

FUTURE ENERGY SOURCE COMPANY LIMITED (FESCO)



Q3: QUARTERLY REPORT for the Financial Year April 2021 - March 2022 For the period ending December 31, 2021

CONTENTS:



1. Report to Stockholders
 - a. Directors' statement
 - b. Overview
2. Top 10 Shareholders
3. Shareholdings of Directors and Senior Managers
4. Unaudited Financial Statements



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 third (3rd) quarter ended December 31, 2021 for the financial year April 2021 to March 2022.

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, the Company has:

1. exceeded its three (3) months profit after tax performance for the similar period last year by 250.9% or JMD J\$52.7M to total J\$73.6 million
2. exceeded last year's (9) months year-to-date (YTD) profit after tax performance by 140.8% or J\$99.9million totalling J\$170.8 million
3. in nine (9) months exceeded its twelve (12) months Audited (March 2021) profit after tax performance by 57.9% or J\$62.6 million
4. performed consistently with, and is on pace to meet its twelve (12) month forecast, per our IPO prospectus

Financial Highlights:

	Unaudited 3rd Quarter 3months ended 31-Dec-21	Unaudited 3rd Quarter 3 months ended 31-Dec-20		Unaudited YTD 9 months April 2021- Dec 2021 31-Dec-21	Unaudited YTD 9 months April 2020 - Dec 2020 31-Dec-20		Audited 12 months April 2020- March 2021 31-Mar-21		Projections Prospectus 12 months April 2021- March 2022 FORECAST
			Q3 Dec 2021 vs Q3 Dec 2020 %			YTD Growth %	YTD Q3 2021- 2022 vs Audited Mar 2021		
Turnover	3,675,462,444	1,535,746,282	139.3%	8,008,048,174	4,347,243,361	84.2%	5,853,523,710	36.8%	10,573,719,863
Cost of sales	(3,557,793,269)	(1,487,561,563)	139.2%	(7,762,049,961)	(4,205,319,494)	84.6%	(5,661,937,112)	37.1%	(10,129,829,802)
Gross profit	117,669,175	48,184,719	144.2%	245,998,213	141,923,867	73.3%	191,586,598	28.4%	443,890,061
Operating and administrative expenses & other	(51,205,943)	(29,169,733)	75.5%	(89,497,047)	(58,722,538)	52.4%	(60,237,746)	48.6%	(184,865,933)
Operating profit	66,463,232	19,014,986	249.5%	156,501,166	83,201,329	88.1%	131,348,852	19.1%	259,024,128
Finance income, net	7,177,074	8,248,630	-13.0%	14,291,936	9,031,579	58.2%	9,430,451	51.6%	4,882,049
Profit before taxation	73,640,306	27,263,616	170.1%	170,793,102	92,232,908	85.2%	140,779,303	21.3%	263,906,177
Taxation	-	(6,277,444)	-100.0%	-	(21,305,802)	-100.0%	(32,618,904)	-100.0%	-
Net profit for the period, being total comprehensive income	73,640,306	20,986,172	250.9%	170,793,102	70,927,106	140.8%	108,160,399	57.9%	263,906,177
Shareholders' Equity	712,743,217	281,190,849	153.5%	712,743,217	281,190,849	153.5%	318,424,142	123.8%	718,249,660
Net Current Assets	373,127,764	78,091,018	377.8%	373,127,764	78,091,018	377.8%	88,607,103	321.1%	139,472,122

For the quarter ended December 31, 2021, FESCO recorded Turnover/Revenues of J\$3,675 million which reflects a 139.3% or J\$2,139 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\$117.7 million for the quarter which reflects growth of 144.2% or J\$69.5 million year over year. Year to date (YTD) gross profits has increased by J\$104.1 million or 73.3% (nine months) to total J\$245.9 million compared to J\$141.9 million in 2020.

For the quarter, FESCO recorded operating profits of J\$66.5 million which reflects a 249.5% or J\$47.5 million year over year increase. Year to date operating profits are up J\$73.3 million or 88.1% to total J\$156.5 million.

FESCO recorded finance income for the quarter of J\$7.2 million compared to J\$8.2 million last year. For the 2021 Year to date, finance income totals J\$14.3 million 2021 compared to J\$9.03 million YTD for 2020.

