

**JFP LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

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

**For the period ended 30 June 2023**





Sagility 2023



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## Report to the Shareholders

The second quarter, despite reflecting a decline in sales and profitability, has seen the successful realization of several pipeline initiatives that are set to bring value-added benefits to our operations and finance. Considering the complexities of the supply chain, logistics, material availability, and global competition, we embarked on a mission to leverage our key resources to maximize output and efficiency.

**Operations:** We have made significant strides in enhancing our operations by identifying new suppliers and innovative materials, broadening our range of offerings to customers, and improving our pricing to increase competitiveness. Additionally, the acquisition of technologically advanced machinery has bolstered operational efficiency, leading to improved productivity. Research conducted on production processes within our industry enabled us to optimize our assembly line, maximizing timelines, volume, and overall efficiency.

Furthermore, the successful purchase and implementation of an Enterprise Resource Planning (ERP) system anticipated to come onstream by 1<sup>st</sup> quarter of 2024 will automate and manage our core business processes and streamline operations for optimum performance.

**Revenue Generation:** Additional Sales Representatives are coming onstream to steer more job opportunities and drive sales growth. By expanding our sales team, we'll increase our capacity to engage with potential clients, showcase our offerings, and secure more contracts. This strategic move will allow us to tap into new markets and capitalize on untapped industries.

**Marketing Initiatives and Brand Visibility:** In recognizing the importance of making ourselves more visible to the public, we are exploring marketing initiatives to enhance brand visibility and awareness. We intend to hire a marketing professional to develop and execute targeted marketing campaigns that showcase our expertise, products, and services to potential customers. These efforts will position us as a leader in our industry and increase recognition and trust among our target audience.

Summary: As we move forward, we remain focused on continuous improvement, innovation, and responsible business practices to achieve our long-term goals and secure a prosperous future for JFP.

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Report to the Shareholders**  
**For the six (6) months ended June 30, 2023**

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**Profit and Loss**

The board of directors is pleased to present the unaudited results of JFP Limited (the “company”) for the six-month period ended June 30, 2023

**Quarterly**

**Revenue:** Despite moderate sales thus far in the year, JFP has faced challenges in completing and delivering jobs due to factors beyond the company's control, including material availability, logistics challenges and client design revisions. As a result, revenue declined by 28% compared to the second quarter of 2022.

**Manufacturing:** While the cost of sales increased by 4%, the gross profit experienced a 45% decline, leading to a decrease in gross profit margin from 66% to 51%. Our team is actively working to address the cost structure and operational inefficiencies to improve profitability.

**Expenses:** Administrative expenses remained relatively stable increasing by only 1%.

Selling and distribution expenses declined by 54%. This reduction is attributed to the decline in sales and subsequent reduction in sales-related commissions paid to external sales representatives.

Moving forward, we remain committed to addressing the challenges that impacted sales and profitability. Our strategic initiatives and investments in technology and operational efficiency are expected to yield positive results in the upcoming quarters. With an ongoing focus on innovation, customer satisfaction and cost management, we aim to improve overall performance and position ourselves for sustainable growth in a highly competitive market.

**Year to date**

JFP experienced a decline in sales and recorded revenue at 150M, a 30% decline over the previous year. Gross profit margin declined from 68% to 53%.

Other income declined by 92% due mainly to decline in the value of equity shares held.

Administrative expenses increased by 9%. Selling and distribution expenses continue to mirror a decline in sales totalling 6.7M which represents a decline of 43% over the previous year.

Profit declined by 208% resulting in a net loss of 38M.

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Report to the Shareholders**  
**For the six (6) months ended June 30, 2023**

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**Balance Sheet**

Property, plant and equipment increased by 29% compared to the same period last year. This was as a result of the purchase of an Edgebanding machine valued at USD 94K. This machine has already increased the efficiency of production by significantly reducing timelines and making the process more automated.

There was an increase in inventory due mainly to work in progress and also the continued need to guard against shortages in inventory that might prevent the company from meeting customers' needs on time.

Receivables remained relatively stable with a slight increase of 1%.

Cash and cash equivalents increased by 678%. The funds held at GK were previously categorized solely as investment but was later reclassified into equity and cash resulting in a higher cash value.

Payables remained relatively stable increasing by 1%.

Shareholder's equity declined by 28% compared to the same period last year due to losses made in the last three quarters.

We are appreciative to our employees, shareholders and all our supportive customers, suppliers and other stakeholders for their unwavering commitment to our brand.



