment. The reversal is also recognized in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

(c) Accounting estimates and judgements (continued)

Income and other taxes

Judgment – Income and other taxes are subject to Government policies. In calculating current and recoverable income and other taxes, management uses judgment when interpreting the tax rules and determining the tax position. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business

Estimation – Income and other taxes are subject to Government policies, and estimates are required in determining the provision. Management recognizes liabilities for possible tax issues based on estimates of whether additional taxes may be due.

Receivables – allowance for impairment losses on trade receivables

Estimation

Allowances are determined upon the origination of the trade accounts receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables. Under the ECL model, the Company segments its accounts receivable in a matrix by the days due. It determines for each age bracket an average rate of ECL, taken into account history, actual credit loss experience over the last 60 months and analysis of potential future delinquency of each customer balance.

The average ECL rate increases in each segment of "days past due" as the days outstanding on the receivable balance increase and is reclassified to another age bracket. The use of future assumptions, based on experience that is applied to the balance makes uncertainty inherent in these estimates.

Inventories – net realisable value

Estimates of net realisable value are based on the most realisable evidence at the time the estimates are made of the amount the inventories are expected to realise. These estimates take into consideration fluctuation in price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at 31 December 2021.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

Others

Estimation – Other estimates include determining the useful lives of property, plant and equipment for depreciation; in accounting for and measuring payables and accruals and in measuring fair values of financial instruments.

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

(d) Going concern

The preparation of financial statements in accordance with IFRS assumes that the Company will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and comprehensive income and the statement of financial position are prepared on the assumption that there is no intention or necessity to liquidate or curtail operations. This is commonly referred to as the going concern basis. Management believes that the preparation of the financial statements on the going concern basis continues to be appropriate.

(e) Revenues and expenses

Revenues and expenses are recorded on the accrual basis, whereby transactions and events are recognized in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

3. REVENUE

(i) Revenue is derived from the sale of motor cars, accessories, motor vehicle parts and allied services and is recorded net of General Consumption Tax (GCT).

(ii) Interest income

This income represents interest earned on financial instruments and other investments during the year.

4. FUNCTIONAL AMD PRESENTATION CURRENCY

The financial statements are stated in Jamaica dollars, which is the functional currency of the Company.

5. DIVIDENDS

The Company did not declare a dividend for the financial year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

6. OPERATING PROFIT BEFORE TAXATION

The following have been charged in arriving at operating profit:

	2022 $	2021 $
Professional fees, including auditors' remuneration	1,493,750	1,775,000
Directors': remuneration	14,344,615	12,989,920
: fees	2,350,000	1,762,500
Bad debts expensed	-	1,047,544
Depreciation	5,243,998	4,636,985
Depreciation: right of use asset	13,270,208	13,270,208
Staff costs (including management remuneration)	31,685,481	29,787,928

7. STAFF COSTS

	2022 $	2021 $
Wages and associated cost (included in cost of sales)	8,928,286	8,521,658
Salaries and statutory contributions - sales and marketing	15,772,482	11,499,202
Salaries and statutory contributions - administrative	8,623,759	10,265,359
Directors' remuneration	14,344,615	12,989,920
Staff benefits	8,717,107	6,532,649
	31,685,481	29,787,928
	56,386,250	49,808,788

The average number of persons employed full-time by the Company during the year was 28 (2021 - 21)

8. OTHER OPERATING INCOME

	2022 $	2021 $
Interest income	697,628	2,175,357
Miscellaneous	4,178,305	1,492,118
	4,875,933	3,667,475

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

9. EXPENSES BY NATURE

	2022 $	2021 $
Cost of Sales -		
Cost of inventories recognized as expense	812,494,533	675,632,129
Motor vehicle parts and servicing	70,528,363	62,256,802
Other direct costs	8,928,287	12,901,905
	891,951,183	750,790,836
Administrative -		
Staff costs	31,685,481	29,787,929
Directors' fees	2,350,000	1,762,500
Security and insurance	6,957,403	6,385,491
Repairs and maintenance	1,168,030	2,337,772
Audit fee	2,500,000	1,775,000
Rent, utility and general office expenses	4,724,974	4,361,171
Traveling, transportation and entertainment	5,420,740	1,187,510
Depreciation – on own assets	5,243,998	4,636,985
Amortization - right of use asset	13,270,208	13,270,208
Other expenses	12,204,443	12,829,513
	85,525,277	78,334,079
Selling and marketing -		
Salaries and statutory contributions	15,772,482	11,499,202
Advertising, sponsorship and promotion	6,766,125	8,292,289
Annual report	3,150,000	3,150,000
	25,688,607	22,941,491

10. FINANCE INCOME AND EXPENSES

	2022 $	2021 $
Finance expenses -		
Finance charge	-	90,237
Loan interest	29,314	642,213
Bank charges and credit card commission	1,367,458	1,293,026
Overdraft interest	396,212	7,934
Interest on lease liability	3,483,124	1,559,474
Bad debt expense	-	1,047,544
	5,276,108	4,640,428

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. TAXATION

(a) Taxation is based on profit for the year adjusted for taxation purposes and comprises income tax at 25% (2021 – 25%).

