

**FESCO FERRY
NOW OPEN**



Future Energy
Source
Company
Limited



Q1: Un-Audited QUARTERLY REPORT

for the Financial Year April 2021- March 2022

for the period ended June 30, 2021

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Report to Shareholders

Directors' Statement

The directors take pleasure in presenting the unaudited financial statements of Future Energy Source Company Limited (“FESCO”) or (“The Company”) for the first (1st) quarter ended June 30, 2021 for the financial year April 2021 to March 2022.

FESCO opened its initial public offering on March 31, 2021; and it was closed, successfully, on April 1, 2021. Net of transaction fees and costs (including but not limited to legal, auditing, accounting, advertising expenses) the company successfully increased its share capital by \$J223.5 million (J240 million less expenses of \$16.5 million).



Director's Signature



Director's Signature



58.2%
growth
Revenue



63.4%
growth
Gross
Profit



Profit before
taxes up
J\$21.3 million



55.5% growth
Profit before
Taxes



82.7% growth
Book Value of
Equity



EPS
\$0.016

Report to Shareholders

Overview

We are proud to report that despite the ongoing COVID-19 pandemic and all the attendant restrictions on travel, social engagements and general business activity which presented a very challenging quarter for Jamaica and our industry in particular, the Company has exceeded its performance for the similar period last year.

For the quarter ended June 2021, FESCO recorded profit before taxes of J\$39.9 million, which represents a 55.5% increase or J\$14.3 million improvement on the Company's profit before taxes of \$25.7 million recorded for the first quarter of 2020. For the financial year ending March 2022, due to the listing on the Junior Market of the Jamaica Stock Exchange, the Company will benefit from 10 years remission of income taxes and thus incur reduced corporate taxes. Accordingly, net profit for the first (1st) quarter is \$39.9M compared to J\$24.1 million in 2020, an increase of J\$15.9 million or 65.9%.

Book value or Shareholders Equity increased to J\$581.9 million up from J\$231 million as at June 30, 2020 (151.7%) and up from J\$318.4 million from March 2021 (82.7%). This reflects the combined effects of the net proceeds of the IPO and increase in retained earnings. Net current assets has improved to a total of J\$336.4 million versus J\$144.5 million (June 30, 2020) and J\$88.6 million (March 31, 2021) and the Company's current ratio stands at 2.60 up from 1.62 as at June 2020 and 1.46 from March 2021.

On July 15, 2021 Fesco Ferry was "softly" and successfully opened subsequent to our first Quarter's end. We congratulate the Coores family (the owners and dealer of Fesco Ferry), and all the team members involved in its planning, construction and commissioning.

We also anticipate the opening of the Company's first company owned company operated station, Fesco Beechwood, service station in the third quarter of our financial year.

At this time, we believe that the Covid-19 pandemic will continue to affect our industry and business for the remainder of the financial year ending March 2022. Despite the ongoing challenges, we will continue to adapt, persevere and strive to achieve meaningful growth for all of our stakeholders in **True Jamaican Fashion**.

	Unaudited 1st Quarter 3months ended 30-Jun-21	Unaudited 1st Quarter 3 months ended 30-Jun-20	Growth %
Turnover	1,909,316,560	1,207,171,571	58.2%
Cost of sales	(1,854,452,529)	(1,173,596,287)	58.0%
Gross profit	54,864,031	33,575,284	63.4%
Gross Profit Margin	2.87%	2.78%	
Operating and administrative expenses	(20,522,188)	(8,624,284)	138.0%
Impairment losses on financial assets	-	-	
Operating profit	34,341,843	24,951,000	37.6%
Finance income, net	5,599,160	734,666	662.1%
Profit before taxation	39,941,003	25,685,666	55.5%
Taxation	-	(1,605,354)	-100.0%
Net profit for the year, being total comprehensive income	39,941,003	24,080,312	65.9%

