



COMMERCIAL | CONTRACT
FURNITURE MANUFACTURERS

UNAUDITED FINANCIAL STATEMENTS

3RD QUARTERLY REPORT

Nine (9) months ending
30 September 2024





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REPORT TO THE SHAREHOLDERS

The Board of Directors is pleased to present the unaudited results of JFP Limited for the nine-month period ended September 30, 2024.

PROFIT AND LOSS

3rd Quarter ending September 30, 2024

Quarterly

Revenue declined by 71% from \$112.6M to \$32.7M compared to the corresponding quarter last year. Sales declined primarily due to delays in the completion of several forecasted projects. Cost of sales declined by 25% from \$54.3M to \$40.7M. The company incurred a gross loss of \$7.9M in this quarter compared to a gross profit of \$58.3M in the corresponding quarter of 2023. This period saw the completion of several design-build contracts which experienced cost overruns.

Administrative expenses increased by 29% from \$43.5M to \$56M driven by increases in various operational costs such as insurance, salaries, and tools with a short lifespan. Selling and distribution expenses increased by 178% due primarily to increases in fees paid to commissioned sales agents.

Finance cost increased by 85% due to additional loans obtained in this quarter compared to corresponding period last year.

Net loss for the period was \$75.4M compared to a net profit of \$8.5M made in the corresponding quarter of the previous year.

Year to date

Revenue increased by 27% from \$262.7M to \$333M. Gross profit margin declined from 53% to 34% due to increased cost of sales. The cost of sales increased due to cost overruns for certain design-build contracts as well as the additional cost associated with the increase in the level of sales.

Operating expenses increased by 5% due to increases in various operational cost which include but are not limited to insurance, salary and tools compared to the corresponding period last year.

Year to date net loss was \$65.8M compared to \$30M loss made in the corresponding period last year.

BALANCE SHEET

Property, plant, and equipment increased by 10% (from \$78.1M to \$85.9M) due to the purchase of tools and equipment which has enhanced the production process. Investments declined by 19% (from \$9.4M to \$7.6M) due to the reduction in the value of equity investments held.

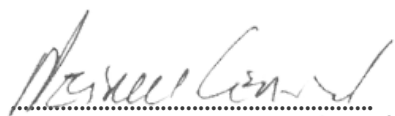
Inventory declined by 32% (from \$117M to \$79M).

Receivables increased by 56% (from \$110M to \$171.7M).

Shareholder's equity declined by 58% (from \$162.4M to \$67.6M) due to loss made in this quarter.

Non-current liabilities decreased by 34% (from \$310.7M to \$204.8M).

We extend our appreciation to our dedicated employees, steadfast shareholders, and the supportive network of customers, suppliers, and stakeholders as we continue to pursue strategies that promote growth and profitability.



Metry Seaga
Chief Executive Officer

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

	Nine months to		Three months to		
	September 2024	September 2023	September 2024	September 2023	December 2023
Revenue	332,954,529	262,686,013	32,744,748	112,644,647	411,154,058
Cost of Sales	(220,461,037)	(124,405,906)	(40,683,619)	(54,376,398)	(197,455,043)
Gross Profit	112,493,492	138,280,107	(7,938,871)	58,268,249	213,699,015
Other Income/(Loss)	(891,124)	107,771	711,395	(217,107)	640,747
	111,602,368	138,387,877	(7,227,476)	58,051,142	214,339,761
Administrative expenses	152,603,341	145,481,574	55,979,788	43,547,085	241,419,746
Selling and distribution expenses	9,105,387	7,898,515	3,272,340	1,176,587	9,351,576
	161,708,729	153,380,089	59,252,128	44,723,672	250,771,322
Operating Profit	(50,106,361)	(14,992,211)	(66,479,604)	13,327,471	(36,431,561)
Finance Income	9,945	6,901	1,631	2,182	12,919
Finance Costs	(15,743,983)	(14,907,546)	(8,956,506)	(4,840,239)	(22,545,823)
	(15,734,038)	(14,900,645)	(8,954,876)	(4,838,057)	(22,532,904)
Operating profit before tax	(65,840,398)	(29,892,856)	(75,434,480)	8,489,414	(58,964,465)
Taxation	-	-	-	-	-
Net profit, being total comprehensive income for the year	(65,840,398)	(29,892,856)	(75,434,480)	8,489,414	(58,964,465)
Earnings per stock unit (EPS)	(0.059)	(0.027)	(0.067)	0.008	(0.053)