	2022 $	2021 $
Taxation for the year comprises -		
Current tax expense	4,003,475	1,131,832
	4,003,475	1,131,832

Effective 24 March 2021, the 100% tax remission for the first five (5) years after listing on the Junior Market (JM) of the Jamaican Stock Exchange (JSE) expired, and the Company was subject to income tax on 50% of its chargeable income for the balance of the year to 31 December 2021. The Company accounted for the 50% tax remission for the 12 months ended 31 December 2022.

As a consequence of the expiration of the 100% tax incentive during the 2022 financial year, management will begin to account for deferred tax in the financial statements. As at year ended 31 December 2022, the potential amount was not considered material nor expected to crystalize in the short term and thus not reflected in the statement of comprehensive income.

(b) The tax on the Company's profit differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2022 $	2021 $
Profit before taxation	28,759,459	16,553,989
Tax calculation @ 25% (2021 – 25%)	7,189,865	4,138,497
Adjustment for difference in treatment of:	-	
Depreciation and capital allowances	4,004,219	4,027,737
Net effect of other charges for tax purposes	(3,187,134)	(5,236,315)
Adjustment for the effect of remission of tax.	(4,003,475)	(1,798,087)
Tax charged for the year	4,003,475	1,131,832

11. TAXATION (CONTINUED)

(c) Remission of income tax:

By notice dated 13th August 2009, the Minister of Finance and the Public Service issued and gazette the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMJSE) if certain conditions were achieved after the date of initial admission.

Effective 24 March 2016, the Company's shares were listed on the Junior Market of the JSE. Consequently, the Company is entitled to a remission of income taxes for ten years in the proportion set out below;

Years 1 - 05: 24 March 2016 - 23 March 2021 – 100%

Years 6 -10: 24 March 2021 - 23 March 2026 – 50%

To qualify for these remissions, the following conditions should be met:

(i) The Company should remain listed for at least 15 years and should not be suspended from the JSE for any breaches of its rules.
(ii) The Subscribed Participating Voting Share Capital of the Company should not exceed J$500 million.
(iii) The Company should have at least 50 Participating Voting Shareholders

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

12. EARNINGS PER SHARE

Basic earnings per ordinary stock unit is computed by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue for the year.

	2022	2021
	$	$
Net profit attributable to shareholders	24,765,627	15,432,850
Weighted average number of ordinary shares in issue	583,500,000	583,500,000
Basic earnings per share	0.042	0.026

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. PROPERTY, PLANT, AND EQUIPMENT

	2022						
	Construction in Progress	Freehold property	Leasehold property	Computer Systems	Motor Vehicles	Plant, Machinery, Furniture & Fixtures	Total
	$	$	$	$	$	$	$
At cost:							
1 January 2022	4,758,430	128,689,390	3,950,000	5,192,313	10,336,621	19,401,026	172,327,780
Additions	-	5,557,950	-	1,310,370	-	59,733	6,928,053
Transferred	(4,758,430)	4,758,430	-	-	-	-	-
31 December 2022		139,005,770	3,950,000	6,502,683	10,336,621	19,460,759	179,255,833
Depreciation:							
1 January 2022	-	5,197,310	-	3,702,184	8,653,112	8,358,210	25,910,816
Charge for the year	-	236,719	-	1,248,274	535,771	3,223,234	5,243,998
31 December 2022	-	5,434,029	-	4,950,458	9,188,883	11,581,444	31,154,814
Net book value							
31 December 2022	-	133,571,742	3,950,000	1,552,225	1,147,738	7,879,314	148,101,017

Freehold properties:

Freehold properties include land and buildings, comprising three {3} parcels of land. The Company's freehold land and building were revalued in 2009 by independent valuators, Allison Pitter & Company. The valuation was done on the basis of open market value and the valuation surplus was credited to capital reserves.

Subsequent to that date, the building was modified and two (2) additional parcels of land were acquired. The directors have assessed the values of land and building based on recent sales of similar properties in the same location and have determined that the fair value of the sum of the three parcels of freehold properties described above is one hundred and fifty million dollars $150,000,000 as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2021						
	Construction in Progress	Freehold property	Leasehold property	Computer Systems	Motor Vehicles	Plant, Machinery, Furniture & Fixtures	Total
	$	$	$	$	$	$	$
At cost:							
1 January 2021	20,413,166	106,097,582	3,950,000	4,095,581	10,336,621	14,313,076	159,206,026
Additions	11,225,303	-	-	1,096,732	-	799,719	13,121,754
Transferred	(26,880,039)	22,591,808	-	-	-	4,288,231	-
31 December 2021	4,758,430	128,689,390	3,950,000	5,192,313	10,336,621	19,401,026	172,327,780
Depreciation:							
1 January 2021	-	3,761,228	-	3,277,658	7,516,084	6,718,861	21,273,831
Charge for the year	-	1,436,082	-	424,526	1,137,028	1,639,349	4,636,985
31 December 2021	-	5,197,310	-	3,702,184	8,653,112	8,358,210	25,910,816
Net book value							
31 December 2021	4,758,430	123,492,080	3,950,000	1,490,129	1,683,509	11,042,816	146,416,963

