

# FUTROIL

CERTIFIED PROTECTION



PROUDLY  
JAMAICAN

## Future Energy Source Company



## Q4: Un-Audited QUARTERLY REPORT

for the period ended March 31, 2021

# Contents

## 1. Report to Shareholders

Directors' Statement

Overview

Commentary

Summary

## 2. Top 10 Shareholders

## 3. Unaudited Financial Statements



# 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 fourth (4<sup>th</sup>) quarter ended March 31, 2021.

FESCO opened its initial public offering on March 31, 2021; and it was closed, successfully, on April 1, 2021. Both the offer's closure and JSE listing occurred subsequent to the Company's financial year's end. Accordingly, the oversubscribed public offer of J\$400 million (sale of shares J\$160 million by selling shareholders, and raise of J\$240 million by the company) is not reflected in the Company's reports ended March 31 2021. And consistent with the principle of "matching", neither are the costs associated with the raise reflected as expenses in the Company's reports ended March 31, 2021.



Director's Signature



Director's Signature

-1.4%  
Revenue

+7.4%  
Gross Profit

+6.1%  
Profit before  
Finance Income

+2.9%  
Profit before  
Taxes

+4.1%  
Profit after  
Taxes

+55.4%  
Book Value of  
Equity

# Report to Shareholders

## Overview

We are proud to report that despite the onset of COVID 19 pandemic and all the attendant restrictions on travel, social engagements and general business activity which presented a very challenging year for Jamaica and our industry in particular, the Company has exceeded its stellar performance of 2020. For the twelve months ended March 2021, FESCO recorded profit before taxes of J\$140.771 million, which represents a 2.9% increase or J\$3.9 million improvement on our profit before taxes of \$136.795 million recorded in 2020.

The performance is particularly commendable when the transportation fuel industry declined (litres of fuel sold) by 13.5% (i.e. 87, 90, ADO & ULSD) through the period April 2020 to January 2021 (FESCO grew by 10.6%). Consequent on our successful IPO in April 2021, the Company is set to start benefiting from reduced corporate taxes in the upcoming financial year to end March 2022. The company incurred income tax charges for the year ended March 2021 of J\$31.7 million (2020: \$J32.03 million) which resulted in net profit of J\$109 million which was a 4.1% or J\$4.29 million improvement on J\$104.8 million recorded For March 2020.

The Company's performance, though commendable despite ongoing COVID-19 challenges is less than our targets. Forecasting during this pandemic is challenging as operating parameters are susceptible to rapid and systematic changes. We see signs of recovery in the local economy and as global travel accelerates, business confidence improves and new dealerships added at Ferry and Beechwood Ave in the next quarter, we expect that to positively impact profitability and cashflow.

	YTD	YTD
Transportation Fuel Only	FESCO	FESCO
(87, 90, ADO, & ULSD)	April 2019 to March 2020	April 2020 to March 2021
Litres	43,329,376	47,913,534
<b>Growth</b>		<b>10.6%</b>

Transportation Fuel Only	YTD	YTD	
(87, 90, ADO & ULSD)	Market	Market	
	April 2019 to March 2020	April 2020 to January 2021	%
April	94,691,552	62,167,632	-34.3%
May	191,702,611	135,313,064	-29.4%
June	284,880,610	220,114,908	-22.7%
July	387,629,547	318,550,789	-17.8%
August	477,225,716	404,286,872	-15.3%
September	567,377,842	488,652,348	-13.9%
October	664,987,645	574,806,540	-13.6%
November	765,130,051	660,586,025	-13.7%
December	872,452,263	763,461,153	-12.5%
January	978,419,588	846,141,881	-13.5%
February	1,078,212,811	Unavailable	
March	1,163,333,254	Unavailable	

PROUDLY



JAMAICAN

# Report to Shareholders

## Commentary

The first (1st) quarter (April 2020 – June 2020) and the fourth (4th) quarter (January 2021 – March 31, 2021), particularly, were periods where the pandemic negatively affected the Company most.