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	<u>Unaudited</u> <u>3rd Quarter</u> <u>9 months Ended</u> <u>September</u> <u>2024</u> <u>\$</u>	<u>Unaudited</u> <u>3rd Quarter</u> <u>9 months Ended</u> <u>September</u> <u>2023</u> <u>\$</u>	<u>Audited</u> <u>Full-year</u> <u>12 months</u> <u>Ended December</u> <u>2023</u> <u>\$</u>
Non-current assets:			
Property, plant and equipment	85,942,729	78,120,853	78,087,635
Right-of-use assets	108,731,520	123,903,360	120,110,400
Investments	7,562,080	9,372,000	9,448,000
Deferred tax asset	12,239,125	12,239,125	12,239,125
Current assets:			
Inventories	79,001,012	117,006,130	116,654,207
Receivables (Note 8)	171,686,747	110,081,080	147,347,976
Taxation recoverable	1,950,183	1,950,183	1,950,183
Related party	16,582,601	5,547,797	8,305,111
Directors' current account	30,972,324	9,644,467	21,161,384
Cash and cash equivalents	37,807,440	57,403,954	46,915,795
	338,000,307	301,633,611	342,334,656
Current liabilities:			
Payables (Note 9)	297,970,234	179,551,470	245,624,907
Current portion of finance lease obligations		359,522	-
Current portion- rights of use	44,446,451	31,352,598	34,535,002
Current portion of long-term loans	4,937,295	3,346,947	3,818,605
Bank overdraft	369,570	-	-
	347,723,550	214,610,537	283,978,514
Net current (liabilities) / assets	(9,723,243)	87,023,074	58,356,142
	204,752,211	310,658,412	278,241,302
Shareholders' equity:			
Share capital	121,274,271	121,274,271	121,274,271
Retained earnings	(53,696,087)	41,215,920	12,144,311
	67,578,184	162,490,191	133,418,582
Non-current liabilities			
Finance lease obligations	-		-
Lease liability	106,418,713	119,512,566	116,330,162
Long term loans	30,755,314	28,655,655	28,492,558
	204,752,211	310,658,412	278,241,302

Approved for issue by the Board of Directors on November 28, 2024 and signed on its behalf by:



Metry Seaga
Chief Executive Officer



Stephen Sirgany
Chief Operating Officer

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE NINE (9) MONTHS ENDED SEPTEMBER 30, 2024

	<u>Number of Shares</u>	<u>Share Capital \$</u>	<u>Retained Earnings \$</u>	<u>Total \$</u>
Balance at 31 December 2022	1,120,000,000	121,274,271	71,108,776	192,383,047
Net profit, being total comprehensive income		-	(29,892,856)	(29,892,856)
Adjustment				1
Balance at 30 September 2023	1,120,000,000	121,274,271	41,215,920	162,490,192
Net profit, being total comprehensive income	-	-	(29,071,609)	(29,071,609)
Adjustment				(1)
Issue of shares during the year				
Balance at 31 December 2023	1,120,000,000	121,274,271	12,144,311	133,418,582
Net profit, being total comprehensive income	-	-	(65,840,398)	(65,840,398)
Issue of shares during the year				
Balance at 30 September 2024	1,120,000,000	121,274,271	(53,696,087)	67,578,184



FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

FOR THE NINE (9) MONTHS ENDED SEPTEMBER 30, 2024

	<u>Unaudited</u> <u>3rd Quarter</u> <u>9 months Ended</u> <u>September</u> <u>2024</u> \$	<u>Unaudited</u> <u>3rd Quarter</u> <u>9 months Ended</u> <u>September</u> <u>2023</u> \$	<u>Audited</u> <u>Full-year</u> <u>12 months Ended</u> <u>December 2023</u> \$
Cash flows from operating activities:			
Net profit	(65,840,398)	(29,892,856)	(58,964,465)
Items not affecting cash resources:			
Depreciation	6,291,493	5,649,391	7,844,730
Amortization of leases	11,378,880	11,378,880	15,171,840
Interest income	(9,945)	(6,901)	(12,919)
Gain on disposal	-	9,866	56,947
Prior year adjustment	-	-	-
Non-cash adjustment	-	-	-
Interest expense	12,909,268	9,922,835	14,009,003
	(35,270,703)	(2,938,785)	(21,894,864)
Changes in operating assets and liabilities:			
Inventories	37,653,195	(24,205,520)	(23,853,597)
Receivables	(24,338,771)	55,989,707	18,722,811
Payables	52,345,327	6,597,437	72,670,874
Related party	(8,277,490)	(3,358,258)	(6,115,573)
Directors current accounts	(9,810,940)	1,891,079	(9,625,838)
Taxation recoverable	-	-	-
Taxation payable	-	(1,128,709)	(1,128,709)
	47,571,322	35,785,736	50,669,969
Cash provided by operating activities	12,300,619	32,846,951	28,775,105
Cash flows from investing activities			
Purchase of property, plant, and equipment	(14,146,587)	(37,374,923)	(39,584,126)
Finance lease-rights of use	-	-	-
Proceeds from sale of fixed asset	-	-	-
Investment	1,885,920	1,028,000	952,000
Interest received	9,945	6,901	12,919
Cash used in investing activities	(12,250,721)	(36,340,022)	(38,619,207)
Cash flows from financing activities			
Interest paid	(12,909,268)	(9,922,835)	(14,009,003)
Share Capital	-	-	-
Finance Lease	-	(3,657,427)	(4,016,949)
Dividend paid	-	-	-
Loans, net (repayments)/receipts	3,381,445	32,002,602	32,311,163
Cash used in financing activities	(9,527,822)	18,422,340	14,285,212
Net increase in cash and cash equivalents	(9,477,925)	14,929,269	4,441,109
Net cash and cash equivalents at beginning of period	46,915,795	42,474,685	42,474,685
Net cash and cash equivalents at end of the period	37,437,870	57,403,954	46,915,795

FINANCIAL STATEMENTS

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 2023, 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 2023.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 2023.

(I) Property, plant and equipment:

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

(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).

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 nine (9) month period of 1,120,000,000 (2023 – 1,120,000,000).

6. SHARE CAPITAL

Authorized:

10,000,000,000 shares (2023 – 10,000,000,000 shares)

Issued and fully paid:

1,120,000,000 shares (2023 – 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 (JMJE) 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

FINANCIAL STATEMENTS

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

8. RECEIVABLES

	2024	2023
	\$	\$
Trade receivables	117,838,531	87,613,099
Prepayments and other receivables	53,848,215	22,467,981
	<u>171,686,747</u>	<u>110,081,080</u>

9. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Trade payables	21,952,845	16,971,447
Customer deposits	196,301,408	110,115,832
Accruals and other payables	79,715,981	52,464,192
	<u>297,970,234</u>	<u>179,551,470</u>

INFORMATION REGARDING SHAREHOLDERS

AS AT September 30, 2024

TEN LARGEST SHAREHOLDERS	NO. of Stock Units
JKZ Limited	274,976,394
Eurobian Limited	268,636,393
Richard Sirgany (Mrs. Nicola Sirgany)	188,184,834
Total Office (2006) Limited	108,250,819
GK Investment	92,221,088
JFP Property Investment Ltd	9,539,000
Claudine Murphy (Jade Speer, Chanel Grainger)	5,687,552
PAM-Pooled Equity Fund	4,338,525
Stephen Cole	3,513,703
Jiayong Liao	3,200,000
SHAREHOLDINGS OF DIRECTORS	
JKZ Limited (Owned by Stephen Sirgany)	274,976,394
Richard Sirgany (Mrs. Nicola Sirgany)	188,184,834
Eurobian Limited (Owned by Metry Seaga)	268,636,393
Stephen Sirgany (Mrs Lisa Sirgany)	250,000
Adrian Mitchell	30,000
Lisa Bell	-
Chantal Bennett	-
Lissant Mitchell	-
SHAREHOLDING OF SENIOR OFFICERS	
JKZ Limited (Owned by Stephen Sirgany)	274,976,394
Eurobian Limited (Owned by Metry Seaga)	268,636,393
Stephen Sirgany (Mrs Lisa Sirgany)	250,000