

**JFP LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

**2<sup>nd</sup> QUARTERLY REPORT**

**For the period ended 30 June 2022**





# JFP

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## **Report to the Shareholders**

The board of directors is pleased to present the unaudited results of JFP Limited for the six-month period ended June 30, 2022.

### **Profit and Loss**

The year-to-date revenue of JFP Limited was 213.6M compared to 117M for the prior year reporting period. This was an increase of 96.6M or 83%. JFP realized a decrease in cost of sales of 13% from 78.4M to 68.2M reflecting the increased efficiency of operations. Gross profit increased by 277% while the gross profit margin increased from 33% to 68%.

During the second quarter JFP generated income of 103M compared to 110M for the first quarter. This represents a decline of 7M. This was due to delays caused by changes in design for some of our major projects that were scheduled to be completed in the second quarter. Our gross profit margin remained relatively stable moving from 65% to 68%.

Administrative expenses for the six-month period was 93.7M reflecting an increase of 34M over the prior year's reporting period. This increase was largely due to a salary increase as well as the introduction of a quarterly incentive for administrative staff. The staff complement grew which resulted in an increase in other staff related costs such as health insurance. There was also an increase in the sales commission due to improved sales performance.

Selling and distribution expenses increased by 471% moving from 2M to 11.8M over the two comparative six-month periods. This was due to an increase in the advertising and promotional expenses mostly due to increased participation in international trade shows. This quarter saw us participating in the KFC show in Chicago which contributed substantially to the increased advertising expenses for the period.

Finance costs increased primarily as a result of the interest incurred from the leased factory building.

There was an improvement in the year-to-date bottom line which saw JFP moving from a loss of 12M to a profit of 35.6M. This was driven primarily by an increase in sales and by extension, gross profit.

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Report to the Shareholders**  
**For the six (6) months ended June 30, 2022**

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**Balance Sheet**

Property, plant and equipment decreased by 65% due to the sale of the factory building. The company entered into a lease agreement with JFP Property Investments Limited which is reflected as the right of use asset of 142.9M.

The long-term investment portfolio saw an increase of 204%. This was due to the investment of some of the proceeds from the IPO.

The inventory increased by 177% moving from \$33.5M to \$92.8M. This was largely due to increase in the number of jobs that are currently in production up to the end of the quarter , as well as inventory that was purchased for jobs that were temporarily delayed due to matters beyond the control of the company (such as last-minute changes in design by customers).

Receivables increased by 43% moving from 88.4M to 126.8M. This was due to a number of projects being completed for which we are still awaiting payments. Cash and cash equivalents also decreased as some of the funds were invested in GK Capital. The director's current account also decreased due to repayment of advances by directors.

Our total current liabilities increased by 61%. This was largely due to the current portion of the new lease liability for the factory coupled with increased payables related to imported supplies of raw materials to complete the increased number of jobs in progress as at 30 June 2022.

The retained earnings decreased from 190.8M to 91.7 M or 52%, due to dividends being declared at the end of December 2021. Non-current liabilities increased due to the lease agreement for the factory.

In closing, the Board of Directors wish to express gratitude to the employees, customers, suppliers, shareholders and all other stakeholders for the continued support and ongoing contribution to the growth of the company.



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Metry Seaga  
Chief Executive Officer

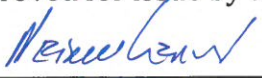
**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Statement of Comprehensive Income**  
**For the six (6) months ended June 30, 2022**