PROUDLY



JAMAICAN



Report to Shareholders

Commentary

Both first quarter results (Q1-2021 and Q1-2020) were negatively affected by the Covid-19 pandemic. During both quarters, the frequency of complete and/or partial weekend lockdowns, and extended curfew hours midweek, severely restricted the operating hours of our Dealer stations and delayed our expansion via new stations. Despite these challenges, the Company still achieved strong growth and recorded solid achievements and improvements. Some worthy of note include:

- The Company increased volume of fuel sold in litres for the quarter, year over year, by 2.9 million litres or 29.5% (All fuels)
- The Company increased gross profits by J\$21.3 million or 63.4% vs Q1: 2020
- The Company increased profit before taxes and net profit by J\$14.3 million (55.5%) and \$15.9million (65.9%) respectively vs Q1: 2020.
- The Company increased its book value by J\$263.5 million or 82.7% (vs. March 2021)

For the first quarter ended June 30, 2021 FESCO recorded Turnover/Revenues of J\$1,909 million which reflects a 58.2% or J\$702 million increase above the similar period ended June 30, 2020. Several factors affect revenue/turnover with the supply price of fuel being a major component. FESCO has no control over the supply price of fuel and, instead, focuses more on quantity of fuel sold and gross profits.

For the first quarter ended June 30, 2021, FESCO recorded gross profits of J\$54.9 million which reflects growth of 63.4% or J\$21.3 million year over year above the similar period ended June 30, 2020. For the quarter ended June 30, 2021 FESCO recorded operating profits of J\$34.3 million which reflects a 37.6% or J\$9.4 million year over year increase above the similar period ended June 30, 2020.

Operating and Administrative Expenses are up J\$11.9 million or 138.8% year over year (J\$20.5 million vs J\$8.6 million). This was due, in the main, to increases in advertising, professional and administrative expenses.

Finance Income increased by approximately \$4.9 million for the quarter when compared to June 2020 (J\$5.6million vs J\$0.7million).



Report to Shareholders

Commentary Continued

Non-current assets increased by J\$101.8 million versus March 2021 or 37.7% to total J\$371.4 million. This is mainly due, to construction work in progress of our Company owned Company Operated (COCO) service station at Beechwood Avenue, Kingston.

Our liquidity remains strong with net current assets of J\$336.4 million and a current ratio of 2.6.

Equity or the Book Value of the firm increased and now stands at J\$581.9 million up from \$318.4 million as at March 2021.



FESCO	2019	2020	2021
Litres	April - June	April - June	April - June
Transportation Fuel Only (87, 90, ADO & ULSD)	10,417,614	9,798,897	12,779,171
Growth		-5.9%	30.4%
All Fuels	10,822,168	10,153,238	13,145,052
Growth		-6.2%	29.5%

Report to Shareholders

Summary

As we continue to successfully manoeuvre through this turbulent covid-19 pandemic, we are encouraged by the Company's strong financial results and the increased patronage of our service stations by the motoring public (as measured by litres of fuel sold).

Despite the challenges, we will continue to implement our growth strategy, as we strive to extend our footprints on the industry and deliver increased value to our stakeholders.



Fesco Beechwood as at July 11, 2021



Top Ten (10) Shareholders (as at June30, 2021)

Top Ten (10) Shareholders

Shareholder	Number of Shares	% of issued Shares
1 Tweedside Holdings Limited	364,734,616	14.589%
2 Errol McGaw	351,536,652	14.061%
3 Trevor Barnes	343,107,227	13.724%
4 Trevor Heaven Holdings Limited	308,986,553	12.359%
5 Fesco Founders Pool Limited	290,999,998	11.640%
6 Junior Williams	134,738,750	5.390%
7 Neville Allen	134,330,478	5.373%
8 Jeremy Barnes	65,000,000	2.600%
9 Roy Davidson	44,250,711	1.770%
10 Vernon James	30,000,000	1.200%
	<u>2,067,684,985</u>	<u>82.707%</u>

Issued shares
2,500,000,000



Shareholdings of Directors and Senior Managers (as at June 30, 2021)

