

JFP LIMITED

UNAUDITED FINANCIAL STATEMENTS

1st QUARTERLY REPORT

For the period ended 31 March 2023



COMMERCIAL
CONTRACT
FURNITURE
MANUFACTURERS



JFP Limited (formerly Jamaica Fibreglass Products Limited)

Index

For the three (3) months ended March 31, 2023

TABLE OF CONTENTS

Report to the Shareholders

Financial Statements

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Top 10 Shareholders as at 31 March 2023

Holdings of Directors and Senior Managers

Report to the Shareholders

The board of directors is pleased to present the unaudited results of JFP Limited (the “company”) for the twelve-month period ended March 31, 2023.

Profit and Loss

JFP Limited had a challenging first quarter but is expected to rebound in the coming quarters. Revenue declined by 31% with the company falling below projections and ending with total of 75.8M. This decline was due to delays beyond the control of JFP’s production department. Two factors include changes to the design/build process and the logistics required to return to the work environment as the primary project pending finalization is located inside the local international airport. These jobs were originally forecasted to be completed in the first quarter. These delays had an impact on multiple areas of this quarters financials which will be addressed in this report. Cost of sales increased by 1% which resulted in a 45% decline in gross profit. Gross profit margin decreased from 70% to 56%.

Other income decreased by 119% resulting in a loss of 0.65M. This was mainly due to a decline in the value of equity shares held.

Administrative expenses increased by 18% which supported the larger staff complement compared to quarter 1 of last year.

Selling and distribution expenses declined by 18%. This was a result of decline in sales and hence sales-related commissions paid to external account executives.

As a result of the above factors, JFP experienced a net loss for the quarter due to the inability of revenue to fully support cost of sales and other expenses.

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Report to the Shareholders
For the three (3) months ended March 31, 2023

Balance Sheet

In terms of non-current assets, there were no purchases or disposals of fixed assets in the quarter, and non-current assets remained relatively unchanged compared to the same period last year. There was a slight increase due to the investment of funds generated from the IPO.

Inventory increased mainly due to work in progress component and the need to guard against shortages in inventory that might prevent the company from meeting customers' needs on time.


Receivables increased by 51% due to significant delays in collections in the period.

Cash and cash equivalents declined by 77% as the funds generated from the IPO last year were invested, resulting in a reduction in cash for this period.

Payables increased by 29% due to the delay in the collection of receivables.

Shareholders' equity declined by 16% compared to the same period last year due to losses made in the last two quarters.

We, the Board of Directors, express our heartfelt gratitude to our employees, customers, suppliers, shareholders, and all other stakeholders for their unwavering support and ongoing contribution in making JFP Limited a renowned name globally.



.....
Metry Seaga
Chief Executive Officer


JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Comprehensive Income
For the three (3) months ended March 31, 2023

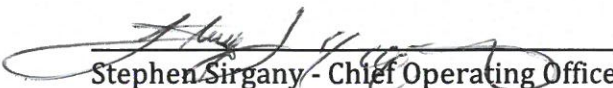
	<u>Unaudited</u> <u>1st Quarter</u> <u>3 months</u> <u>Ended March</u> <u>2023</u>	<u>Unaudited</u> <u>1st Quarter</u> <u>3 months</u> <u>Ended March</u> <u>2022</u>	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended</u> <u>December</u> <u>2022</u>
	\$	\$	\$
Revenue	75,771,311	110,279,818	476,393,146
Cost of sales: direct expenses	(33,392,596)	(33,008,989)	(239,600,604)
Gross Profit	42,378,715	77,270,829	236,792,543
Other income	(651,593)	3,397,118	11,753,106
	41,727,122	80,667,947	248,545,649
Administrative expenses:	(48,592,038)	(41,009,915)	(194,562,789)
Selling and distribution expenses	(2,975,667)	(3,648,649)	(17,306,982)
	(51,567,704)	(44,658,564)	(211,869,771)
Operating profit	(9,840,583)	36,009,383	36,675,878
Finance income	1,886	6,912	49,479
Finance costs	(5,034,812)	(1,109,628)	(20,589,532)
	(5,032,926)	(1,102,716)	(20,540,053)
Operating profit before taxation	(14,873,509)	34,906,667	16,135,824
Taxation (estimated)	-	-	(1,128,709)
Net profit, being total comprehensive income for the year	(14,873,509)	34,906,667	15,007,115
Earnings per stock unit (EPS)	<u>(0.013)</u>	<u>0.054</u>	<u>0.013</u>