During both quarters (Q1 and Q4), increases in the frequency of complete and/or partial weekend lockdowns, and extended curfew hours, severely restricted the operating hours of our Dealer stations and delayed our expansion via new stations. Our construction projects and new store openings have been negatively impacted by the restrictions in movement which affects both construction labour and supply chains for material and equipment procurement.

Nevertheless, the Company recorded solid achievements and improvements during the quarter and year worth noting. These include:

- The Company increased our volume of fuel sold in litres year over year by 4.4 million litres or 9.9% (All fuels)
- The Company increased gross profits by \$13.25 million or 7.4%
- The Company successfully opened and executed its initial public offer (IPO)
- The Company successfully increased profit before taxes and net profit by 2.9% and 4.1% respectively
- The Company successfully increased its book value by J\$113.86 million or 55.4% (pre IPO)



Financial Year	April 2016 - March 2017	April 2017- March 2018	April 2018- March 2019	April 2019- March 2020	April 2020- March 2021
Fuel Sales in Litres	40,260,556	38,793,239	41,041,001	44,916,192	49,357,633
<b>growth</b>	<b>8.7%</b>	<b>-3.6%</b>	<b>5.8%</b>	<b>9.4%</b>	<b>9.9%</b>

# Report to Shareholders

## Commentary Continued

Revenue or Turnover for the period April 1, 2020 to March 31, 2021 was down J\$82.8 million or 1.4% from the comparative period ending March 2020 (the Company's sales in litres of fuel increased by 4.4 million litres or 9.9%). 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.

Gross profits for the twelve (12) month period ending March 2021 was up J\$13.25 million (J\$191.59 million vs J\$178.34 million) versus 2020 or 7.4%.

Operating and Administrative Expenses are up J\$5.4 million versus 2020 (J\$59.49 million vs \$54.04 million) or 10.1%.

Finance Income decreased by approximately \$3.55 million when compared to 2020.

Non-current assets increased by J\$118.91 million versus 2020 or 80.2% to total J\$267.17M due, in the main, to capital purchases related to our Company owned Company Operated (COCO) service station at Beechwood Avenue.

	Unaudited	Audited	
	12 months	12 months	
	ended	ended	
	31-Mar-21	31-Mar-20	Change
<b>Statement of Income Summary</b>			
Turnover	5,853,523,710	5,936,346,825	-1.4%
Cost of sales (COGS)	(5,661,937,112)	(5,758,006,328)	-1.7%
Gross profit	191,586,598	178,340,497	7.4%
Operating and administrative expenses	(59,490,159)	(54,042,768)	10.1%
Impairment losses on financial assets	(755,574)	(487,423)	55.0%
Profit before finance income	131,340,865	123,810,306	6.1%
Finance income, net	9,430,451	12,985,174	-27.4%
Profit before taxation	140,771,316	136,795,480	2.9%
Taxation	(31,708,062)	(32,023,808)	-1.0%
Net profit	109,063,254	104,771,672	4.1%
<b>Statement of Financial Position</b>			
Non Current Assets	267,171,133	148,255,045	80.2%
Current Assets	283,782,450	325,621,376	-12.8%
Current Liabilities	192,585,220	210,350,746	-8.4%
Net Current Assets	91,197,230	115,270,630	-20.9%
Equity	319,326,997	205,462,643	55.4%
Non Current Liability	39,041,366	58,063,032	-32.8%
<b>Ratios Statistics</b>			
Dividends	-	-	
Net Current Assets/Working Capital	91,197,230	115,270,630	-20.9%
Current Ratio	1.47	1.55	
Invested Capital	358,368,363	263,525,675	36.0%
ROIC (before tax) - average	45.3%	50.6%	
ROE (before tax) - average	53.6%	89.4%	
Effective Tax Rate	22.5%	23.4%	
Book Value of Equity	319,326,997	205,462,643	55.4%
Profit Margin (before tax)	2.40%	2.30%	
Net Profit margin	1.86%	1.76%	
Gross Profit Margin	3.27%	3.00%	

PROUDLY



JAMAICAN

# Report to Shareholders

## Commentary Continued

Our liquidity remains strong with net current assets of J\$91.2 million and a current ratio of 1.47. Our liquidity will be further buoyed by the raise of J\$240 million via our IPO.