Holdings of Directors and Senior Managers

DIRECTORS	Personal Shareholdings	Connected Parties' Shareholdings	Total
Trevor Barnes	343,107,227	292,863,574	635,970,801
Jeremy Barnes	65,000,000	284,475	65,284,475
Harry Campbell	1,051,948	-	1,051,948
Hugh Coore	4,612,935	656,585,273	661,198,208
Gloria DeClou	-	-	-
Lyden Heaven	3,413,232	600,745,453	604,158,685
Vernon James	30,000,000	-	30,000,000
Errol McGaw	351,536,652	290,999,998	642,536,650
Eaton Parkins	20,518,598	97,966	20,616,564
Belinda Williams	-	-	-
Junior Williams	134,738,750	290,999,998	425,738,748
SENIOR MANAGERS			
Jeremy Barnes	65,000,000	284,475	65,284,475
Lyden Heaven	3,413,232	600,745,453	604,158,685
Karen Jones	375,602	-	375,602
Omar Morgan	-	-	-
COMPANY SECRETARY			
Kayola Muirhead	-	605,069	605,069

Issued Shares	2,500,000,000	
Combined Directors' Holdings	953,979,342	38.159%
Combined Connected Party Holdings	968,576,745	38.743%
Combined Holdings	1,922,556,087	76.902%



Future Energy Source Company Limited



Unaudited Financial Statements
1st Quarter Results ended June 30, 2021

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Statement of Financial Position

For the First (1st) Quarter ended June 30, 2021

	Note	Unaudited 2021	Audited 2021	Unaudited 2020
		\$	\$	\$
		Current Quarter	Full Year	Prior Year Quarter
		3 months	12 months	3 months
		June 30, 2021	March 31, 2021	June 30, 2020
ASSETS				
Non-Current Assets				
Property, plant and equipment	5	369,957,607	256,171,873	144,821,155
Right-of-use assets		1,488,502	2,355,654	5,824,258
Finance lease			11,158,770	
Deferred tax assets				
		<u>371,446,109</u>	<u>269,686,297</u>	<u>150,645,413</u>
Current Assets				
Inventories		13,770,257	18,970,588	18,718,620
Receivables		168,946,046	134,077,117	141,149,473
Due from related parties		81,343,645	51,973,274	72,146,058
Taxation recoverable		649,649	188,898	188,897
Current portion of finance lease		-	3,973,293	-
Cash and cash equivalents		282,151,822	72,616,654	149,188,039
		<u>546,861,419</u>	<u>281,799,824</u>	<u>381,391,087</u>
TOTAL ASSETS		<u>918,307,528</u>	<u>551,486,121</u>	<u>532,036,500</u>
EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital		228,327,973	4,802,000	900
Retained earnings		353,563,145	313,622,142	229,542,056
		<u>581,891,118</u>	<u>318,424,142</u>	<u>229,542,956</u>
Non-Current Liabilities				
Long-term loan		123,659,965	23,302,763	42,361,058
Lease liabilities		1,477,939	738,603	4,563,129
Due to related parties		-	15,000,000	18,000,000
Deferred tax liabilities		827,892	827,892	677,029
		<u>125,965,796</u>	<u>39,869,258</u>	<u>65,601,216</u>
Current Liabilities				
Payables		191,238,803	145,100,122	206,254,479
Current portion of long-term loan		2,989,177	13,345,277	2,779,046
Current portion of lease liabilities		409,830	1,939,912	376,547
Taxation		15,812,804	32,807,410	27,482,256
		<u>210,450,614</u>	<u>193,192,721</u>	<u>236,892,328</u>
TOTAL EQUITY AND LIABILITIES		<u>918,307,528</u>	<u>551,486,121</u>	<u>532,036,500</u>