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Metry Seaga  
Chief Executive Officer

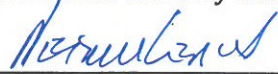
**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Statement of Comprehensive Income**  
**For the six (6) months ended June 30, 2023**


	Six months to		Three months to		
	June 2023	June 2022 \$	June 2023	June 2022 \$	December 2022
<b>Revenue</b>	150,041,365	213,634,106	74,270,054	103,354,288	476,393,146
Cost of Sales	(70,029,508)	(68,246,099)	(36,636,912)	(35,237,110)	(239,600,604)
<b>Gross Profit</b>	80,011,857	145,388,007	37,633,143	68,117,178	236,792,543
Other Income/(Loss)	324,878	3,864,608	976,471	467,490	11,753,106
	80,336,735	149,252,614	38,609,613	68,584,668	248,545,649
Administrative expenses	101,934,489	93,668,453	53,342,451	52,658,538	194,562,789
Selling and distribution expenses	6,721,928	11,767,539	3,746,261	8,118,891	17,306,982
	108,656,417	105,435,992	57,088,713	60,777,429	211,869,771
<b>Operating Profit</b>	(28,319,682)	43,816,622	(18,479,099)	7,807,239	36,675,878
Finance Income	4,719	46,133	2,833	39,221	49,479
Finance Costs	(10,067,307)	(8,265,737)	(5,032,495)	(7,156,089)	(20,589,532)
	(10,062,588)	(8,219,604)	(5,029,662)	(7,116,868)	(20,540,053)
<b>Operating profit before tax</b>	(38,382,270)	35,597,018	(23,508,761)	690,371	16,135,824
Taxation	-	-	-	-	(1,128,709.00)
<b>Net profit, being total comprehensive income for the year</b>	(38,382,270)	35,597,018	(23,508,761)	690,371	15,007,115
Earnings per stock unit (EPS)	(0.034)	0.033	(0.021)	0.001	0.013

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Statement of Financial Position**  
**June 30, 2023**

	<u>Unaudited</u> <u>2<sup>nd</sup> Quarter</u> <u>6 months</u> <u>Ended June</u> <u>2023</u> <u>\$</u>	<u>Unaudited</u> <u>2<sup>nd</sup> Quarter</u> <u>6 months</u> <u>Ended June</u> <u>2022</u> <u>\$</u>	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2022</u> <u>\$</u>
<b>Non-current assets:</b>			
Property, plant and equipment	58,716,093	45,523,719	46,405,187
Right-of-use assets	127,696,320	142,868,160	135,282,240
Investments	9,740,000.00	122,880,640	10,400,000
Deferred tax asset	12,239,125	12,239,125	12,239,125
<b>Current assets:</b>			
Inventories	113,601,747	92,801,184	92,800,610
Receivables	128,638,082	126,779,747	166,070,787
Taxation recoverable	1,950,183	1,950,183	1,950,183
Related party	4,188,373	2,189,539	2,189,539
Directors' current account	5,794,754	10,894,737	11,535,546
Cash and cash equivalents	35,963,171	4,625,395	42,474,685
<b>Current liabilities:</b>			
Payables	191,733,255	190,189,089	172,954,033
Related party balance	-	-	-
Taxation	-	-	1,128,709
Current portion of finance lease obligations	1,432,711	4,108,708	3,163,713
Current portion- rights of use	28,229,035	17,154,974	23,007,338
Bank overdraft	495,941	2,998,756	-
	221,890,942	214,451,527	200,253,793
<b>Net current (liabilities) / assets</b>	<b>68,245,368</b>	<b>24,789,260</b>	<b>116,767,557</b>
	<b>276,636,906</b>	<b>348,300,904</b>	<b>321,094,109</b>
<b>Shareholders' equity:</b>			
Share capital	121,274,271	121,274,271	121,274,271
Retained earnings	32,726,506	91,698,679	71,108,776
	154,000,777	212,972,950	192,383,047
<b>Non-current liabilities</b>			
Finance lease obligations	-	764,528	-
Lease liability	122,636,129	134,563,426	128,711,062
Long term loans	-	-	-
	276,636,906	348,300,904	321,094,109

Approved for issue by the Board of Directors on August 8, 2023 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 six (6) months ended June 30, 2023**