Equity or the Book Value of the firm increased and now stands at J\$319.3 million up from \$205.462 million as at March 2020. Equity increased, in main part, due to retained earnings increase of J\$109million and \$4.8 million in allotment of new shares.

## Summary

As we try to successfully manoeuvre through this turbulent covid-19 pandemic, we are encouraged the strong support exhibited by the 4495 new shareholders who subscribed to our IPO. The funds raised will assist with the transformation of our business. Investors are set to benefit from:

- the Company's investments and in new store openings the upcoming financial year (April 2021 to March 2022).
- Reduced (zero rated) corporate income taxes for the next 5 years, resulting from our successful listing on the Junior Market of the Jamaica Stock Exchange.

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.



## Top Ten (10) Shareholders & holdings of Directors and Senior Managers (as at May 10, 2021)

### Top Ten (10) Share Holders

	Shareholder	Number of Share	% of Issued Shares
1	Tweedside Holdings	364,734,616	14.5894%
2	Errol McGaw	348,003,189	13.9201%
3	Trevor Barnes	336,075,129	13.4430%
4	FESCO Founders' Pool Ltd.	309,999,998	12.4000%
5	Trevor Heaven Holdings Ltd.	308,986,553	12.3595%
6	Junior Williams	134,330,478	5.3732%
7	Neville Allen	134,330,478	5.3732%
8	NCB Capital Markets (Cayman) Ltd	71,304,834	2.8522%
9	Jeremy Barnes	65,000,000	2.6000%
10	Eaton Parkins	19,268,598	0.7707%
			83.6814%
	Issued Shares	2,500,000,000	

### Holdings of Directors and Senior Managers

DIRECTORS	Personal Shareholdings	Connected Parties' Shareholdings	Total
Trevor Barnes	337,938,705	309,999,998	647,938,703
Jeremy Barnes	65,000,000	284,475	65,284,475
Harry Campbell	1,051,948	-	1,051,948
Hugh Coore	850,659	674,734,614	675,585,273
Gloria DeClou	-	-	-
Lyden Heaven	-	620,295,382	620,295,382
Vernon James	16,088,497	-	16,088,497
Errol McGaw	348,003,189	309,999,998	658,003,187
Eaton Parkins	19,366,564	-	19,366,564
Belinda Williams	-	-	-
Junior Williams	134,330,478	309,999,998	444,330,476
<b>SENIOR MANAGERS</b>			
Karen Jones	375,602	-	375,602
Omar Morgan	-	-	-
<b>COMPANY SECRETARY</b>			
Kayola Muirhead	-	605,069	605,069

PROUDLY



JAMAICAN



**Future Energy Source Company Ltd**



**Unaudited Financial Statements**  
**4<sup>th</sup> Quarter Results ended March 31, 2021**

## Table of Contents

Statement of Financial Position.....	11
Statement of Comprehensive Income.....	12
Statement of Changes in Equity .....	12
Statement of Cash Flows .....	13
Statement of Cash Flows Continued .....	14
Notes to financial statements .....	15

