

FUTURE ENERGY SOURCE COMPANY LIMITED (FESCO)



Q4: QUARTERLY REPORT For the Financial year ended March 31, 2022



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1. Report to Ordinary Shareholders

Directors' Statement

The Board of Directors take pleasure in presenting the unaudited financial statements of Future Energy Source Company Limited ("FESCO") or ("The Company") for the fourth (4th) quarter ended March 31, 2022 for the financial year April 2021 to March 2022.

Overview

We are proud to report that despite a quarter and year in which the COVID-19 pandemic restricted travel, social engagements and general business activity, the Company recorded its best year and:

1. exceeded its three (3) months profit after tax performance for the similar period last year by 162.0% or JMD J\$60.3 million to total J\$97.6 million;
2. exceeded last year's (12) months profit after tax performance by 148.1% or J\$160.2 million totalling J\$268.35 million;
3. achieved growth in profit after tax for each and every quarter at quarterly growth rates of 43%, 29% and 32% respectively;
4. exceeded our twelve (12) month profit after tax forecast, per our IPO prospectus, by J\$4.4 million or 2.4% despite opening both FESCO Ferry and FESCO Beechwood behind schedule, respectively;
5. declared an interim dividend of \$0.01 per share totalling J\$25.0 million payable on June 24, 2022;
6. raised J\$1.0 billion in debt via a bond arranged by NCB Capital Markets (NCBCM) to finance its network expansion of service stations and LPG assets acquisition;
7. successfully introduced a new fuel to the Jamaican market place, E10 88 blend premium gasoline, currently available only at FESCO Beechwood.

	Q1	Q2	Q3	Q4	Total
Net profit for the period, being total comprehensive income	39,941,003	57,211,793	73,640,306	97,557,019	268,350,121
EPS	0.0160	0.0229	0.0295	0.0390	0.1073
Growth		43%	29%	32%	

Financial Highlights:

	Unaudited 4th Quarter 3 months ended 31-Mar-22	UnauditedR 4th Quarter 3 months ended 31-Mar-21		Unaudited YTD 12 months April 2021 - March 2022 31-Mar-22	Audited 12 months April 2020 - March 2021 31-Mar-21		Projections Prospectus 12 months April 2021 - March 2022 FORECAST
			Q4 March 2022 vs Q4 March 2021R %			YTD Q4 March 2022 vs Audited March 2021	
Turnover	4,760,070,740	1,506,280,349	216.0%	12,768,118,914	5,853,523,710	118.1%	10,573,719,863
Cost of sales	(4,623,069,964)	(1,456,617,618)	217.4%	(12,385,119,925)	(5,661,937,112)	118.7%	(10,129,829,802)
Gross profit	137,000,776	49,662,731	175.9%	382,998,989	191,586,598	99.9%	443,890,061
Operating and administrative expenses & other	(37,678,651)	(1,515,208)	2386.7%	(127,175,698)	(60,237,746)	111.1%	(184,865,933)
Operating profit	99,322,125	48,147,523	106.3%	255,823,291	131,348,852	94.8%	259,024,128
Finance income, net	(1,765,106)	398,872	-542.5%	12,526,830	9,430,451	32.8%	4,882,049
Profit before taxation	97,557,019	48,546,395	101.0%	268,350,121	140,779,303	90.6%	263,906,177
Taxation	-	(11,313,102)	-100.0%	-	(32,618,904)	-100.0%	-
Net profit for the period, being total comprehensive income	97,557,019	37,233,293	162.0%	268,350,121	108,160,399	148.1%	263,906,177
Shareholders' Equity	785,300,236	318,424,142	146.6%	785,300,236	318,424,142	146.6%	718,249,660
Net Current Assets	1,346,503,753	88,607,103	1419.6%	1,346,503,753	88,607,103	1419.6%	139,472,122
Debt (Long Term)	1,261,725,806	23,302,763		1,261,725,806	23,302,763		
Debt/Equity (Static)	1.61	0.07		1.61	0.07		

For the quarter ended March 31, 2022, FESCO recorded Turnover/Revenues of J\$4,760 million which reflects a 216.0% or J\$3,254 million year over year increase. 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.

FESCO recorded gross profits of J\$137.0 million for the quarter which reflects growth of 175.9% or J\$87.4 million year over year. For the year (12 months) gross profits has increased by J\$190.4 million or 99.9% to total J\$382.99 million compared to J\$191.59 million in 2021.