	<u>Number of Shares</u>	<u>Share Capital</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
<b>Balance at 31 December 2021</b>	980,000,000	1,980	56,101,660	56,103,640
Net profit, being total comprehensive income		-	35,597,018	35,597,018
Adjustment			1	1
Issue of shares during the year	140,000,000	140,000,000	-	140,000,000
Transaction costs		(18,727,709)	-	(18,727,709)
<b>Balance at 30 June 2022</b>	1,120,000,000	121,274,271	91,698,679	212,972,950
Net profit, being total comprehensive income	-	-	(20,589,903)	(20,589,903)
Issue of shares during the year				
<b>Balance at 31 December 2022</b>	1,120,000,000	121,274,271	71,108,776	192,383,047
Net profit, being total comprehensive income	-	-	(38,382,270)	(38,382,270)
Adjustment				
Issue of shares during the year				
<b>Balance at 30 June 2023</b>	1,120,000,000	121,274,271	32,726,506	154,000,777

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Statement of Cash Flows**  
**For the six (6) months ended June 30, 2023**

	<u>Unaudited</u> <u>2<sup>nd</sup> Quarter</u> <u>6 months Ended</u> <u>June</u> <u>2023</u> \$	<u>Unaudited</u> <u>2<sup>nd</sup> Quarter</u> <u>6 months Ended</u> <u>March</u> <u>2022</u> \$	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2022</u> \$
<b>Cash flows from operating activities:</b>			
Net profit	(38,382,270)	35,597,018	15,007,116
<b>Items not affecting cash resources:</b>			
Depreciation	3,579,166	5,966,573	9,418,556
Amortization of leases	7,585,920	7,585,920	15,171,840
Interest income	(4,719)	(46,133)	(49,479)
Gain on disposal	-	-	53,408
Prior year adjustment	-	-	-
Non-cash adjustment	-	-	-
Interest expense	6,405,675	7,864,941	14,927,728
	(20,816,229)	57,021,729	54,529,169
<b>Changes in operating assets and liabilities:</b>			
Inventories	(20,801,137)	(47,028,340)	(47,027,765)
Receivables	37,432,705	(90,479,267)	(129,770,307)
Payables	18,779,221	86,876,781	69,641,725
Related party	(1,998,834)	(33,654,159)	(33,654,159)
Directors current accounts	5,740,792	(2,455,520)	(3,096,328)
Taxation recoverable	-	-	-
Taxation payable	(1,128,709)	(1,048,006)	80,703
	38,024,039	(87,788,510)	(143,826,131)
<b>Cash provided by operating activities</b>	17,207,810	(30,766,782)	(89,296,962)
<b>Cash flows from investing activities</b>			
Purchase of property, plant, and equipment	(15,890,072)	(603,046)	(4,936,569)
Finance lease-rights of use	-	-	-
Proceeds from sale of fixed asset	-	-	-
Investment	660,000	(83,815,373)	28,665,267
Interest received	4,719	46,133	49,479
<b>Cash used in investing activities</b>	(15,225,353)	(84,372,286)	23,778,150
<b>Cash flows from financing activities</b>			
Interest paid	(6,405,675)	(7,864,941)	(14,927,728)
Share Capital	-	121,272,291	121,272,291
Finance Lease	(2,584,238)	(5,455,619)	(7,165,043)
Dividend paid	-	-	-
Loans, net (repayments)/receipts	-	-	-
<b>Cash used in financing activities</b>	(8,989,912)	107,951,731	99,179,520
<b>Net increase in cash and cash equivalents</b>	(7,007,455)	(7,187,337)	33,660,708
Net cash and cash equivalents at beginning of year	42,474,685	8,813,977	8,813,977
<b>Net cash and cash equivalents at end of the year</b>	35,467,231	1,626,640	42,474,685

**JFP Limited (formerly Jamaica Fibreglass Products Limited)**  
**Notes to the Interim Financial Statements**  
**For the six (6) months ended June 30, 2023**

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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) 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 six (6) months ended June 30, 2023**

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**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 six (6) month period of 1,120,000,000 (2022 – 1,064,,309,392).

**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 six (6) months ended June 30, 2023**

**JFP Limited**  
**Unaudited Financial Statements**  
**For the six (6) Months ended June 30, 2023**

**INFORMATION REGARDING SHAREHOLDERS**

**AS AT June 30, 2023**

<b>TEN LARGEST SHAREHOLDERS</b>	<b>NO. of Stock Units</b>
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	74,030,363
Metry Seaga	25,000,000
JFP Property Investment Ltd	9,539,000
PAM-Pooled Equity Fund	5,806,759
Claudine Murphy (Jade Speer, Chanel Grainger)	5,542,060
Racoth Holdings Limited	4,257,556
<b>SHAREHOLDINGS OF DIRECTORS</b>	
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
<b>SHAREHOLDING OF SENIOR OFFICERS</b>	
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