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

14. INVESTMENTS

	2022	2021
Investments comprise quoted shares at fair value -	$	$
Investment securities at the beginning of the year	76,829	66,135
Fair value adjustment to investment instruments.	9,643	10,694
	86,472	76,829

15. INVENTORIES

	2022	2021
	$	$
Used motor vehicles	192,506,504	173,821,709
Used motor vehicles – Special Economic Zone (SEZ)	125,947,158	101,343,670
Used motor vehicles – bonded warehouse	26,995,418	16,697,214
Motor vehicle spare parts	47,256,942	14,361,279
	392,706,022	306,223,872
Goods-in-transit	-	140,872,743
	392,706,022	447,096,615

The Special Economic Zone (SEZ) serves as a logistic hub, where vehicles held at designated SEZ locations are not cleared by the customs office but are subject to trans-shipment to other countries.

16. RELATED PARTIES

Transactions and balances

Except for advances made by the Company on behalf of St. Andrew Investments Limited, its Parent, the Company had no transactions with other related parties during the year.

17. RECEIVABLES

	2022	2021
	$	$
Trade receivables	15,291,766	20,620,430
Prepayments	1,058,813	1,371,292
Deposit with suppliers	16,396,119	22,226,981
Related party balances	7,631,591	7,631,591
Recoverable taxes deducted at the wharf	13,908,610	11,300,846
Other receivables	5,891,899	4,302,567
	60,178,798	67,453,707
Less provision for bad debts	(945,486)	(3,977,592)
	59,233,312	63,476,115

Trade receivables are stated net of provision for impairment. The provision has been computed in compliance with the provisions of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

18. CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash in hand	10,000	16,203
Cash equivalents – US$ bank accounts	3,173,622	29,427,065
Cash equivalents – JA $ bank accounts	3,351,724	24,230,481
	6,535,346	53,673,749

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

	2022 $	2021 $
FCIB J$ bank account	1,296,542	351,822

19. PAYABLES

	2022 $	2021 $
Trade payables	11,436,095	133,430,768
Deposits – other	15,350,526	7,849,102
Statutory liabilities	-	1,339,532
Credit cards	13,012,355	18,556,604
Accruals	7,705,339	6,264,350
	47,504,315	167,440,356

20. LONG-TERM BORROWINGS

	2022 $	2021 $
Jamaica Money Market Brokers loan (JMMB)	-	325,710
Less current portion due within 12 months	-	(325,710)
Non-current balance, due after 12 months	-	-

The JMMB loan was secured and the initial amount of $42,000,000 was received in September 2019, at 9% and repayable over forty-eight (48) months. During the year, the Company repaid the loan and released the security over property and personal guarantees by directors.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

21. RIGHT-OF- USE ASSET

The Company leases a property to conduct its operations over a term of three (3) years. The arrangement was previously classified as an operating lease under IAS 17, however under IFRS 16, the transaction was adjusted and treated as a finance lease. The lease rental payments over the next three years have been computed based on changes in local price indices.

	2022 $	2021 $
i. Right-of-use asset:		
Leasehold property	26,540,417	39,810,625
Depreciation charge for the year	(13,270,208)	(13,270,208)
Balance at end of year	13,270,209	26,540,417
ii. Lease liabilities		
Lease liabilities	22,365,395	38,170,425
Recognized in the year	(12,890,251)	(15,805,030)
Amount recognized in the statement of financial position	9,475,144	22,365,395
Maturity analysis -contractual undiscounted cash flows:		
Due within one year	9,475,144	15,357,718
Due over one year	-	7,007,677
	9,475,144	22,365,395

iii. Amount recognized in the statement of comprehensive income:

Interest on lease liability	3,483,124	1,559,474
Depreciation charge for right-of-use asset	13,270,208	13,270,208

Right-of-use asset is measured at cost based on the amount of the initial measurement of the lease liability. The asset is subsequently depreciated using the straight-line method from the commencement date of the lease term.

iv. Amount recognized in the statement of cash flows:

	2022 $	2021 $
Total cash outflows for lease	16,373,374	15,805,030

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

22. SHARE CAPITAL

	2022 $	2021 $
Authorized:		
900,000,000 (2021 – 900,000,000) ordinary shares of no-par value		
Issued and fully paid:		
583,500,000 (2021 – 583,500,000) shares of no-par value	88,817,218	88,817,218

23. CAPITAL RESERVE

	2022 $	2021 $
Unrealized surplus arising from revaluation of freehold property and investment securities	16,796,982	16,787,339

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

24. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

(i) Sale of goods

Revenue is recognized when the performance obligation, satisfied at a point-in-time to transfer goods and services to the customer, is complete. The completion is assessed when the customer takes control and or obtains the benefits of the goods and /or services, and the company has a present right to payment as evidence by an invoice or the right to invoice.