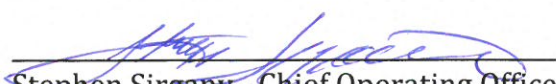
	Six months to		Three months to		
	June 2022	June 2021	June 2022	June 2021	December 2021
		\$			
<b>Revenue</b>	213,634,106	117,011,052	103,354,288	52,320,353	233,736,393
Cost of Sales	(68,246,099)	(78,400,300)	(35,237,110)	(42,541,287)	(129,097,818)
<b>Gross Profit</b>	145,388,007	38,610,752	68,117,178	9,779,066	104,638,574
Other Income	3,864,608	15,910,680	467,490	4,758,933	77,308,514
	149,252,614	54,521,432	68,584,668	14,537,999	181,947,088
Administrative expenses	93,668,453	59,702,293	52,658,538	31,578,107	148,536,864
Selling and distribution expenses	11,767,539	2,059,386	8,118,891	900,156	7,437,262
	105,435,992	61,761,679	60,777,429	32,478,262	155,974,126
<b>Operating Profit</b>	43,816,622	(7,240,247)	7,807,239	(17,940,263)	25,972,962
Finance Income	46,133	47,088	39,221	1,795	53,713
Finance Costs	(8,265,737)	(3,729,460)	(7,156,089)	(1,670,378)	(17,700,234)
	(8,219,604)	(3,682,372)	(7,116,868)	(1,668,583)	(17,646,521)
<b>Operating profit before tax</b>	35,597,018	(10,922,619)	690,371	(19,608,846)	8,326,441
Taxation	-	(1,300,122)	-	(650,061)	-
<b>Net profit, being total comprehensive income for the year</b>	35,597,018	(12,222,741)	690,371	(20,258,907)	8,326,441
Earnings per stock unit (EPS)	0.033	(12,222.741)	0.001	(20,258.907)	0.054

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Statement of Financial Position**  
**For the six (6) months ended June 30, 2022**

	<u>Unaudited</u> <u>2<sup>nd</sup> Quarter</u> <u>6 months</u> <u>Ended June</u> <u>2022</u> \$	<u>Unaudited</u> <u>2<sup>nd</sup> Quarter</u> <u>6 months</u> <u>Ended June</u> <u>2021</u> \$	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2021</u> \$
<b>Non-current assets:</b>			
Property, plant and equipment	45,523,719	129,264,119	50,940,655
Right-of-use assets	142,868,160	-	150,454,080
Investments	122,880,640	40,455,468	39,065,267
Deferred tax asset	12,239,125	12,239,125	12,239,125
<b>Current assets:</b>			
Inventories	92,801,184	46,743,647	45,772,845
Receivables	126,779,747	86,269,432	36,300,480
Taxation recoverable	1,950,183	-	1,950,183
Related party	2,189,539	-	-
Directors' current account	10,894,737	59,100,635	8,439,217
Cash and cash equivalents	4,625,395	8,511,834	12,393,722
	239,240,786	189,486,447	104,856,447
<b>Current liabilities:</b>			
Payables	190,189,089	115,475,357	103,312,308
Related party balance	-	-	31,464,620
Taxation	-	1,048,006	1,048,006
Current portion of finance lease obligations	4,108,708	3,585,784	7,796,601
Current portion- rights of use	17,154,974	-	10,663,788
Current portion of long-term loans	-	13,223,877	-
Bank overdraft	2,998,756	-	3,579,745
	214,451,527	133,333,023	157,865,068
<b>Net current (liabilities) / assets</b>	24,789,260	56,153,424	(53,008,621)
	348,300,904	238,112,136	199,690,506
<b>Shareholders' equity:</b>			
Share capital	121,274,271	1,000	1,980
Retained earnings	91,698,679	190,752,478	56,101,659
	212,972,950	190,753,478	56,103,639
<b>Non-current liabilities</b>			
Finance lease obligations	764,528	4,706,468	2,532,255
Lease liability	134,563,426	-	141,054,611
Long term loans	-	44,721,569	-
	348,300,904	238,112,136	199,690,506

Approved for issue by the Board of Directors on August 10, 2022 and signed on its behalf by:

  
 Metry Seaga - Chief Executive Officer

  
 Stephen Sirgany - Chief Operating Officer

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Statement of Changes in Equity**  
**For the six (6) months ended June 30, 2022**

