



tTech Limited
69 ½ Harbour Street, Kingston, JAMAICA
Tel: 876.656.8448 | Fax: 876.922.0569
www.ttech.com.jm

Report to Shareholders For the 3 Months Ended Sept 30, 2019

The Board of Directors of tTech Limited is pleased to submit the unaudited results for the quarter ended September 30, 2019.

Financial Performance

For the period, tTech recorded revenues of \$105.2 million, an increase of 51.1% above the corresponding period in 2018 (\$69.6 million). Expenses for the period were \$98.5 million, an increase of 53.7% over the same period in 2018 (\$64.1 million). Net Profit (Total Comprehensive Income) for the period was \$11.3 million, this represents a decrease of 7.2% over the corresponding period in 2018 (\$12.2M). This decrease in profits is attributed to the increase in lower margin product sales this period versus the high margin services sales focused revenue in the comparative period last year.

The balance sheet continues to be strong and it equips us well to take advantage of future opportunities. tTech has recorded growth in assets of 10.6% over the 2018 period while maintaining its ability to meet short-term debt obligations with a current ratio of 4.3:1.

Highlights

tTech again received international recognition. After rigorous assessment we were awarded a place on the Channel Futures annual MSP 501 list that ranks the top 501 managed service providers in the world. Winners were celebrated at the MSP 501 Awards and Gala at an event in Washington, D.C. which tTech attended. We first made the list in 2017.

Our revenue increase in this quarter was related to the continuation of major network upgrade projects where tTech, in addition to providing our traditional services, also procured and provided the equipment required to execute on these projects. Our important monthly recurring revenue from Managed IT Services continued to grow in Q3 with the addition of new customers using these services. Cost of sales increases were directly attributed to the sales of network equipment provided for the upgrade projects.

The IT Outsourcing industry must continue to innovate our HR practices in order to attract and keep great talent. The third quarter saw us adding 6 new team members, while saying goodbye to 3 who served stellar tours of duty with us. This brings our current staff complement to 39 persons.

As a resident of downtown Kingston, we were happy to support the Kingston Creative initiative by sponsoring the creation of Jamaica's first Augmented Reality Mural project where digital meets art in a very engaging way. By downloading a special App on their phones visitors were able to see the mural literally come to life. The unveiling of the mural to hundreds in attendance is the first in a number of projects geared at regenerating the urban environment of downtown Kingston using art to improve the space where people work, live and play. tTech was delighted to play its part.



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Summary

Monthly recurring revenues continue to trend in the right direction and our organization is working aggressively on the promise of delivering insanely good IT Services to our valued clients.

On behalf of the board and management, I would like to thank our team of dedicated IT Professionals, and our valued customers who are becoming more like business partners by showing continued confidence in tTech and our services.

A handwritten signature in black ink, appearing to read 'G. Christopher Reckord', written over a horizontal line.

G. Christopher Reckord
Chief Executive Officer

tTech Limited

Financial Statements

For the nine months ended 30 September 2019

(Unaudited)

tTech Limited

FINANCIAL STATEMENTS

NINE MONTHS ENDED 30 SEPTEMBER 2019

(Unaudited)

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NINE MONTHS ENDED 30 SEPTEMBER 2019

STATEMENT OF FINANCIAL POSITION

NINE MONTHS ENDED 30 SEPTEMBER 2019

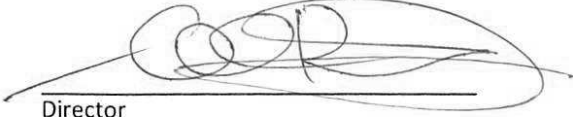
(Unaudited)

Expressed in \$'000	Notes	As at 30-Sept-19	As at 30-Sep-18	Audited 31-Dec-18
Current assets				
Cash and cash equivalents	2c	69,565	46,230	35,886
Securities purchased		54,360	105,610	102,866
Accounts receivable		67,421	45,971	51,389
Other receivables		19,745	15,188	14,231
Inventory		14,427	8,153	7,457
		<u>225,518</u>	<u>221,151</u>	<u>211,829</u>
Current liabilities				
Accounts payable		45,215	42,294	36,611
Contract liabilities	2d	6,700	15,065	14,772
		<u>51,915</u>	<u>57,359</u>	<u>51,383</u>
Net current assets		<u>173,603</u>	<u>163,792</u>	<u>160,446</u>
Non-current assets				
Investments		33,077	31,240	27,781
Property, plant and equipment		13,290	12,026	10,648
		<u>46,367</u>	<u>43,266</u>	<u>38,429</u>
		<u>219,970</u>	<u>207,058</u>	<u>198,875</u>
Financed by:				
Shareholders' equity:				
Share capital		51,727	51,727	51,727
Unappropriated profit		168,243	155,331	147,148
		<u>219,970</u>	<u>207,058</u>	<u>198,875</u>