## Statement of Financial Position

For the Fourth (4<sup>th</sup>) Quarter ended March 31, 2021

	Note	2021	2020
		\$	\$
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	256,163,887	128,621,681
Right-of-use assets		2,355,654	5,824,258
Finance lease		8,561,444	13,809,106
Deferred tax assets		90,148	-
		<u>267,171,133</u>	<u>148,255,045</u>
<b>Current Assets</b>			
Inventories	9	18,970,588	13,596,947
Receivables	10	138,428,770	129,971,728
Due from related parties	11	49,604,247	40,930,081
Taxation recoverable		188,898	188,898
Current portion of finance lease		3,973,293	2,272,262
Cash and cash equivalents		72,616,654	138,661,460
		<u>283,782,450</u>	<u>325,621,376</u>
<b>TOTAL ASSETS</b>		<u>550,953,583</u>	<u>473,876,421</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
<b>Share capital</b>	13	4,802,000	900
Retained earnings		314,524,997	205,461,743
		<u>319,326,997</u>	<u>205,462,643</u>
<b>Non-Current Liabilities</b>			
Long-term loan		23,302,763	36,654,037
Lease liabilities		738,603	2,678,516
Due to related parties		15,000,000	18,053,450
Deferred tax liabilities		-	677,029
		<u>39,041,366</u>	<u>58,063,032</u>
<b>Current Liabilities</b>			
Payables		144,485,422	167,181,530
Current portion of long-term loan		13,345,277	11,212,373
Current portion of lease liabilities		1,939,912	2,994,757
Taxation		32,814,609	28,962,086
		<u>192,585,220</u>	<u>210,350,746</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>550,953,583</u>	<u>473,876,421</u>

Approved for issue by the Board of Directors on May 18 2021 and signed on its behalf by:

  
Director

  
Director

## Statement of Comprehensive Income

For the Fourth (4<sup>th</sup>) Quarter Ended March 31, 2021

	Unaudited 4th Quarter 3 months ended 31-Mar-21 \$	Unaudited 12 months ended 31-Mar-21 \$	Unaudited 4th Quarter 3 months ended 31-Mar-20 \$	Audited 12 months ended 31-Mar-20 \$
<b>Turnover</b>	1,506,280,349	5,853,523,710	1,359,051,428	5,936,346,825
Cost of sales	(1,456,617,618)	(5,661,937,112)	(1,318,456,627)	(5,758,006,328)
<b>Gross profit</b>	49,662,731	191,586,598	40,594,801	178,340,497
Operating and administrative expenses	(767,621)	(59,490,159)	(9,056,821)	(54,042,768)
Impairment losses on financial assets	(755,574)	(755,574)	(487,423)	(487,423)
<b>Operating profit</b>	48,139,536	131,340,865	31,050,557	123,810,306
Finance income, net	398,872	9,430,451	10,346,824	12,985,174
<b>Profit before taxation</b>	48,538,408	140,771,316	41,397,381	136,795,480
Taxation	(10,402,260)	(31,708,062)	(10,082,246)	(32,023,808)
<b>Net profit for the year, being total comprehensive income</b>	38,136,148	109,063,254	31,315,135	104,771,672

## Statement of Changes in Equity

For the Fourth (4<sup>th</sup>) Quarter Ended March 31, 2021

	Share	Capital	Retained Earnings	Total
	\$	\$	\$	\$
<b>Balances at 31 March 2019</b>	900	100,690,071	100,690,971	100,690,971
Total comprehensive income	-	104,771,672	104,771,672	104,771,672
<b>Balances at 31 March 2020</b>	900	205,461,743	205,462,643	205,462,643
Issue of shares during the year	4,801,100	-	4,801,100	4,801,100
Total comprehensive income	-	109,063,254	109,063,254	109,063,254
<b>Balances at 31 March 2021</b>	4,802,000	314,524,997	319,326,997	319,326,997

