



JD Capital plc  
HHF 303/304,  
Hal Far Industrial Estate,  
Birzebbuga BBG 3000  
Malta

**Date:** 29<sup>th</sup> April 2021  
**Reference:** 34/2021

## COMPANY ANNOUNCEMENT

### VARIANCES

The following is a company announcement issued by JD Capital plc (the “Company”), having company registration number C 82098, issued in terms of the Prospects Rules, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange (“Prospects MTF”).

#### **QUOTE**

The Board of Directors of the Company, on 29<sup>th</sup> April 2021, considered and approved the Company’s Audited Consolidated Financial Statements for the financial year ended 31 December 2020.

The Board of Directors notes that material variances resulted between the Financial Sustainability Forecasts for 2020 which were published on 31<sup>st</sup> August 2020 having reference JDC28, and the Actual Audited results for the financial year ended 31 December 2020. Any material differences are detailed below:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Audited Financial Statements 2020 €	Original Consolidated Projections 2020 €	Variance 2020 €
Turnover	1	15,144,684	12,300,000	2,844,684
Cost of sales	1	(12,875,671)	(9,175,000)	(3,700,671)
<b>Gross profit</b>		<b>2,269,013</b>	<b>3,125,000</b>	<b>(855,987)</b>
Selling and distribution expenses		(111,213)	(110,000)	(1,213)
Administrative expenses	2	(768,014)	(1,565,000)	796,986
Other income	3	4,550	-	4,550
<b>Operating profit</b>		<b>1,394,336</b>	<b>1,450,000</b>	<b>(55,664)</b>
Finance income		241,309	241,876	(567)
Finance costs	4	(524,874)	(476,775)	(48,099)
Other losses	5	(89,984)	-	(89,984)
Impairment of financial assets	6	(199,635)	(75,000)	(124,635)
<b>Profit before tax</b>		<b>821,152</b>	<b>1,140,101</b>	<b>(318,949)</b>
Tax		(411,635)	(427,538)	(15,903)
<b>Profit after tax</b>		<b>409,517</b>	<b>712,563</b>	<b>(303,046)</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		<b>Audited Financial Statements</b>	<b>Original Consolidated Projections</b>	<b>Variance</b>
	Note	<u>31.12.2020</u>	<u>31.12.2020</u>	<u>31.12.2020</u>
		€	€	€
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		15,039,420	14,898,803	140,617
Investment property		4,522,184	4,521,830	354
Intangible assets		224,497	224,497	-
Financial assets at amortised cost	7	5,924,940	6,667,846	(742,906)
Deferred tax asset		4,973	-	4,973
		<u><b>25,716,014</b></u>	<u><b>26,312,976</b></u>	<u><b>(596,962)</b></u>
<b>Current assets</b>				
Financial assets at amortised cost	7	1,789,458	1,696,973	92,485
Inventories	8	1,374,962	3,000,000	(1,625,038)
Contract assets	8	1,984,147	1,000,000	984,147
Trade and other receivables		2,384,712	2,232,021	152,691
Cash and cash equivalents	9	10,503	22,847	(12,334)
		<u><b>7,543,782</b></u>	<u><b>7,951,841</b></u>	<u><b>(408,059)</b></u>
<b>TOTAL ASSETS</b>		<u><b>33,259,796</b></u>	<u><b>34,264,817</b></u>	<u><b>(1,005,021)</b></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

		<b>Audited Financial Statements</b>	<b>Original Consolidated Projections</b>	<b>Variance</b>
	Note	31.12.2020	31.12.2020	31.12.2020
		€	€	€
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital		245,100	245,100	-
Other equity		7,301,600	7,301,600	-
Retained earnings	7	<u>1,023,897</u>	<u>1,854,308</u>	<u>(830,411)</u>
<b>TOTAL EQUITY</b>		<b><u>8,570,597</u></b>	<b><u>9,401,008</u></b>	<b><u>(830,411)</u></b>
<b>Non-current liabilities</b>				
Borrowings	4	8,166,954	7,172,721	994,233
Lease liabilities		3,528,128	3,545,466	(17,338)
Trade and other payables	10	3,810,218	2,491,448	1,318,770
Deferred tax liability		360,000	360,000	-
Tax liability	10	<u>660,731</u>	<u>-</u>	<u>660,731</u>
		<b><u>16,526,031</u></b>	<b><u>13,569,635</u></b>	<b><u>2,956,396</u></b>
<b>Current liabilities</b>				
Borrowings	4	2,017,712	2,675,216	(657,504)
Lease liabilities		34,248	33,402	846
Contract liabilities	11	696,385	2,159,817	(1,463,432)
Current tax liabilities	10	556,272	1,228,890	(672,618)
Trade and other payables	10	<u>4,858,551</u>	<u>5,196,849</u>	<u>(338,298)</u>
		<b><u>8,163,168</u></b>	<b><u>11,294,174</u></b>	<b><u>(3,131,006)</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>24,689,199</u></b>	<b><u>24,863,809</u></b>	<b><u>(174,610)</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>33,259,796</u></b>	<b><u>34,264,817</u></b>	<b><u>(1,005,021)</u></b>