Director's Signature


Director's Signature

Date: August 12, 2021

Statement of Comprehensive Income

For the First (1st) Quarter Ended June 30, 2021

	Note	Unaudited 1st Quarter 3 months ended 30-Jun-21	Audited Full Year 12 months ended 31-Mar-21	Unaudited 1st Quarter 3 months ended 30-Jun-20	Audited 12 months ended 31-Mar-20
			\$	\$	\$
Turnover		1,909,316,560	5,853,523,710	1,207,171,571	5,936,346,825
Cost of sales		(1,854,452,529)	(5,661,937,112)	(1,173,596,287)	(5,758,006,328)
Gross profit		54,864,031	191,586,598	33,575,284	178,340,497
Operating and administrative expenses	17	(20,522,188)	(59,482,172)	(8,624,284)	(54,042,768)
Impairment losses on financial assets		-	(755,574)	-	(487,423)
Operating profit		34,341,843	131,348,852	24,951,000	123,810,306
Finance income, net	19	5,599,160	9,430,451	734,666	12,985,174
Profit before taxation		39,941,003	140,779,303	25,685,666	136,795,480
Taxation		-	(32,618,904)	(1,605,354)	(32,023,808)
Net profit for the year, being total comprehensive income		39,941,003	108,160,399	24,080,312	104,771,672
Earning per stock unit (EPS)		0.0160	0.1535	26,755.90	116,412.97
Weighted Average # of stocks issued		2,500,000,000	704,494,994	900	900

Statement of Changes in Equity

For the First (1st) Quarter Ended June 30, 2021

	Share	Capital	Retained Earnings	Total
		\$	\$	\$
Balances at 31 March 2020	900		205,461,743	205,462,643
Issue of shares during the year	4,801,100		-	4,801,100
Total comprehensive income	-		108,160,399	108,160,399
Balances at 31 March 2021	4,802,000		313,622,142	318,424,142
Issue of shares during the year	223,525,973		-	223,525,973
Total comprehensive income	-		39,941,003	39,941,003
Balances at 30 June 2021	228,327,973		353,563,145	581,891,118

Statement of Cash Flows

For the First (1st) Quarter Ended June 30, 2021

	Unaudited 2021	Unaudited 2020
	\$	\$
CASH RESOURCES WERE PROVIDED BY/(USED IN):	3 Months ended June 30, 2021	3 Months ended June 30, 2020
Cash Flows from Operating Activities		
Profit before taxation	39,941,003	24,080,312
Adjustments for:		
Depreciation	480,431	454,802
Amortization on right-of-use assets	867,154	-
Impairment losses on financial assets	-	-
Foreign exchange gain	-	-
Gain on disposal of property, plant and equipment	-	-
Lease interest expense	766,630	958,464
Interest income	(1,998,585)	(1,704,909)
Interest expense	8,522	6,746
	<u>40,065,155</u>	<u>23,795,415</u>
Changes in operating assets and liabilities: -		
Increase in inventories	5,200,331	5,121,673
Decrease/(increase) in receivables	(35,169,929)	(11,177,745)
Increase in payables	46,139,680	39,072,949
Due to related parties, net	(29,370,371)	(31,215,975)
Taxation recoverable	(460,751)	-
Current Portion finance lease	3,973,293	2,272,263
Due to related parties	(15,000,000)	55,450
Taxation payable	(16,994,606)	(1,479,830)
	<u>(41,682,353)</u>	<u>2,648,785</u>
Cash provided by operating activities	<u>(1,617,198)</u>	<u>26,444,200</u>
Interest received	1,998,585	1,704,909
Interest paid	(775,152)	(965,210)
Net Cash Provided Operation Activities	<u>1,223,433</u>	<u>739,699</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(114,266,165)	(38,744,137)
Proceeds from disposal of property, plant and equipment	-	-
Cash (used in)/provided by investing activities	<u>(114,266,165)</u>	<u>(38,744,137)</u>