For the quarter, FESCO recorded operating profits of J\$99.32 million which reflects a 106.3% or J\$51.2 million year over year increase. For the year operating profits are up J\$124.5 million or 94.8% to total J\$255.8 million.

FESCO recorded finance income **loss** for the quarter of J\$1.8 million compared to an income of J\$0.399 million last year. For the year, finance income totals J\$12.53 million compared to J\$9.43 million year over year (YoY).

For the quarter ended March 2022, FESCO recorded profit after taxes of J\$97.6 million (full year 2022: J\$268.35 million) which represents a 162.0% increase or J\$60.3 million improvement on the Company's profit after taxes of J\$37.233 million (full year 2021: J\$108.16 million). For the financial year ending March 2022, due to our 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.

Book Value or Shareholders' Equity as at March 31, 2021, increased by J\$466.9 million or 146.6% to sum J\$785.3 million, up from J\$318.4 million as at March 31, 2021. The increase is despite a dividend declaration totalling J\$25.0 million, and reflects the combined effects of the net proceeds of the April 2021 IPO, and an increase in retained earnings. Net current assets as at March 31, 2021, has improved to total J\$1,346.5 million versus J\$88.6 million last year (March 31, 2021). The Company's current ratio stands at 2.84 (March 2022) up from 1.46 as at March 2021. As at March 2022, the Company's Debt to Equity (D/E) (*static*) is 1.61 which is an increase from March 2021 which substantively reflects the J\$1 billion bond raise (March 2021 D/E was 0.07).

A look ahead

The Government of Jamaica has followed through on its proclamation that it will no longer pursue total lockdowns and no movement days as pandemic containment tools. We have also seen the reopening up of the entertainment, leisure and education sectors and we believe that the expected resultant increase in travel and commerce could potentially result in favourable prospects for our business.

The Company hopes to continue to benefit from increased business activity occasioned by longer opening hours. Our FESCO Beechwood service station and convenience store, which includes a Mr. Breakfast Lunch and Dinner to Go restaurant, is now open twenty four hours per day continues to gain traction and its patronage increases weekly. The ATM will be opened in the coming weeks and we believe that these additional services compliment and increase the value proposition of FESCO Beechwood.

FESCO Ferry recently opened its FYC Convenience store and Tastee restaurant and we believe customers will continue to be delighted at the service station's offerings and services.

Finally, the Company will continue to make investments in real assets and equipment to support expanding its service station businesses, its industrial client business, as well as its promised entry into the LPG industry.

FESCO

BEECHWOOD AVENUE



NOW OPEN

24/7



2. Top 10 Shareholders

	Shareholder	Number of Shares	% of Issued Shares
1	Tweedside Holdings	364,734,616	14.5894%
2	Errol McGaw	345,077,839	13.8031%
3	Trevor Barnes	344,107,227	13.7643%
4	Trevor Heaven Holdings Ltd.	308,986,553	12.3595%
5	Junior Williams	134,738,750	5.3896%
6	Neville Allen	134,330,478	5.3732%
7	Anna Williams -Bacchus	125,000,000	5.0000%
8	FESCO Founders' Pool Ltd.	98,000,000	3.9200%
9	Jeremy Barnes	95,000,000	3.8000%
10	Roy Davidson	69,314,400	2.7726%
		2,019,289,863	80.7716%

Issued Shares

2,500,000,000

3. Shareholdings of Directors and Senior Managers

Shareholdings of Directors, Officers & Connected Parties

DIRECTORS	Personal Shareholdings	Connected Parties' Shareholdings	Total	% of Issued Shares
Trevor Barnes	344,107,227	99,863,576	443,970,803	17.7588%
Jeremy Barnes	95,000,000	284,475	95,284,475	3.8114%
Harry Campbell	1,051,948	-	1,051,948	0.0421%
Hugh Coore	4,612,935	463,301,175	467,914,110	18.7166%
Gloria DeClou	-	-	-	0.0000%
Lyden Heaven	3,670,397	407,783,901	411,454,298	16.4582%
Vernon James	31,500,000	-	31,500,000	1.2600%
Errol McGaw	345,077,839	98,000,000	443,077,839	17.7231%
Eaton Parkins	39,569,544	97,966	39,667,510	1.5867%
Belinda Williams	250,000	-	250,000	0.0100%
Junior Williams	134,738,750	98,000,000	232,738,750	9.3096%
SENIOR MANAGERS				% of Issued Shares
Karen Jones	375,602	3,054,967	3,430,569	0.1372%
Omar Morgan	-	-	-	-
COMPANY SECRETARY				% of Issued Shares
Kayola Muirhead	-	808,069	808,069	0.0323%