Approved and authorised by the Board of Directors on November 13, 2019 and signed on its behalf by:



Director



Director

NINE MONTHS ENDED 30 SEPTEMBER 2019

STATEMENT OF COMPREHENSIVE INCOME

NINE MONTHS ENDED 30 SEPTEMBER 2019

(Unaudited)

Expressed in \$'000	Notes	Qtr Ended 30-Sept-19	Qtr Ended 30-Sep-18	YTD 30-Sept-19	YTD 30-Sep-18	Audited Y/E 31-Dec-18
Revenue		105,168	69,592	262,082	214,844	283,923
Cost of Sales		<u>(40,241)</u>	<u>(13,484)</u>	<u>(74,873)</u>	<u>(53,191)</u>	<u>(63,085)</u>
Gross Profit		64,927	56,108	187,209	161,653	220,838
Other income, gains and losses		4,358	6,198	9,485	10,093	2,734
Administrative expenses		<u>(49,140)</u>	<u>(43,549)</u>	<u>(141,757)</u>	<u>(124,446)</u>	<u>(165,863)</u>
Other operating expenses		<u>(9,178)</u>	<u>(7,078)</u>	<u>(28,055)</u>	<u>(20,304)</u>	<u>(32,185)</u>
Operating profit		10,967	11,679	26,882	26,996	25,524
Finance Income		380	552	1,103	1,684	2,013
Net profit		<u>11,347</u>	<u>12,231</u>	<u>27,985</u>	<u>28,680</u>	<u>27,537</u>
Net profit being						
total comprehensive income		<u>11,347</u>	<u>12,231</u>	<u>27,985</u>	<u>28,680</u>	<u>27,537</u>
Net profit attributable to owners		11,347	12,231	27,985	28,680	27,537
Earnings per share	2e	<u>\$0.11</u>	<u>\$0.12</u>	<u>\$0.26</u>	<u>\$0.27</u>	<u>\$0.26</u>

NINE MONTHS ENDED 30 SEPTEMBER 2019
STATEMENT OF CHANGES IN EQUITY
NINE MONTHS ENDED 30 SEPTEMBER 2019
(Unaudited)

Expressed in \$'000	<u>Share Capital</u>	<u>Unappropriated Profit</u>	<u>Total</u>
Balance at 31 December 2017	51,727	126,651	178,378
Net profit being total comprehensive income	-	28,680	28,680
Balance at 30 September 2018	<u>51,727</u>	<u>155,331</u>	<u>207,058</u>
Balance at 31 December 2018	51,727	147,148	198,875
Net profit being total comprehensive income	-	27,985	27,985
Dividends	-	(6,890)	(6,890)
Balance at 30 September 2019	<u>51,727</u>	<u>168,243</u>	<u>219,970</u>

NINE MONTHS ENDED 30 SEPTEMBER 2019
COMPANY STATEMENT OF CASH FLOWS
NINE MONTHS ENDED 30 SEPTEMBER 2019
(Unaudited)

Expressed in \$'000	YTD Ended 30-Sept-19	YTD Ended 30-Sep-18	Audited 31-Dec-18
SOURCES/(USES) OF CASH			
Cash Flows From operating activities			
Net profit being total comprehensive income	27,985	28,680	27,537
Adjustments for:			
Allowance for expected credit losses	11	-	(3,968)
Reversal of prior year impact of IFRS 15 adoption	-	-	(3,072)
Depreciation	3,080	2,593	4,229
Interest income	(1,103)	(1,684)	(2,013)
Dividend income	(91)	(64)	(96)
Foreign exchange loss/(gain)	(7,864)	(5,511)	(1,152)
Depreciation/(Appreciation) in fair value of equity investments	(1,030)	(601)	(1,042)
Operating cash flows before movements in working capital	20,988	23,413	20,423
Accounts receivable	(16,032)	(16,170)	(21,549)
Other receivables	(5,514)	(8,016)	1,094
Inventories	(6,970)	-	(7,457)
Accounts payable	8,604	26,970	6,233
Contract liabilities	(8,072)	-	14,772
	(6,996)	26,196	13,516
Dividend received	91	64	96
Interest received	1,073	1,600	1,974
Net cash provided by operating activities	(5,832)	27,860	15,586
Cash flows from investing activities			
Additions to property, plant and equipment	(5,722)	(2,525)	(2,726)
Securities purchased	29,147	(10,699)	(2,117)
Investments	(5,296)	4,756	(738)
Cash provided/(used in) by investing activities	18,129	(8,468)	(5,581)
Cash flows from financing activities			
Dividends paid	(6,890)	-	(11)
Net cash provided by financing activities	(6,890)	-	(11)
Increase in cash and cash equivalents	5,407	19,393	9,994
Effect of exchange rate on cash and cash equivalents	7,864	5,511	1,152
Cash and cash equivalents at beginning of the year	110,653	99,507	99,507
Net cash and cash equivalents at end of the period	123,924	124,411	110,653
Comprised of:			
Cash and bank balances	69,565	46,230	35,886
Short term investments	54,360	78,181	74,767
Net cash and cash equivalents at end of the period	123,924	124,411	110,653