Statement of Cash Flows Continued

	Unaudited 2021	Unaudited 2020
	\$	\$
	3 Months ended June 30, 2021	3 Months ended June 30, 2020
Cash Flows from Financing Activities		
Issue of shares	223,525,973	-
Long term loans, net	90,001,102	11,737,614
Lease principal payments	-790,747	-3,459,903
Finance lease receivable, net	11,458,770	13,809,106
Net Cash provided/(used) in financing activities	<u>324,195,098</u>	<u>22,086,817</u>
Net increase in cash and cash equivalents during year	<u>209,535,168</u>	<u>10,526,579</u>
Effect of foreign exchange on cash and bank	-	-
Cash and cash equivalents at the beginning of the year	72,616,654	138,661,460
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>282,151,822</u></u>	<u><u>149,188,039</u></u>
Represented by:		
Cash and cash equivalents	<u><u>282,151,822</u></u>	<u><u>149,188,039</u></u>

Notes to financial statements

5. Property, plant and equipment

	Land	Furniture, fixtures & equipment	Computer equipment & software	Signage	WIP	Total
	\$	\$	\$	\$	\$	\$
Cost -						
1 April 2020	105,380,262	24,633,357	747,815	5,187,240	-	135,948,674
Additions	-	4,011,231	182,468	2,110,574	124,677,382	130,981,655
Disposals	-	(30,000)	-	-	-	(30,000)
31 March 2021	105,380,262	28,614,588	930,283	7,297,814	124,677,382	266,900,329
<u>Additions</u>	-	676,201	-	-	113,589,964	114,266,165
30 June 2021	105,380,262	29,290,780	930,283	7,297,814	238,267,346	381,196,494
Depreciation -						
1 April 2020	-	5,974,735	434,559	917,699	-	7,326,993
Charge for year	-	2,588,851	164,805	677,807	-	3,431,463
Disposals	-	(30,000)	-	-	-	(30,000)
31 March 2021	-	8,533,586	599,364	1,595,506	-	10,728,456
Charge for period	-	353,438	15,603	111,390	-	480,431
30 June 2021	-	8,917,024	614,967	1,706,896	-	11,238,887
Net Book Value -						
30 June 2021	<u>105,380,262</u>	<u>20,373,765</u>	<u>315,316</u>	<u>5,590,918</u>	<u>238,267,346</u>	<u>369,957,607</u>
31 March 2021	<u>105,380,262</u>	<u>20,081,002</u>	<u>330,919</u>	<u>5,702,308</u>	<u>124,677,382</u>	<u>256,171,873</u>

17.

	<u>2021</u>	<u>2020</u>
	\$	\$
Accounting fee	450,000	-
Advertising and promotion	2,895,337	-
Audit fee	600,000	3,000
Bank charges	466,504	170,117
Depreciation	480,431	454,802
Amortization of right of use asset	867,151	-
Directors' fee	1,410,000	-
Donation	229,499	-
Office expenses	1,502,724	656,407
Legal & professional fees	2,074,124	310,000
Repairs and maintenance	1,026,076	489,091
Staff costs (Note 20)	4,887,347	4,031,625
Utilities	943,331	385,773
Other expenses	2,689,665	2,123,469
	<u>20,522,188</u>	<u>8,624,284</u>
Impairment losses in financial assets	-	-
Cost of inventories recognised as expense	1,854,452,529	1,173,896,287
Finance income, net; (Note 19)	(5,599,160)	(734,666)
	<u>1,869,375,557</u>	<u>1,181,785,905</u>

19.

	<u>3months ended 30 June</u>	<u>3months ended 30 June</u>
	<u>2021</u>	<u>2020</u>
	\$	\$
Foreign exchange gain, net	(4,375,727)	5,033
Interest income	(1,998,585)	(1,704,909)
	<u>(6,374,312)</u>	<u>(1,699,876)</u>
Lease interest expense	766,630	958,464
Interest expense	8,522	6,746
	<u>(5,599,160)</u>	<u>(734,666)</u>

20.

	<u>2021</u>	<u>2020</u>
	\$	\$
Salaries and wages	4,304,427	3,619,360
Statutory deductions	474,586	387,969
Staff welfare	108,334	24,296
	<u>4,887,347</u>	<u>4,031,625</u>
Number of persons employed at the end of the year:		
Full Time	<u><u>7</u></u>	<u><u>6</u></u>