(ii) Finance income

Finance income comprises interest-earned on invested funds. Interest income is recognised in profit or loss as it accrues on a time basis, taking into account the effective yield on the asset

(iii) Other operating income

Other operating income includes gains on disposal of assets, recognized when the asset is sold, foreign exchange gains and miscellaneous inflows recognized when received.

(b) Foreign currency transactions and balances

Foreign currency transactions that require settlement in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities measured at historical cost denominated in currencies other than Jamaican dollars are translated at the exchange rate in effect at the date of the transactions or initial recognition. Non-monetary items in a foreign currency measured at fair value are translated using the exchange rates when the fair value was determined.

Gains and losses arising from fluctuations in exchange rates are generally included in profit or loss. However, foreign currency differences resulting from the translation of equity investments are recognised in other comprehensive income, except on impairment. The foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Consolidation

A subsidiary is an enterprise controlled by the Company. Control exists when the company has the power, directly or indirectly, to govern an enterprise's financial and operating policies to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements of companies from the date control commences until the date that control ceases.

At the reporting date, 31 December 2022, the Company remains a subsidiary of St. Andrew Investments Limited but the Company has no subsidiaries.

(d) Property, plant, and equipment

Property, plant, and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. The land is carried at cost and is not depreciated.

Depreciation is calculated on a straight-line method at such rates as it will write off the carrying value of the assets over the period of their expected useful lives. Current annual rates of depreciation are:

Buildings	2 ½ %
Plant, machinery, equipment and furniture	10% - 20%
Computer systems and motor vehicles	20%

The assets' residual values and useful lives are reviewed periodically for impairment. Where the assets' carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant, and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of comprehensive income.

Repairs and maintenance expenditures are included in the statement of comprehensive income 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 the future economic benefits in excess of the initially assessed standard of performance of the existing asset will flow to the Company.

The cost of self-constructed assets includes the cost of materials, direct labour, and related cost to put the asset into service. Borrowing costs, including but not limited to interest on borrowings and exchange differences arising on such borrowings that are directly attributable to the acquisition and/or construction of a qualifying asset, are capitalized as part of the cost of that asset.

Capitalization of borrowing costs cease when substantially all the activities necessary to prepare the qualifying asset for its use are complete. Thereafter, borrowing costs are recognised in profit or loss when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Inventories

Inventories are stated at the lower of cost, determined consistently on the same bases, and net realizable value. The cost of inventories is determined based on unit cost and includes costs incurred in bringing the inventories to their present location and condition. Inventories comprised motor cars for resale, spare parts other motor vehicle accessories.

Net realizable value is the estimated selling price of inventory during the normal course of business, less estimated selling expenses.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at the bank and short-term deposits, where the original maturities of such instruments usually do not exceed three (3) months. Cash and cash equivalents are recorded at cost.

(g) Financial instruments – recognition and measurement

A financial instrument is any contract that gives rise to a receipt or payment in cash or its equivalents and a financial asset of one party, and a financial liability or equity instrument of another party. Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Subsequent measurement of these assets and liabilities is based on fair value or amortized cost using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit or loss (FVTPL), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income.

Classification and subsequent measurement.

Financial instruments – assets

The Company classifies financial assets according to its business model for managing the financial assets and the contractual terms of the cash flows. Classification choices for financial assets are:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

Classification choices for financial liabilities are:

- Amortized cost
- FVTPL

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments – recognition and measurement (continued)

Amortized cost

Financial assets are classified as amortized cost because the financial assets are held within a business model with the objective to hold financial assets to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Fair value through other comprehensive income (FVTOCI)

Financial assets are classified as FVTOCI because the financial assets are held with a business model with the objective to hold financial assets to collect contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely principal and interest payments on the principal amount outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently transferred to profit or loss on derecognition.

Fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL unless they are classified as amortized cost or fair value through other comprehensive income. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently transferred to profit or loss or derecognition.

Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flow from the assets expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when the contractual obligations are discharged, cancelled or expires.

(h) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recorded at amortized cost.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Trade receivables

Trade and other receivables are carried at anticipated realizable value. An allowance for impairment of trade and other 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in bad debt expense in the statement of comprehensive income. When a trade receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are
recognized as recovery and credited to bad debt expense in the statement of comprehensive income.