Issued Shares 2,500,000,000

Combined Directors' Holdings	999,578,640	39.983%
Combined Connected Party Holdings	775,331,093	31.013%
Combined Holdings	1,774,909,733	70.996%

Future Energy Source Company Limited



4. Unaudited Financial Statements

4th Quarter Results

For The Year Ended March 31, 2022

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Statement of Financial Position

For the Fourth (4th) Quarter ended March 31, 2022

FUTURE ENERGY SOURCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
FOR FOURTH (4TH) QUARTER MARCH 31, 2022

	<u>Notes</u>	Unaudited 12 months 2022 \$	Audited 2021 \$
ASSETS			
NON-CURRENT ASSETS:			
Property, Plant and Equipment		701,350,182	256,171,873
Right - of - use Assets		-	2,355,654
Finance Lease		-	11,158,770
Deffered Tax Assets		-	-
		<u>701,350,182</u>	<u>269,686,297</u>
CURRENT ASSETS			
Inventories		36,114,155	18,970,588
Prepayments & Receivables		718,764,127	134,077,117
Due from Related Parties		184,047,942	51,973,274
Taxation Recoverable		3,037,656	188,898
Current portion Finance lease		-	3,973,293
Cash and Cash Equivalents		1,135,165,861	72,616,654
		<u>2,077,129,741</u>	<u>281,799,824</u>
TOTAL ASSETS		<u>2,778,479,923</u>	<u>551,486,121</u>
EQUITIES & LIABILITIES			
SHAREHOLDER' EQUITY			
Share Capital		228,327,973	4,802,000
Retained Earnings		556,972,263	313,622,142
TOTAL EQUITY		<u>785,300,236</u>	<u>318,424,142</u>
NON-CURRENT LIABILITIES			
Long term Loan		1,261,725,806	23,302,763
Lease Liabilities		-	738,603
Due to Related Parties		-	15,000,000
Deferred Tax Liabilities		827,892	827,892
		<u>1,262,553,698</u>	<u>39,869,258</u>
CURRENT LIABILITIES			
Payables and Accruals		718,112,323	145,100,122
Current portion of Long term loan		13,751,174	13,345,277
Current portion of finance lease		-	1,939,912
Taxation payable		(1,237,509)	32,807,410
		<u>730,625,988</u>	<u>193,192,721</u>
TOTAL EQUITY AND LIABILITIES		<u>2,778,479,923</u>	<u>551,486,121</u>

ON BEHALF OF THE BOARD

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON..... AND SIGNED ON ITS BEHALF BY:


 Director's Signature


 Director's Signature

Date: May 11, 2022

Statement of Comprehensive Income

For the Fourth (4th) Quarter ended March 31, 2022

	Unaudited 4th Quarter 3 months Jan 2022 - March 2022 \$ Q4	Unaudited YTD 12 months April 2021 - March 2022 31-Mar-22 YTD	UnauditedR 4th Quarter 3 months Jan 2021 - March 2021 31-Mar-21 Q4	Audited 12 months April 2020- March 2021 31-Mar-21 12 months
Turnover	4,760,070,740	12,768,118,914	1,506,280,349	5,853,523,710
Cost of sales	(4,623,069,964)	(12,385,119,925)	(1,456,617,618)	(5,661,937,112)
Gross profit	137,000,776	382,998,989	49,662,731	191,586,598
Operating and administrative expenses	(37,678,651)	(127,175,698)	(1,515,208)	(60,237,746)
Operating profit	99,322,125	255,823,291	48,147,523	131,348,852
Finance income, net	(1,765,106)	12,526,830	398,872	9,430,451
Profit before taxation	97,557,019	268,350,121	48,546,395	140,779,303
Taxation		-	(11,313,102)	(32,618,904)
Net profit, being total comprehensive income	97,557,019	268,350,121	37,233,293	108,160,399
Earning per stock unit (EPS)	0.0390	0.1073	0.0529	0.1535
Weighted Average # of stocks issued	2,500,000,000	2,500,000,000	704,494,994	704,494,994