For the quarter ended December 2021, FESCO recorded profit before taxes of J\$73.6million (YTD 2021: J\$170.8 million) which represents a 170.1% increase or J\$46.4 million improvement on the Company's profit before taxes of J\$27.3 million (YTD 2020: J\$92.2 million) recorded for the third quarter of 2020. 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 December 31, 2021, increased to J\$712.7 million, up from J\$281.2 million as at December 30, 2020 (153.5%) and up from J\$318.4 million at March 2021 (123.8%). This increase reflects the combined effects of the net proceeds of the April 2021 IPO and increase in retained earnings. Net current assets as at December 31, 2021, have improved to a total of J\$373.1 million versus J\$78.1 million (December 30, 2020) and J\$88.6 million (March 31, 2021). The Company's current ratio stands at 1.49 up from 1.38 as at December 2020 and 1.46 from March 2021. The increase receivables year over year reflect: 1) a 49% increase in fuel prices year over year 2) increased credit facilities extended to dealers to maximize sales during to Christmas holidays as movement was more relaxed vs. December 2020 and 3) prepayments on asset purchases.

A look ahead

The Government of Jamaica has intimated that it will no longer pursue total lockdowns and no movement days as pandemic containment tools. 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 the following: its increased number of network service stations (currently 16), increased business activity occasioned by longer opening hours, as well as a full quarter's performance from its company owned and operated service station, FESCO Beechwood. Additionally, by March 1, 2022, FESCO will earn additional income from the opening of its company operated FYC Refill Water Store and its FYC Express Mart convenience store at its FESCO Beechwood Avenue service station.



Our FYC Water store will offer filtered water refill service as well as wholesale bottled FYC drinking water sales. Our FYC Mart will offer for sale: car care products, lubricants, beverages, snacks etc. Additionally, the FYC Mart will feature a quick service restaurant (QSR), Mr Breakfast Lunch and Dinner To-Go with indoor and outdoor dining facilities. We believe that the expanded customer offerings at FESCO Beechwood will increase the value proposition of FESCO Beechwood as a convenient destination and will serve to increase consumer affinity and bring additional growth in profitability.

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

fuel your days
WITH



+



COFFEE
CAR CARE
COLD DRINKS
LIQUOR BREAD
HOT FOOD
SNACKS

COMING SOON

@ Beechwood Ave



2. Top 10 Shareholders

	Shareholder	Number of Shares	% of Issued Shares
1	Tweedside Holdings	364,734,616	14.5894%
2	Errol McGaw	351,536,652	14.0615%
3	Trevor Barnes	343,107,227	13.7243%
4	Trevor Heaven Holdings Ltd.	308,986,553	12.3595%
5	FESCO Founders' Pool Ltd.	166,000,000	6.6400%
6	Junior Williams	134,738,750	5.3896%
7	Neville Allen	134,330,478	5.3732%
8	Anna Williams -Bacchus	124,999,998	5.0000%
9	Roy Davidson	68,619,400	2.7448%
10	Jeremy Barnes	65,000,000	2.6000%
		2,062,053,674	82.4821%

Issued Shares

2,500,000,000

3. Shareholdings of Directors and Senior Managers

DIRECTORS	Personal Shareholdings	Connected Parties'	Total	% of Issued Shares
Trevor Barnes	343,107,227	167,863,576	510,970,803	20.4388%
Jeremy Barnes	65,000,000	284,475	65,284,475	2.6114%
Harry Campbell	1,051,948	-	1,051,948	0.0421%
Hugh Coore	4,612,935	531,301,175	535,914,110	21.4366%
Gloria DeClou	-	-	-	0.0000%
Lyden Heaven	3,420,397	475,783,901	479,204,298	19.1682%
Vernon James	33,500,000	-	33,500,000	1.3400%
Errol McGaw	351,536,652	166,000,000	517,536,652	20.7015%
Eaton Parkins	32,768,598	97,966	32,866,564	1.3147%
Belinda Williams	-	-	-	0.0000%
Junior Williams	134,738,750	166,000,000	300,738,750	12.0296%
SENIOR MANAGERS				% of Issued Shares
Karen Jones	375,602	54,967	430,569	0.0172%
Omar Morgan	-	-	-	-
COMPANY SECRETARY				% of Issued Shares
Kayola Muirhead	-	605,069	605,069	0.0242%