Credit risk and expected loss

The Company is primarily exposed to credit risk on its trade receivables, and as such, does not provide for any lifetime expected credit loss (LECL). It applies the practical experience of not adjusting the promised consideration receivable because the period is less than 12 months. The Company recognizes a loss allowance on a forward-looking basis at an amount equal to its expected credit model (ECL) that was developed during the year in regards to its financial assets measured at amortized cost.

(j) Debt: borrowings and borrowing costs

Debt is classified as current when the Company primarily expects to settle the liability in its normal operating 12 months cycle. Otherwise, it is classified as long-term. After initial recognition, Debt is measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the liability is derecognized.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of these assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leases

Leases of property, plant and equipment where the Company has substantially taken over all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to profit or loss over the lease period.

Property, plant, and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life or the lease term.

From June 2019, the company has adopted IFRS 16 and recognized in the Statement of Financial Position right of use assets and lease liabilities.

Right of use assets is measured at cost comprising the following:

(1) The amount of initial measurement of the lease liability
(2) Any lease payments made at or before the commencement date less any lease incentives received.
(3) Any initial direct cost, and
(4) Restoration cost

Right of use assets are generally depreciated over the shorter of the asset useful life and the lease term on a straight-line basis.

(l) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is charged to profit or loss net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating units fair value less costs to sell and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

Non-financial assets other than goodwill that suffer impairment are reviewed for possible reversal of the impairment at each reporting date.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

(n) Pension and employee benefits

The Company does not have a pension plan. Employee's entitlements to annul leave are recognized when they accrue to employees at the year end of the Company.

Employees' benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation and sick leave, non-monetary benefits such as medical care. Entitlement to annual leave and other benefits are recognized when they accrue to employees.

(o) Investments

Certificate of Deposits, quoted shares and other investments are recognized at fair value. Realized incomes from these investments are accounted for based on the accrual basis. Unrealized appreciation or depreciation in value at the reporting dates are recognized in capital reserves in the equity account.

NOTES TO THE FINANCIAL STATEMENTS

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Related party disclosure

Related parties are identified and disclosed to allow users of the financial statements to be aware of the possibilities that the financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the “reporting entity”)

(a) A person or 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 a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions apply:

- The Company and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One company 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).
- Both companies are joint ventures of the same third party.
- One company is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The company is a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity.
- The company is controlled or jointly controlled by a person identified in (a) above.
- A person identified in ((a) (i)) above has significant influence over the company or is a member of the key management personnel of the company (or of a parent of the company).

A related party transaction involves the transfer of resources, services or obligations between a reporting company and a related party, regardless of whether a price is charged.

(q) Share capital

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income taxes

The income tax expense for the year comprises a current and deferred tax. Income tax expense is recognized in net income, except to the extent that it relates to items recognized either in OCI or directly in equity.

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 recognized 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 recognized, in the same or a different period, directly in equity.

II. Deferred taxation

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences, which will result in deductible amounts in future periods, but only to the extent, it is probable that sufficient taxable profits will be available against which these differences can be utilized.
Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realized, or the liability will be settled based on enacted rates.

III. Expiration of 100% tax exemption

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on March 24, 2016. Under the Junior Market of the JSE incentive regime, the 100% income tax-free status expired March 23, 2021 and the Company is now subject to income tax at 50% of its taxable income until March 23, 2026.`. As a consequence of the 100% tax relief expiration, deferred taxation is recorded in the financial statements for the year ended 31 December 2022.

(s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Management considers the Company to only have one (1) strategic business unit, which offer different branded cars and services that does not require different technology and marketing strategies.

24. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Expenses

(i) Expenses are recognised on the accrual basis.
(ii) Finance costs comprise interest incurred on borrowings, calculated using the effective interest method, foreign exchange losses and bank-related charges.
(iii) Payments under leases are recognised in profit or loss on the straight-line basis over the term of the lease.

(u) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

25. CAPITAL MANAGEMENT

The Company's objectives when managing capital is:

- Ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- Maintaining healthy liquidity reserves and access to capital;
- Optimizing the cost of capital while taking into consideration current and future industry, market, and economic risks and conditions; and
- To safeguard its ability to continue as a going concern in order to provide returns for its stockholders and benefits for other stakeholders.

The definition of capital varies from company to company, industry to industry, and for different purposes. Management considers the definition of the Company's capital as long-term debt plus total equity.

The Company has a policy in place to manage capital. As part of the overall management of capital, management and the Audit Committee of the Board of Directors review the Company's compliance with and performance against the policy. In addition, periodic review of the policy is performed to ensure consistency with the risk tolerance.

The Company monitors its capital structure by measuring the gearing ratio. This ratio is calculated as total long-term debt divided by total capital under management. During the year, this ratio was reduced as the Company repaid its long term liabilities.

During 2022, the Company's overall capital management policies remained unchanged from 2021.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview and risk management framework

The Company's overall risk management policies are established to identify and analyze the company's risks and set appropriate risk levels and controls and monitor risk and adherence to limits. Derivative financial instruments are not used to reduce exposure to any of the risks.