	<u>Number of Shares</u>	<u>Share Capital</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
<b>Balance at 31 December 2020</b>	1,000	1,000	203,308,548	203,309,548
Net profit, being total comprehensive income		-	(12,222,741)	(12,222,741)
Issue of shares during the year				
Prior year Adjustment			-333,330	-333,330
<b>Balance at 30 June 2021</b>	1,000	1,000	190,752,478	190,753,478
Net profit, being total comprehensive income	-	-	20,549,182	20,549,182
Issue of shares during the year	979,999,000	980		980
Dividends declared			(155,200,000)	(155,200,000)
<b>Balance at 31 December 2021</b>	980,000,000	1,980	56,101,659	56,103,639
Net profit, being total comprehensive income	-	-	35,597,018	35,597,018
Adjustment			2	2
Transaction costs		(18,727,709)		(18,727,709)
Issue of shares during the year	140,000,000	140,000,000.00		140,000,000
<b>Balance at 30 June 2022</b>	1,120,000,000	121,274,271	91,698,679	212,972,950



**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Statement of Cashflows**  
**For the six (6) months ended June 30, 2022**

	<u>Unaudited</u> <u>2<sup>nd</sup> Quarter</u> <u>6 months Ended</u> <u>June</u> <u>2022</u> \$	<u>Unaudited</u> <u>2<sup>nd</sup> Quarter</u> <u>6 months Ended</u> <u>June</u> <u>2021</u> \$	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2021</u> \$
<b>Cash flows from operating activities:</b>			
Net profit/(loss)	35,597,018	(12,222,740.71)	8,326,441
<b>Items not affecting cash resources:</b>			
Depreciation	5,966,573	10,518,596	15,877,579
Amortization of leases	7,585,920	-	1,264,320
Interest income	(46,133)	(47,088)	(53,713)
Gain on disposal	53,408	-	(57,259,518)
Prior year adjustment	-	(293,330)	(333,330)
Non-cash adjustment	-	-	287,452
Interest expense	7,864,941	3,368,738	9,069,055
	57,021,729	1,324,175	(22,821,714)
<b>Changes in operating assets and liabilities:</b>			
Inventories	(47,028,340)	4,022.867	(8,256,835)
Receivables	(90,479,267)	(34,804,554)	17,275,801
Payables	86,876,781	518,339	(11,604,709)
Related party	(33,654,159)	-	31,464,620
Directors current accounts	(2,455,520)	(16,121,143)	34,540,275
Taxation recoverable	-	-	(1,950,183)
Taxation payable	(1,048,006)	(10,400,977)	(10,400,977)
	(87,788,510)	(56,785,468)	51,067,992
<b>Cash provided by operating activities</b>	(30,766,782)	(55,461,294)	28,246,278
<b>Cash flows from investing activities</b>			
Purchase of property, plant, and equipment	(603,046)	(572,237)	(1,418,301)
Finance lease-rights of use	-	-	(151,718,400)
Proceeds from sale of fixed asset	-	-	130,782,609
Investment	(83,815,373)	(10,529,766)	(9,139,566)
Interest received	46,133	47,088	53,713
<b>Cash used in investing activities</b>	(84,372,286)	(11,054,915)	(31,439,945)
<b>Cash flows from financing activities</b>			
Interest paid	(7,864,941)	(3,368,738)	(9,069,055)
Share Capital	121,272,291	-	980
Finance Lease	(5,455,619)	-	151,718,400
Dividend paid	-	-	(155,200,000)
Loans, net (repayments)/receipts	-	(17,000,381)	(70,839,843)
<b>Cash used in financing activities</b>	107,951,731	(20,369,119)	(83,389,518)
<b>Net increase in cash and cash equivalents</b>	(7,187,337)	(86,885,328)	(86,583,185)
Net cash and cash equivalents at beginning of year	8,813,977	95,397,162	95,397,162
<b>Net cash and cash equivalents at end of the year</b>	1,626,640	8,511,834	8,813,977

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Notes to the Interim Financial Statements**  
**For the six (6) months ended June 30, 2022**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

JFP Limited, (the Company) is incorporated and domiciled in Jamaica. The registered office of the company and principal place of business is located at 155 Spanish Town Road, Kingston, Jamaica. Under Section 17 of the Companies Act, the Company changed its name to JFP Limited, effective 3rd December 2021.