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Financial Position
March 31, 2023

	Unaudited 1st Quarter 3 months Ended March 2023 \$	Unaudited 1st Quarter 3 months Ended March 2022 \$	Audited Full-year 12 months Ended December 2022 \$
Non-current assets:			
Property, plant and equipment	44,632,046	50,063,674	46,405,187
Right-of-use assets	131,489,280	146,661,120	135,282,240
Investments	9,996,160	-	10,400,000
Deferred tax asset	12,239,125	12,239,125	12,239,125
Current assets:			
Inventories	102,906,206	53,898,062	92,800,610
Receivables	150,591,557	99,931,706	166,070,787
Taxation recoverable	1,950,183	1,950,183	1,950,183
Related party	11,673,983	-	2,189,539
Directors' current account	12,185,764	10,127,471	11,535,546
Cash and cash equivalents	34,195,231	146,896,414	42,474,685
Current liabilities:			
Payables	178,926,219	138,438,693	172,954,033
Related party balance	-	13,810,461	-
Taxation	-	-	1,128,709
Current portion of finance lease obligations	2,132,976	4,016,536	3,163,713
Current portion- rights of use	26,016,462	10,864,672	23,007,338
Bank overdraft	1,572,402	-	-
	208,648,059	167,130,362	200,253,793
Net current (liabilities) / assets	104,854,865	145,673,473	116,767,557
	303,211,477	354,637,393	321,094,109
Shareholders' equity:			
Share capital	121,274,271	121,274,271	121,274,271
Retained earnings	56,235,267	91,008,327	71,108,776
	177,509,539	212,282,599	192,383,047
Non-current liabilities			
Finance lease obligations	-	1,501,066	-
Lease liability	125,701,938	140,853,728	128,711,062
Long term loans	-	-	-
	303,211,477	354,637,393	199,690,506

Approved for issue by the Board of Directors on May 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)
Statements of Changes in Equity
For the three (3) months ended March 31, 2023

	<u>Number of Shares</u>	<u>Share Capital</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
Balance at 31 December 2021	980,000,000	1,980	56,101,661	56,103,641
Net profit, being total comprehensive income		-	34,906,667	34,906,667
Issue of shares during the year	140,000,000	140,000,000	-	140,000,000
Transaction costs		(18,727,709)	-	(18,727,709)
Balance at 31 March 2022	1,120,000,000	121,274,271	91,008,328	212,282,599
Net profit, being total comprehensive income	-	-	(19,899,552)	(19,899,552)
Issue of shares during the year				
Balance at 31 December 2022	1,120,000,000	121,274,271	71,108,776	192,383,047
Net profit, being total comprehensive income	-	-	(14,873,509)	(14,873,509)
Adjustment				1
Issue of shares during the year				
Balance at 31 March 2023	1,120,000,000	121,274,271	56,235,267	177,509,539

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Statement of Cash Flows
For the three (3) months ended March 31, 2023