Statement of Changes in Equity

For the Fourth (4th) Quarter ended March 31, 2022

FUTURE ENERGY SOURCE COMPANY LIMITED

STATEMENT OF EQUITY

FOR THE FOURTH (4TH) QUARTER ENDED MARCH 31, 2022

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as 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
Balance at 31 March 2021	4,802,000	313,622,142	318,424,142
Issue of shares during the year period	223,525,973	-	223,525,973
Total Comprehensive Income	-	268,350,121	268,350,121
Dividend Declared	-	(25,000,000)	(25,000,000)
Balance at 31 March 2022	228,327,973	556,972,263	785,300,236

Statement of Cash Flows

For the Fourth (4th) Quarter ended March 31, 2022

FUTURE ENENERGY SOURCE COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR FOURTH (4TH) QUARTER ENDED MARCH 31, 2022

	Unaudited 12 months 2022 ₹	Audited 12 months 2021 ₹
CASH RESOURCES WERE PROVIDED BY/(USED IN)		
Cash Flows from operating Activities		
Profit before Taxation	268,350,121	140,779,303
Adjusting for:		
Depreciation	4,600,537	3,431,463
Amortisation on right of use assets	2,355,653	3,468,604
Impairment losses on financial assets	-	755,574
Foreign Exchange Gain	(2,456,444)	(5,051,603)
Loss on disposal of Property, plant and Equipment	123,250	341,970
Lease/Mortgage Interest Expense	2,570,739	(7,929,771)
Interest Income	(12,641,125)	3,208,953
	<u>262,902,731</u>	<u>139,004,493</u>
Changes in operating assets and liabilities:		
Increase in Inventories	(17,143,567)	(5,373,641)
Increase in Receivables	(584,687,009)	(4,860,963)
Increase in Tax Recoverable	(2,848,758)	
Increase in payables	573,012,201	(22,081,408)
Due to Related parties net	(144,243,775)	(14,096,643)
Cash provided by operating activities	<u>86,991,823</u>	<u>92,591,838</u>
Income Tax paid	(34,044,924)	(28,622,717)
Interest received	12,641,125	7,929,771
Interest paid	(2,570,739)	(3,550,923)
Net Cash used in operating activities	<u>(23,974,538)</u>	<u>68,347,969</u>
Cash from Investing Activities		
Purchase of property, plant and Equipment	(450,302,095)	(130,981,655)
Proceed from disposal of Property, plant and Equip	400,000	
Cash (used) Investing Activities	<u>(449,902,095)</u>	<u>(130,981,655)</u>
Cash flows from Financing Activities		
Issue of shares	223,525,973	4,801,100
Dividend Declared	(25,000,000)	
Long term loans, net	1,238,828,940	(11,218,370)
Lease principal payments	(1,836,110)	(2,994,757)
Finance Lease Receivable net	11,458,770	949,305
Cash provided/(used) by financing activities	<u>1,446,977,573</u>	<u>(8,462,722)</u>
Net increase in cash and cash equivalent during the period	1,060,092,763	(71,096,408)
Effect of foreign exchange on cash and bank	2,456,444	5,051,603
Cash and cash equivalent at the beginning of the period	72,616,654	138,661,460
Cash and cash equivalent at the end of the period	<u>1,135,165,861</u>	<u>72,616,654</u>
Represented by:		
Cash and Cash Equivalents	1,135,165,861	72,616,654
	<u>1,135,165,861</u>	<u>72,616,654</u>

Notes to the Financial Statements

Expenses:

	Unaudited March 31, 2022 12 months	Audited March 31, 2021 12 months
ADMINISTRATIVE AND OTHER EXPENSES		
Accounting fees	1,795,000	300,000
Advertising and Promotion	12,293,140	6,453,522
Audit fees	3,372,000	2,400,000
Bank Charges	4,573,630	647,247
Depreciation	4,600,537	3,431,463
Amortisation of Right of use asset	2,355,653	3,468,604
Director fees	4,955,000	1,500,000
Donation	615,989	213,357
Office Expenses	5,054,681	3,439,894
Legal & Professional fees	9,328,729	5,322,800
Rent Expense	1,044,165	-
Repairs and Maintenance	2,771,186	2,851,676
Staff Costs	46,523,873	23,551,789
Utilities	4,408,877	1,487,023
Other Expenses	23,483,236	4,414,797
	<hr/> 127,175,698	<hr/> 59,482,172
Impairment losses in financial assets	-	755,574
Cost of inventories recognised as expenses	12,385,119,925	5,661,937,112
Finance Income net	(12,526,830)	(9,430,451)
	<hr/> 12,499,768,793	<hr/> 5,712,744,407