The Company's principal activities are the manufacturing and distribution of custom-built commercial furnishings and the financial statements are stated in Jamaica dollars, which is the functional currency of the Company.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on March 14, 2022. As a consequence of listing, the Company's profit will be subjected to 100% tax remission for the first five (5) five years and thereafter, will be subjected to 50% tax remission for the next 5 years as long as the Company complies with certain Junior Market regulations.

**2. BASIS OF PREPARATION**

This condensed consolidated interim financial information has been prepared in accordance with IAS 34, Interim financial reporting.

The condensed interim financial information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRSs and comply with the provisions of the Jamaican Companies Act.

**3. ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these un-audited financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2021.

**4. USE OF ESTIMATES AND JUDGMENTS**

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2021.

(i) Property, plant and equipment:

Items of property, plant and equipment are stated at cost less accumulated depreciation.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)**

**4. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)**

(ii) Depreciation:

Depreciation is recognized on profit or loss on the straight- line basis, over the estimated useful lives of property, plant and equipment.

(iii) Borrowings:

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

(iv) Impairment:

Impairment provisions for trade receivables are recognized based on the simplified approach allowable under IFRS 9 using a provision matrix in the determination of the expected credit losses (ECL).

**5. EARNINGS PER STOCK UNIT**

The earnings per share (EPS) is computed by dividing the profit for the period by the weighted average number of shares in issue for the six (6) month period of 1,064,309,392.27 (2021 – 1,000)

**6. SHARE CAPITAL**

**Authorized:**

10,000,000,000 shares (2021 – 1,000 shares)

**Issued and fully paid:**

1,120,000,000 shares (2021 – 1,000 shares)

**7. TAXATION**

**Remission of income tax**

By notice dated 13th August 2009, the Minister of Finance and the Public Service, issued and gazetted 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 (JMSE) if certain conditions were achieved after the date of initial admission.

Effective March 14, 2022, 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 to 5 (15 March 2022 – 11 March 2027) – 100%

Years 6-10: (15 March 2027 – 11 March 2032) – 50%

Provided the following conditions are met:

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

(ii) The Subscribed Participating Voting Share Capital of the Company does not exceed J\$500million

(iii) The Company has 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.

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Notes to the Interim Financial Statements**  
**For the six (6) months ended June 30, 2022**

**JFP Limited**  
**Unaudited Financial Statements**  
**For the six (6) Months ended June 30, 2022**

**INFORMATION REGARDING SHAREHOLDERS**

**AS AT June 30, 2022**

<b>TEN LARGEST SHAREHOLDERS</b>	<b>NO. of Stock Units</b>
JKZ Limited	280,560,000
Mr. Richard Sirgany (Mrs. Nicola Sirgany)	279,720,000
Eurobian Limited	279,720,000
GK Investment	61,614,211
JFP Property Investment Ltd	9,539,000
Claudine Murphy (Jade Speer, Chanel Grainger)	5,057,714
Jamaica Properties Limited	5,000,000
Dane Gilbert	4,000,000
Jiayong Liao	3,200,000
Rosalee Sirgany	3,095,000
Ian K Levy	3,000,000
<b>SHAREHOLDINGS OF DIRECTORS</b>	
Ian Kent Levy	3,000,000
JKZ Limited (Owned by Stephen Sirgany)	280,560,000
Richard Sirgany (Mrs. Nicola Sirgany)	279,720,000
Eurobian Limited (Owned by Metry Seaga)	279,720,000
Stephen Sirgany (Mrs Lisa Sirgany)	250,000
Adrian Mitchell	30,000
<b>SHAREHOLDING OF SENIOR OFFICERS</b>	
JKZ Limited (Owned by Stephen Sirgany)	280,560,000
Richard Sirgany (Mrs. Nicola Sirgany)	279,720,000
Eurobian Limited (Owned by Metry Seaga)	279,720,000
Stephen Sirgany (Mrs Lisa Sirgany)	250,000