## Statement of Cash Flows

For the Fourth (4<sup>th</sup>) Quarter Ended March 31, 2021

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>CASH RESOURCES WERE PROVIDED BY/(USED IN):</b>		
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	140,771,316	136,795,480
Adjustments for:		
Depreciation	3,439,450	1,470,805
Amortization on right-of-use assets	3,468,604	1,916,053
Impairment losses on financial assets	755,574	487,423
Foreign exchange gain	-	-3,742,371
Gain on disposal of property, plant and equipment	-	-
Lease interest expense	344,380	422,525
Interest income	-7,929,771	-13,693,006
Interest expense	3,208,953	4,027,678
	<u>144,058,506</u>	<u>127,684,587</u>
Changes in operating assets and liabilities: -		
Increase in inventories	-5,373,641	-5,174,738
Decrease/(increase) in receivables	-9,212,616	7,810,484
Increase in payables	-22,696,108	3,777,436
Due to related parties, net	-11,727,616	-65,427,982
Cash provided by operating activities	<u>95,048,525</u>	<u>68,669,787</u>
Income tax paid	-28,622,717	-11,933,720
Interest received	7,929,771	13,693,006
Interest paid	-3,553,333	-4,450,203
Cash provided by operating activities	<u>70,802,246</u>	<u>65,978,870</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	-130,981,656	-1,717,575
Proceeds from disposal of property, plant and equipment	-	8,815,979
Cash (used in)/provided by investing activities	<u>-130,981,656</u>	<u>7,098,404</u>

## Statement of Cash Flows Continued

	<u>2021</u>	<u>2020</u>
	\$	\$
<b>Cash Flows from Financing Activities</b>		
Issue of shares	4,801,100	-
Long term loans, net	-11,218,370	-10,451,715
Lease principal payments	-2,994,757	-2,067,038
Finance lease receivable, net	-3,546,631	-16,081,368
Cash used in financing activities	<u>-5,865,396</u>	<u>-28,600,121</u>
<b>Net increase in cash and cash equivalents during year</b>	-66,044,806	44,477,153
<b>Effect of foreign exchange on cash and bank</b>	-	4,870,821
<b>Cash and cash equivalents at the beginning of the year</b>	138,661,460	89,313,486
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>72,616,654</u>	<u>138,661,460</u>
<b>Represented by:</b>		
<b>Cash and cash equivalents</b>	<u>72,616,654</u>	<u>138,661,460</u>

## Notes to financial statements

## 5. Property, plant and equipment

	Land	Furniture, fixtures & equipment	Computer equipment & software	Signage	WIP	Total
	\$	\$	\$	\$	\$	\$
Cost -						
1 April 2019	105,380,262	32,171,230	473,819	5,041,223	-	143,066,534
Additions	-	105,020	273,996	1,338,559	-	1,717,575
*Adjustment	-	(7,642,893)	-	(1,192,542)	-	(8,835,435)
31 March 2020	105,380,262	24,633,357	747,815	5,187,240	-	135,948,674
Additions	-	4,402,244	182,468	2,110,574	124,286,370	130,981,656
31 March 2021	105,380,262	29,035,601	930,283	7,297,814	124,286,370	266,930,330
Depreciation -						
1 April 2019	-	4,777,523	416,802	681,319	-	5,875,644
Charge for year	-	1,216,668	17,757	236,380	-	1,470,805
*Adjustment	-	(19,456)	-	-	-	(19,456)
31 March 2020	-	5,974,735	434,559	917,699	-	7,326,993
Charge for year	-	2,596,838	164,805	677,807	-	3,439,450
31 March 2021	-	8,571,573	599,364	1,595,506	-	10,766,443
Net Book Value -						
31 March 2021	105,380,262	20,464,028	330,919	5,702,308	124,286,370	256,163,887
31 March 2020	105,380,262	18,658,622	313,256	4,269,541	-	128,621,681

\*This represents inventory items such as pumps and other equipment which were incorrectly classified under property, plant and equipment. These amounts have been written-off to cost of goods sold in the Statements of Comprehensive Income.

9.

	<u>2021</u>	<u>2020</u>
	\$	\$
Pumps and service station supplies	<u>18,970,588</u>	<u>13,596,947</u>

10.