Issued Shares 2,500,000,000

Combined Directors' Holdings	969,736,507	38.789%
Combined Connected Party Holdings	843,331,093	33.733%
Combined Holdings	1,813,067,600	72.523%

Future Energy Source Company Limited



4. Unaudited Financial Statements

3rd Quarter Results

For The Period Ended December 31, 2021

Table of Contents

Statement of Financial Position	10
Statement of Comprehensive Income.....	11
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

Statement of Financial Position

For the Third (3rd) Quarter ended December 31, 2021

FUTURE ENERGY SOURCE COMPANY LIMITED STATEMENT OF FINANCIAL POSITION FOR THIRD (3RD) ENDED DECEMBER 31, 2021

	Unaudited 9 months 2021 \$	Unaudited 9 months 2020 \$	Audited 12 months 2021 \$
ASSETS			
NON-CURRENT ASSETS:			
Property, Plant and Equipment	584,290,973	229,914,128	256,171,873
Right - of - use Assets	342,701	5,265,795	2,355,654
Finance Lease	-	12,318,225	11,158,770
	<u>584,633,674</u>	<u>247,498,148</u>	<u>269,686,297</u>
CURRENT ASSETS			
Inventories	44,397,133	20,312,271	18,970,588
Receivables	592,711,745	122,515,891	134,077,117
Due from Related Parties	220,348,262	67,473,668	51,973,274
Taxation Recoverable	1,738,977	-	188,898
Current portion Finance lease	-	2,448,505	3,973,293
Cash and Cash Equivalents	277,512,580	72,668,019	72,616,654
	<u>1,136,708,697</u>	<u>285,418,354</u>	<u>281,799,824</u>
TOTAL ASSETS	<u>1,721,342,371</u>	<u>532,916,502</u>	<u>551,486,121</u>
EQUITIES & LIABILITIES			
SHAREHOLDER' EQUITY			
Share Capital	228,327,973	4,802,000	4,802,000
Retained Earnings	484,415,244	276,388,849	313,622,142
TOTAL EQUITY	<u>712,743,217</u>	<u>281,190,849</u>	<u>318,424,142</u>
NON-CURRENT LIABILITIES			
Long term Loan	243,964,529	27,680,192	23,302,763
Lease Liabilities	225,800	1,041,096	738,603
Due to Related Parties	-	15,000,000	15,000,000
Deferred Tax Liabilities	827,892	677,029	827,892
	<u>245,018,221</u>	<u>44,398,317</u>	<u>39,869,258</u>
CURRENT LIABILITIES			
Payables and Accruals	755,326,041	113,225,876	145,100,122
Current portion of Long term loan	9,492,401	11,859,068	13,345,277
Current portion of finance lease	-	1,673,500	1,939,912
Taxation payable	(1,237,509)	41,012,335	32,807,410
Bank Overdraft	-	39,556,557	-
	<u>763,580,933</u>	<u>207,327,336</u>	<u>193,192,721</u>
TOTAL EQUITY AND LIABILITIES	<u>1,721,342,371</u>	<u>532,916,502</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: February 9, 2022

Statement of Comprehensive Income

For the Third (3rd) Quarter ended December 31, 2021

		Unaudited 3rd Quarter 3 months Oct 2021 - Dec 2021 \$ Q3	Unaudited YTD 9 months April 2021 - Dec 2021 31-Dec-21 YTD	Unaudited 3rd Quarter 3 months Oct 2020 - Dec 2020 31-Dec-20 Q3	Unaudited YTD 9 months April 2020 - Dec 2020 31-Dec-20 YTD	Audited 12 months April 2020 - March 2021 31-Mar-21 12 months
Turnover		3,675,462,444	8,008,048,174	1,535,746,282	4,347,243,361	5,936,346,825
Cost of sales		(3,557,793,269)	(7,762,049,961)	(1,487,561,563)	(4,205,319,494)	(5,758,006,328)
Gross profit		117,669,175	245,998,213	48,184,719	141,923,867	178,340,497
Operating and administrative expenses	1	(51,205,943)	(89,497,047)	(29,169,733)	(58,722,538)	(54,530,191)
Operating profit		66,463,232	156,501,166	19,014,986	83,201,329	123,810,306
Finance income, net		7,177,074	14,291,936	8,248,630	9,031,579	12,985,174
Profit before taxation		73,640,306	170,793,102	27,263,616	92,232,908	136,795,480
Taxation			-	(6,277,444)	(21,305,802)	(32,023,808)
Net profit for the year, being total comprehensive income		73,640,306	170,793,102	20,986,172	70,927,106	104,771,672
Earning per stock unit (EPS)		0.0295	0.0683	23,317.97	78,807.90	116,412.97
Weighted Average # of stocks issued		2,500,000,000	2,500,000,000	900	900	900