## CONSOLIDATED STATEMENT OF CASH FLOWS - CONTINUED

		<b>Audited Financial Statements</b>	<b>Original Consolidated Projections</b>	<b>Variance</b>
	Note	2020	2020	2020
		€	€	€
<b>Cash flows from financing activities</b>				
Movement in bank borrowings	4	2,470,180	2,000,000	470,180
Interest paid	4	(284,181)	(250,000)	(34,181)
Dividends paid	7	(527,365)	-	(527,365)
Payment of lease liabilities		(211,140)	(211,140)	-
Movement in amounts due to subsidiary, ultimate shareholder and related company	14	308,833	(461,926)	770,759
<b>Net cash flows from financing activities</b>		<b>1,756,327</b>	<b>1,076,934</b>	<b>679,393</b>
<b>Net movement during the period</b>		<b>444,655</b>	<b>(47,200)</b>	<b>491,855</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>(434,152)</b>	<b>(434,152)</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>		<b>10,503</b>	<b>(481,352)</b>	<b>491,855</b>

### Note 1 – Turnover and cost of sales

The original consolidated projections show a projected turnover of €12.3m for the financial year ending 31 December 2020, whereas the actual results show a turnover figure of €15.1m. This resulted in a variance of €2.8m.

The audited financial statements provide the turnover and cost of sales figures in line with IFRS 15.

### Note 2 – Administrative expenses

The Covid-19 pandemic brought with it unique challenges and the company had to implement certain controls on costs including payroll. Other costs allocated as administrative expenses were reclassified under cost of sales in the audited financial statements in line with IFRS 15.

Due to Covid-19 restrictions and cost control measures certain discretionary expenses were drastically curtailed.

### Note 3 – Other income

This relates to funds received from Malta Enterprise with regards to the Quarantine Leave Scheme.

**Note 4 – Finance costs and borrowings**

The group's finance costs increased by €48,099 when compared to the original consolidated projections. This is because during 2020 the company acquired two new facilities within the Covid-19 assistance schemes. Hence the increase in borrowings and finance costs. Such financing was used to meet the business' working capital requirements.

The general banking facilities were used more than projected as clients settled their invoices beyond the projected credit days.

**Note 5 – Other losses**

This relates to the disposal of a number of motor vehicles for which the residual book value was impaired and written off.

**Note 6 – Impairment of financial assets**

The company's increase in contract assets has led to a surge in the impairment of financial assets. Besides this the method used to calculate such impairment was revised during 2020 in line with IFRS 9 – Financial Instruments standards.

**Note 7 – Financial assets at amortised cost and retained earnings**

The group's retained earnings decreased significantly when compared to the original consolidated projections as it issued a dividend to the parent company, JD Holdings Ltd. The latter utilised the proceeds to make a loan repayment to one of its subsidiaries, resulting in a reduction in the group's financial assets at amortised costs.

**Note 8 – Inventory and contract assets**

As explained in note 1, in order for the company to be compliant with IFRS 15, it had to recognize an increase in contract assets (accrued revenue) and a decrease in work in progress. Thus resulting in a decrease in inventory.

**Note 9 – Cash and cash equivalents**

An explanation is provided in the cashflow variance analysis.

**Note 10 – Trade and other payables and Tax**

The group's trade and other payables have risen when compared to the original consolidated projections. This relates to amounts due to the government in 2020 for which the company has entered into a payment programme to settle the outstanding balances in phased payments.

Besides this, the group's operating arm, JD Operations Ltd, negotiated with some of its major suppliers to enter into an agreement to settle the outstanding balances in staggered monthly instalments.

**Note 11 – Contract liabilities**

Contract liabilities have decreased when compared to the projected figures. These relate to certain payments received on contracted projects which were classified as due to third party, until the works performed and paid for will have their economic benefit transferred to the contractor in order to be in line with IFRS 15.

**Note 12 – Amortisation of bond issue costs**

This is the amortisation charge on the bond issued to JD Capital plc.

**Note 13 – Property, plant and equipment**

The increased investment in property, plant and equipment, when compared to the figure projected relates to the purchase of particular machinery which was required in order to carry out certain projects.

**Note 14 – Movement in amounts due from subsidiary and related company**

This increase relates to the amount due by a related company for works done by JD Operations Ltd on the former's behalf.

**UNQUOTE**

By order of the board

A handwritten signature in blue ink, appearing to read 'J Manicaro', enclosed within a large, loopy circular scribble.

**Dr. Jesmond Manicaro**  
Company Secretary