The Board of Directors is ultimately responsible for the oversight of the Company's risk management and has established committees such as audit and governance committee, along with treasury committee to monitor risks. The Company seeks to minimize potential adverse effects on the Company's financial performance and manage these risks by closely monitoring each risk factor as noted below.

The Company has exposure to the following risks from the use of financial instruments:

- Market risk (including foreign currency and interest rate risk)
- Credit risk;
- Liquidity risk; and

The Company has exposure to the following risks from its operations:

- Operational risk; and
- Reputational risk

The following presents information about the Company's exposure to each of the above risks and the Company's objectives, policies, and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the financial statements and notes thereof.

(a) Financial risk management

(i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters while optimizing the return. The Company's financial risk management policy establishes guidelines on how the Company is to manage the market risk inherent in the business and provides mechanisms to ensure business transactions are executed in accordance with established limits, processes and procedures.

All such transactions are carried out within the established guidelines. The Company does not use derivatives to manage the volatility of market risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (Continued)

(i) Market risk

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company conducts business globally and is exposed to these risks arising from various transactions denominated in foreign currencies, primarily the United States (US$) dollar.

The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Company further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

The Company's statement of financial position as at December 31, 2022, includes aggregate net foreign liabilities of approximately US$66,196 (2021 -US$(594,539) in respect of transactions arising in the ordinary course of business which was subject to foreign exchange rate changes as follows:

The concentration of currency risks:

	2022 US$	2021 US$
Financial assets:		
Cash and cash equivalents	20,938	187,878
Financial liabilities:		
Payables and accruals	(87,134)	(782,417)
Net total liabilities	(66,196)	(594,539)
Equivalent to Jamaican dollars	(10,065,102)	(92,207,054)

The above assets/ (liabilities) are receivable/ (payable) in United States dollars. The average of the Bank of Jamaica (BOJ) buying and selling rate of exchange applicable at December 31, 2022, is J$152.05 to US$1 (2021-J$155.09 to US$1), respectively.

Foreign currency sensitivity

A 6% (2021-5% weakening of the Jamaican dollar would have decreased profit for the year by approximately $1.4 Million (2021 – $1.2Mil), assuming all other variables, particularly interest rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (Continued)

(i) Market risk (continued)

- **Interest rate risk**

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in market interest rates. Interest–bearing financial assets are primarily cash and cash equivalent, securities purchased under resale agreements and investments. Loans and bank overdrafts represent interest-bearing financial liabilities.

The Company attempts to manage the risk relating to financial liabilities by procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible. A financial asset is primarily managed by investing excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions.

During the year, the Company experienced a reduction in the rates on certain of its loans. At the reporting date, the interest profile of the Company's interest-bearing financial instruments was adjusted, as long-term loans were substantially repaid during the year.

Cash flow sensitivity analysis for variable rate instruments:

At the reporting date, a 4% (2021 - 2%) increase/(decrease) in interest rates would have increased/(decreased) profit by approximately $990,948 (2021 - $308,000), assuming that all other variables, in particular, foreign currency rates, in both the current and prior years remained constant.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company faces credit risk principally in respect of its receivables from customers and, to a lesser extent, cash at bank and short-term deposits held with financial institutions. There is no significant concentration of credit risk, and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

There were no significant changes in the Company's approach to managing credit risk during the year.

Cash and cash equivalent

Cash and cash equivalent and investments are managed by maintaining these balances with licensed financial institutions considered to be stable and are deemed to have a low risk of default.

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (Continued)

(i) Market risk (continued)

- **Interest rate risk (continued)**

Trade receivables credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base is wide and principally includes diverse individual customers; there is no significant concentration of credit risk in any one category of customers.

Credit risk for receivables is mitigated by a policy that requires deposit payments and final payments when the vehicles are legally transferred but before they leave the Company's premises. In rare circumstances, credit is extended to select individuals and companies after stringent credit reviews and approval of limits by top management.

Impairment:

The Company establishes a provision for impairment that represents its estimate of possible incurred losses in respect of trade receivables. Impairment is assessed for each customer balance over 90 days. The Company's exposure to this risk is low because approximately 77% (2021 - 41%) of its trade debtors are under 90 days as the Company's policy is not to grant direct credit to customers but refer them to various financial institutions to obtain credit.

Maximum exposure to trade receivables credit risk

	2022 $	2021 $
Credit risk exposures are as follows:		
Trade receivables	15,291,768	16,690,326

Exposure to credit risk by customer sector

The Company's receivables balance principally represents amounts due from individual customers.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (Continued)

(ii) Credit risk (continued)

Movement on the provision for impairment of trade receivables

The movement on the provision for impairment of trade receivables was as follows:

	2022 $	2021 $
Balance at 1 January 2022	3,977,593	3,032,107
Increase in provision for receivables impairment	-	945,486
Bad debts recovered	(3,032,107)	-
Balance at 31 December 2022	945,487	3,977,593

The creation of a provision for impaired receivables has been included in expenses in the profit or loss account. Amounts charged to the allowance account are written off when there is no expectation of recovering the additional cash.