NINE MONTHS ENDED 30 SEPTEMBER 2019
NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2019
(Unaudited)

1. GENERAL INFORMATION

tTech Limited ("Company") is a limited liability company, which was incorporated under the Companies Act and is domiciled in Jamaica with registered office located at 69 1/2 Harbour Street, Kingston.

The principal activity of the Company is that of information technology service providers and consultants.

On January 7, 2016, the Company's ordinary shares were listed on the Junior Market of the Jamaica Stock Exchange.

2. ACCOUNTING POLICIES

(a) Statements of Compliance

These interim financial statements for the period ended 30 September 2019, have been prepared in accordance with IAS34, 'Interim Financial Reporting'. These interim financial statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

(b) Tax Status

The Company was listed on the Junior Market of the Jamaica Stock Exchange on 7 January 2016 and under the Income Tax Act (Jamaica Stock Exchange Junior Market) Remission Notice, 2010, 100% of income taxes will be remitted by the Minister of Finance during the first five years of listing on Junior Market of the Jamaica Stock Exchange and 50% of income taxes will be remitted by the Minister of Finance during the second five years of listing on the Junior Market of the Jamaica Stock Exchange.

(c) Net Cash & Cash Equivalents

Cash & cash equivalents includes investments with settlement dates of 90 days or less.

	YTD Ended 30-Sept-19	YTD Ended 30-Sep-18
Reverse repurchase agreements - classified as cash and cash equivalents	27,181	78,182
Reverse repurchase agreements - other	27,179	27,428
Short term investments	54,360	105,610

(d) Contract liabilities

Contract liabilities include short-term customer advances received to deliver equipment and to render services. This amount was reclassified from other payables in the prior year audit as a result of the adoption of IFRS 15.

NINE MONTHS ENDED 30 SEPTEMBER 2019
NOTES TO THE FINANCIAL STATEMENTS (Cont'n)
NINE MONTHS ENDED 30 SEPTEMBER 2019
(Unaudited)

(e) Earnings per Share

Earnings per stock unit have been calculated by dividing the 'Net Profit' by the total number of weighted average stock units at the end of the respective period 106,000,000 (2018 - 106,000,000).

3. SHAREHOLDERS' INFORMATION AT SEPTEMBER 30, 2019

(a) Top 10 Shareholders

Edward Charles Alexander/Charmaine Dawn Alexander	41,592,834
Auctus Holdings Inc.	15,628,500
Enqueue Inc.	15,391,566
Hugh O'Brian Allen	8,417,479
Mayberry Jamaican Equities Limited	4,262,380
Marcelle Smart	2,001,105
GraceKennedy (2009) Pension Plan	1,604,893
Douglas Orane	881,448
Ravers Limited	806,448
Ja. Credit Union Pension Fund	806,448

(b) Shareholding of Directors and Connected Parties

Edward Charles Alexander/Charmaine Dawn Alexander	41,592,834
Uriah Philip Alexander	267,965
Gordon Christopher Reckord (Auctus Holdings Inc.)	15,628,500
Norman Abraham Chen (Enqueue Inc.)	15,391,566
Hugh O'Brian Allen	8,417,479
Thomas J. Chin	100,000
Joan-Marie Powell	32,000
Tracy-Ann Spence	-

(c) Shareholding of Senior Managers and Connected Parties

Edward Charles Alexander/Charmaine Dawn Alexander	41,592,834
Gordon Christopher Reckord (Auctus Holdings Inc.)	15,628,500
Norman Abraham Chen (Enqueue Inc.)	15,391,566
Hugh O'Brian Allen	8,417,479
Hortense Althea Gregory-Nelson (Janelle Nelson)	734,523
Omar St. Elmor Bell	240,909
Gillian Thorpe-Murray	240,909
Lesley Cousins (Wade Brown)	50,000
Nardia Puran	-