Statement of Changes in Equity

For the Third (3rd) Quarter ended December 31, 2021

FUTURE ENERGY SOURCE COMPANY LIMITED FOR THE THIRD (3RD) QUARTER ENDED DECEMBER 31, 2021

	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	-	170,793,102	170,793,102
Balance at 31 December 2021	228,327,973	484,415,244	712,743,217

Statement of Cash Flows

For the Third (3rd) Quarter ended December 31, 2021

FUTURE ENERGY SOURCE COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THIRD (3RD) QUARTER ENDED DECEMBER 31, 2021

	Unaudited 9 months 2021 \$	Unaudited 9 months 2020 \$
CASH RESOURCES WERE PROVIDED BY/(USED IN)		
Cash Flows from operating Activities		
Profit before taxation	170,793,102	92,232,908
Adjusting for:		
Depreciation	3,177,531	2,424,023
Amortisation on right of use assets	3,345,254	5,265,795
Foreign Exchange gain	(9,140,022)	(6,321,216)
Loss on disposal of Property, plant and Equipment	123,250	-
Lease/Mortgage Interest Expense	2,068,963	2,860,191
Interest Income	(7,220,877)	(2,710,362)
	163,147,201	93,751,339
Changes in operating assets and liabilities:		
Increase in Inventories	(25,426,545)	(6,715,324)
Increase in Receivables	(458,634,628)	7,644,735
Increase in Tax Recoverable	(1,550,079)	-
Increase in Payables	610,225,919	(53,955,654)
Due from Related parties net	(180,997,242)	(29,597,037)
Cash provided by operating activities	106,764,626	11,128,059
Income Tax paid	(34,044,924)	(9,255,553)
Interest received	7,220,877	2,710,362
Interest paid	(2,068,963)	(2,631,588)
Net Cash used in operating activities	(28,893,010)	(9,176,779)
Cash s from Investing Activities		
Purchase of property, plant and Equipment	(331,856,630)	(105,716,470)
Proceed from disposal of Property, plant and Equipment	400,000	-
Cash (used) Investing Activities	(331,456,630)	(105,716,470)
Cash flows from Financing Activities		
Issue of shares	223,525,973	4,801,100
Long term loans, net	216,808,890	(10,114,313)
Lease principal payments	(2,452,715)	(3,478,173)
Finance Lease receivable net	11,458,770	(1,314,638)
Cash provided/(used) by financing activities	449,340,918	(10,106,024)
Net increase in cash and cash equivalent during the period	195,755,904	(111,871,214)
Effect of foreign exchange on cash and bank	9,140,022	6,321,216
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	277,512,580	33,111,462
Represented by:		
Cash at bank	277,512,580	72,668,019
Bank Overdraft	-	(39,556,557)
	277,512,580	33,111,462

Notes to the Financial Statements

Expenses:

FUTURE ENERGY SOURCE COMPANY LIMITED
ADMINISTRATIVE AND OTHER EXPENSES
UNAUDITED THIRD QUARTER DECEMBER 31, 2021

	9 Months 2021 \$	9 Months 2020 \$
ADMINISTRATIVE AND OTHER EXPENSES		
Accounting fees	1,350,000	-
Advertising and Promotion	7,656,891	4,559,687
Audit fees	2,772,000	2,186,150
Bank Charges	1,532,319	338,672
Depreciation	3,177,531	2,424,023
Amortisation of Right of use asset	2,012,953	5,265,795
Director fees	2,970,000	1,500,000
Donation	399,499	884,000
Office Expenses	3,913,416	2,976,561
Legal & Professional fees	7,875,848	14,152,584
Repairs and Maintenance	2,400,406	2,803,026
Staff Costs	26,157,293	17,794,765
Utilities	2,662,457	1,127,857
Other Expenses	24,616,434	2,709,418
	89,497,047	58,722,537