Expected credit loss assessment

The Company allocates a credit risk grade based on data that is determined to be predictive of the risk of loss. Factors that are considered in assessing customers include experience based on historical data and review of their management accounts, cash flow projections, audited financial statements and available creditable press information.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and is calculated for the Company's customer based on delinquency status and actual historical credit loss experience and any possible "future-looking" estimates especially within the current uncertain COVID-19 environment.

The following table provides information about the exposure to credit risk and Expected Credit Loss (ECL) for trade receivables as at December 31 2022.

2022				
Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Current (not past due)	1.96%	11,528,407	225,957	No
Past due 31-60 days	5.00%	60	3	No
Past due 61-90 days	11.45%	296,309	33,927	No
More than 90 days	19.775%	3,466,992	685,600	Yes
		15,291,768	945,487	

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management (Continued)

(ii) Credit risk (continued)

Expected credit loss assessment (continued)

2021				
Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Current (not past due)	1.96%	5,149,562	100,931	No
Past due 31-60 days	5%	-	-	No
Past due 61-90 days	11.45%	692,774	79,323	No
More than 90 days	35%	10,847,991	3,797,338	Yes
		16,690,327	3,977,592	

Financial instruments counterparty credit risk: cash and equivalents and investments

The Company exposure to financial instruments counterparty credit risk is related to its activities with cash and cash equivalent balances and investments. The Company manages this exposure by maintaining these balances with licensed and regulated financial institutions considered to be stable and are deemed to have a low risk of default. Transactions are only undertaken with highly rated counterparties.

Maximum exposure to financial instruments counterparty credit risk

	2022 $	2021 $
Credit risk exposures are as follows:		
Investments	86,472	76,829
Cash and short-term equivalents	6,535,346	53,673,749
	6,621,818	53,750,578

The impairment on cash and cash equivalent and investments has been measured on the 12 months expected credit loss basis and reflects the short maturities of the exposures. The Company consider that cash and cash equivalents have low credit risk. No impairment allowances were recognized on adoption of IFRS 9, and there has been no change during the year.

Due from related parties

At the reporting date, there were no significant concentrations in respect of amounts due from related parties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management (Continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Company might encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. The Company maintains cash and short-term deposits for up to 90 - day periods to meet its liquidity requirements.

The Company's liquidity management process, as carried out within the Company and monitored by the Treasury function, includes:

i. Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows
ii. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
iii. Maintaining committed lines of credit
iv. Managing the concentration and profile of debt maturities
v. Optimizing cash returns on investments.

Cash flows of financial liabilities

The Company's financial liabilities comprise long-term loans and payables, and accruals. The table below shows the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to settle its liabilities. These amounts are due as follows:

	2022				
	Carrying amount $	Contractual cash flows $	1 year or less $	1-2 yrs $	2-5 yrs $
Accounts payable	47,504,314	47,504,314	47,504,314	-	-
Long-term liabilities	-	-	-	-	-
Total financial liabilities	47,504,314	47,504,314	47,504,314	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management (Continued)

(iii) Liquidity risk (continued)

	2021				
	Carrying amount $	Contractual cash flows $	1 year or less $	1-2 yrs $	2-5 yrs $
Accounts payable	167,440,356	167,440,356	167,440,356	-	-
Long-term liabilities – current portion	325,710	355,030	355,030	-	-
Total financial liabilities	167,766,066	167,766,066	167,766,066	-	-

(b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes such as personnel, technology, and infrastructure, as well as from external factors, other than financial risks, such as those arising from legal, regulatory requirements and natural disasters.

The management of the Company is responsible for managing operational risk to avoid financial loss and damage to the Company's reputation while at the same time balancing the control procedures to allow innovation and creativity to facilitate the growth of the Company. Management is aware of the many operational risks, especially within the used car industry, and continues to implement the necessary strategies to mitigate the negative impact of the different risks associated with the operation of the Company.

(c) Reputational risk

The Company is engaged in a business that sells used motor cars and provides service and spares principally to cars sold to individual customers. Its reputation is critical within the marketplace, and the Company's management endeavors to be ethical and adopt international best practices in managing the sales and servicing of its products. Its policy is to sell only premium used cars.

In the current covid 19 pandemic, the Company also ensures that the necessary sanitary and quality standards are maintained and aligned to the protocols of the respective public health Government Departments.

Rigorous quality checks are integrated into the Company's receiving and delivery processes of its used cars, thereby reducing customer complaints. Management considers the Company's reputation secured as events that may damage the Company's reputation are immediately investigated and the appropriate action taken in a manner that satisfies the complainant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. INTERNATIONAL FINANCIAL REPORTING STANDARD

Standards, interpretations, and amendments to published standards effective in the current year

Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following which are relevant to its operations.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions (effective for annual periods beginning on or after 1 June 2020).