	Unaudited 1st Quarter 3 months Ended March 2023 \$	Unaudited 1st Quarter 3 months Ended March 2022 \$	Audited Full-year 12 months Ended December 2022 \$
Cash flows from operating activities:			
Net profit	(14,873,509)	34,906,667	15,007,116
Items not affecting cash resources:			
Depreciation	1,794,880	1,381,487	9,418,556
Amortization of leases	3,792,960	3,792,960	15,171,840
Interest income	(1,886)	(6,912)	(49,479)
Gain on disposal	-	-	53,408
Prior year adjustment	-	-	-
Non-cash adjustment	-	-	-
Interest expense	3,356,105	957,418	14,927,728
	(5,931,450)	41,032,620	54,529,169
Changes in operating assets and liabilities:			
Inventories	(10,105,596)	(8,125,217)	(47,027,765)
Receivables	15,479,230	(63,631,226)	(129,770,307)
Payables	5,972,186	35,126,385	69,641,725
Related party	(9,484,444)	(17,654,159)	(33,654,159)
Directors current accounts	(650,218)	(1,668,254)	(3,096,328)
Taxation recoverable	-	-	-
Taxation payable	(1,128,709)	(1,048,006)	80,703
	82,449	(57,020,476)	(143,826,131)
Cash provided by operating activities	(5,849,001)	(15,988,856)	(89,296,962)
Cash flows from investing activities			
Purchase of property, plant, and equipment	(21,739)	(504,506)	(4,936,596)
Finance lease-rights of use	-	-	-
Proceeds from sale of fixed asset	-	-	-
Investment	403,840	39,065,267	28,665,267
Interest received	1,886	6,912	49,479
Cash used in investing activities	383,987	38,567,674	23,778,150
Cash flows from financing activities			
Interest paid	(3,356,105)	(957,418)	(14,927,728)
Share Capital	-	121,272,291	121,272,291
Finance Lease	(1,030,737)	(4,811,253)	(7,165,043)
Dividend paid	-	-	-
Loans, net (repayments)/receipts	-	-	-
Cash used in financing activities	(4,386,842)	115,503,619	99,179,520
Net increase in cash and cash equivalents	(9,851,856)	138,082,437	33,660,708
Net cash and cash equivalents at beginning of year	42,474,685	8,813,977	8,813,977
Net cash and cash equivalents at end of the year	32,622,830	146,896,414	42,474,686

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the three (3) months ended March 31, 2023

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) 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 2022, 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 2022.

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 2022.

(i) Property, plant and equipment:

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

JFP Limited (formerly Jamaica Fibreglass Products Limited)
Notes to the Interim Financial Statements
For the three (3) months ended March 31, 2023

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 number of shares in issue for the three (3) month period of 1,120,000,000 (2022 – 1,028,,222,222).

6. SHARE CAPITAL

Authorized:

10,000,000,000 shares (2022 – 10,000,000,000 shares)

Issued and fully paid:

1,120,000,000 shares (2022 –1,120,000,000 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)
Information Regarding Shareholders
For the three (3) months ended March 31, 2023

JFP Limited
Unaudited Financial Statements
For the three (3) Months ended March 31, 2023

INFORMATION REGARDING SHAREHOLDERS

AS AT March 31, 2023

TEN LARGEST SHAREHOLDERS	NO. of Stock Units
Total Office (2006) Limited	261,380,105
JKZ Limited	218,259,045
Eurobian Limited	192,680,425
Mr. Richard Sirgany (Mrs. Nicola Sirgany)	142,680,425
GK Investment	65,948,387
Metry Seaga	25,000,000
JFP Property Investment Ltd	9,539,000
PAM-Pooled Equity Fund	6,808,759
Claudine Murphy (Jade Speer, Chanel Grainger)	5,542,060
Jamaica Properties Limited	5,000,000
SHAREHOLDINGS OF DIRECTORS	
Ian Kent Levy	3,000,000
JKZ Limited (Owned by Stephen Sirgany)	218,259,045
Richard Sirgany (Mrs. Nicola Sirgany)	142,680,425
Eurobian Limited (Owned by Metry Seaga)	192,680,425
Metry Seaga	25,000,000
Stephen Sirgany (Mrs Lisa Sirgany)	250,000
Adrian Mitchell	30,000
SHAREHOLDING OF SENIOR OFFICERS	
JKZ Limited (Owned by Stephen Sirgany)	218,259,045
Metry Seaga	25,000,000
Eurobian Limited (Owned by Metry Seaga)	192,680,425
Stephen Sirgany (Mrs Lisa Sirgany)	250,000