	<u>2021</u>	<u>2020</u>
	\$	\$
Trade receivables	106,034,152	126,119,887
Other	<u>38,930,501</u>	<u>9,632,151</u>
	144,964,653	135,752,038
Less: Impairment losses on financial assets	<u>(6,535,883)</u>	<u>(5,780,310)</u>
	<u>138,428,770</u>	<u>129,971,728</u>



11.

	<u>2021</u>	<u>2020</u>
	\$	\$
Due from related parties:		
Coore's Limited	13,159,076	5,481,162
Mackville Car Rentals Limited	24,676,385	31,333,544
Petromac Servicentre Limited	3,116,145	4,115,375
Alwil Company Limited	8,314,138	-
Lyden D. Heaven Service Station	338,503	-
	<u>(a) 49,604,247</u>	<u>40,930,081</u>
Due to related parties:		
T.M.&T. Associates Limited	-	(53,450)
Mackville Car Rentals Limited	-	-
	<u>(a) -</u>	<u>(53,450)</u>
Directors' loans	<u>(b) (15,000,000)</u>	<u>(18,000,000)</u>
	<u>(15,000,000)</u>	<u>(18,053,450)</u>
	<u>34,604,247</u>	<u>22,876,631</u>

**(a)** These companies, T. M. &T. Associates Limited, Coore's Limited, Mackville Car Rentals Limited, Alwil Company Limited and Petromac Servicentre Limited, and Lyden D Heavens Service Station are companies related by common shareholders and directors. These balances are trade receivables.

**(b)** This balance represents amounts advanced to the company by the directors. The balance is unsecured, interest free and has no fixed repayment terms.

13.

	<u>2021</u>	<u>2020</u>
	<u>No. of shares</u>	<u>No. of shares</u>
Authorised ordinary shares at no par value.	<u>2,500,000,000</u>	<u>1,000</u>
	<u>\$</u>	<u>\$</u>
Issued and fully paid 2,200,000 (2020:900) ordinary shares at no par value		
At the beginning of year	900	900
Issued during the year	<u>4,801,100</u>	<u>-</u>
At end of year	<u>4,802,000</u>	<u>900</u>

17.

	<u>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</u>
Accounting fee	300,000	250,000
Advertising and promotion	6,453,522	5,653,263
Audit fee	2,400,000	1,650,000
Bank charges	647,247	473,699
Depreciation	3,439,450	1,470,805
Amortization of right of use asset	3,468,604	1,916,053
Directors' fee	1,500,000	4,250,000
Donation	213,357	1,319,746
Office expenses	3,439,894	2,555,325
Legal & professional fees	5,322,800	8,049,427
Rent expense	-	-
Repairs and maintenance	2,851,676	1,905,668
Staff costs (Note 20)	23,551,789	20,654,275
Utilities	1,487,023	1,155,179
Other expenses	<u>4,414,797</u>	<u>2,739,328</u>
	59,490,159	54,042,768
Impairment losses in financial assets	755,574	487,423
Cost of inventories recognised as expense	5,661,937,112	5,758,006,328
Finance income, net; (Note 19)	<u>(9,430,451)</u>	<u>(12,985,174)</u>
	<u>5,712,752,394</u>	<u>5,799,551,345</u>

19.

	<u>2021</u>	<u>2020</u>
	\$	\$
Foreign exchange gain, net	(5,051,603)	(3,742,371)
Interest income	(7,929,771)	(13,693,006)
	<u>(12,981,374)</u>	<u>(17,435,377)</u>
Lease interest expense	341,970	422,525
Interest expense	3,208,953	4,027,678
	<u>(9,430,451)</u>	<u>(12,985,174)</u>

20.

	<u>2021</u>	<u>2020</u>
	\$	\$
Salaries and wages	18,843,720	16,053,413
Statutory deductions	1,912,246	1,570,707
Staff welfare	2,795,823	3,027,655
Casual labour	-	2,500
	<u>23,551,789</u>	<u>20,654,275</u>
Number of persons employed at the end of the year:		
Full Time	<u>7</u>	<u>6</u>