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same ways they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Unless stated otherwise, the adoption of these new standards, amendments to existing standards or interpretations to published standards did not have a material impact on the operations of the Company.

Amendments to IAS 16 Property, Plant and Equipment, effective 1 January 2022

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

27. INTERNATIONAL FINANCIAL REPORTING STANDARD (CONTINUED)

Standards, amendments, and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been issued which are not yet effective, and which the Company has not early adopted. The Company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations.

Amendments to IAS 1, 'Presentation of Financial Statements' on classification of liabilities (deferred until accounting periods starting not earlier than 1 January 2024).

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendments also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16, (effective for annual periods beginning on or after 1 January 2022).

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases.

Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023).

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023).

These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Company. Management is assessing the possible impact of these changes when they before effective in the future.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The market price is used to determine fair value where an active market, such as a recognized stock exchange, exists, as it is the best evidence of the fair value of a financial instrument. Where a quoted market price is not available, fair value is computed using alternative techniques making use of observable data as far as possible. Fair values are categorized into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable.

The different levels in the 3 - tier hierarchy have been defined as follows:

- Level 1 fair value measurements are derived from quoted prices (unadjusted) in an active market for identical instruments. The FVTPL and FVOCI instruments recorded as investments are classified as level 1 as quoted price are published by established and reputable financial entities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company held no financial instruments in this category.

- Level 3 fair value measurements are derived from valuation techniques that include inputs for the instruments that are not based on observable market data (unobservable inputs). The Company held no financial instruments in this category.

The following methods have been used in preparing the financial statements at the reporting date:

(i) The carrying value of cash and cash equivalents accounts receivable and accounts payable are assumed to approximate to their carrying values due to their short-term nature

(ii) Long-term liabilities carrying values approximate fair values as the loans are carried at an amortised cost reflecting their contractual obligations, and the interest rates are reflective of market rates for similar loans

(iii) Related party balances are carried at their contracted settlement values due to their short-term nature.

(iv) Investments are measured at fair value by reference to price quotes as published by established financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

29. CONTINGENCIES AND COMMITMENTS

The Company's attorneys reported as follows in their letter dated February 15, 2023 that for the year ended and as of 31 December 2021;

> "*To the best of our knowledge, information and belief, there are no claims or possible claims pending or outstanding, that we are aware of as at the date of this letter. There are no liabilities to us for fees or disbursements, both billed and unbilled; no guarantees of indebtedness; nor no amounts of any trust monies held on behalf of Jetcon Corporation Limited as at December 31, 2022".*

30. IMPACT OF COVID 19

During the year, the coronavirus (COVID-19) pandemic continued to adversely affect the Company's operations but this was mitigated by the continuous review by management, resulting in the implementation of a number of mitigating strategies to assist in reducing any long-term negative impact on the Company.

The Company continues to review its credit and financial risk in light of the decrease in sales of used cars within the industry. Management has considered the long-term consequences of the COVID-19 pandemic and has determined that the level of business activity should increase after the year-end as it is not anticipated that there will be any further curtailment and restriction of the movement of people by the government. Management is confident that, apart from the invasion of Ukraine by Russia, there is no other material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

31. SUBSEQUENT EVENTS

(i) Subsequent to the year end, the first quarter results of the Company, reflected a downturn in the number of vehicles sold, resulting in a loss being generated over the three (3) month period ended 31 March 2023. Management has reviewed their strategic approach to the overall industry, and the Company has done the necessary research and started to strategically balance the import of certain electric and hybrid vehicles in anticipation of the continued change in taste and preference by customers away from internal combustion engines. Management do not consider that the anticipated adjustment will be a significant risk factor to the long-term viability of the Company.

(ii) Apart from the global uncertainties and risks created by the continuing COVID-19 pandemic and the invasion of Ukraine by Russia, management is confident of the continued viability of the Company and by extension the used car industry. The used car industry is subject to certain technological risks including discontinuation of the internal combustion engine in favor of electric and solar-powered vehicles, but management is not aware of any other current or pending governmental regulations or changes that may suddenly and materially impact the used car industry within the short term.

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 Courtleigh Hotel and Suites, 85 Knutsford Blvd, Kingston 5 on a date and time to be determined, and at any adjourned 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 Sandringham Avenue, Kingston, not less than 48 hours before the time of the meeting.
4. This Form of Proxy should bear stamp duty of $100.00. Adhesive stamps are to be cancelled by the person signing the proxy.

PLACE
$100
STAMP HERE

NOTES

JETCON® 30th ANNIVERSARY

JETCON CORPORATION LIMITED
2 Sandringham avenue, Kingston 10
+1 (876) 920-2277

@jetconcars

jetconcars.com