



FONTANA LIMITED

UNAUDITED FINANCIAL STATEMENTS
FOR THIRD QUARTER ENDED MARCH 31, 2021



It's All **GOOD** Inside!

TABLE OF CONTENTS

Directors' Report to the Shareholders	2
Unaudited Statement of Comprehensive Income	3
Unaudited Statement of Financial Position	4
Unaudited Statement of Changes in Equity	5
Unaudited Statement of Cash Flows	6
Notes to Unaudited Financial Statements	7-8
Top 10 Shareholders, Shareholdings of Directors, Officers and Connected Parties	9



DIRECTORS' REPORT TO SHAREHOLDERS – Q3 2020/21

Fontana Limited is pleased to present our unaudited financial statements for the third quarter ended March 31, 2021 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Despite the ongoing challenges of the past year's Covid-19 environment, our results continue to improve over the prior financial year.

Revenues for the quarter were \$1.22 billion, representing a 4.2% increase over the \$1.17 billion achieved in the corresponding quarter of the previous year. Gross profit also increased to \$416.4 million, 3% higher than the \$404.1 million recorded in the prior year. While the revenue on some of our higher margin products declined slightly, we saw increases in lower margin product sales which drove the top line.

Our continued focus on cost control measures resulted in decreases in operating expenses of \$17.9 million moving from \$347 million to \$329.1 million for the period. This represents a 5.2% reduction in operating costs. We congratulate our team for their continued success in controlling internal and external expenses during these stressful times. Finance costs were impacted primarily by the foreign exchange losses recorded in relation to the revaluation of the lease liability (IFRS 16) which resulted in an additional cost of \$12.4 million for the period.

Net profit for the quarter was \$72.9 million, a 337.7% improvement from the \$21.6 million recorded in the prior year. For the nine months ended March 2021, net profit was of \$366 million or \$0.29 per share, representing a 56% increase over the \$234 million or \$0.19 per share for the previous financial year.

Total assets at the end of the quarter stood at \$3.45 billion, up from \$3.21 billion in the comparative prior period, reflecting an increase of 7.5%. Cash on hand rose from \$557 million to \$809 million, an increase of 52%. Shareholder's Equity grew to \$1.76 billion, up from \$1.45 billion or 21% over prior year.

Our balance sheet and significant cash on hand will bolster us through the continued challenges of the current pandemic while allowing us to explore acquisitions and consider expansion of the brand.

Though we had restrictions with our physical movements, we safely hosted our annual New year's treat for the Barbican community, where donations of food and school supplies were made to over 200 recipients. We also contributed the cash and prizes for the Fontana Jamaica Day Creative Competition involving all primary and secondary schools in the island, in a private/public partnership with the Ministry of Education and the Ministry of Culture.

Our diligent team continues to outperform expectations in these trying times. We thank our customers for their continued goodwill and loyalty. We remain committed to Jamaica and optimistic about the future.

Kevin Chang
Director/Chairman

Anne Chang
Director/CEO

FONTANA LIMITED
STATEMENT OF COMPREHENSIVE INCOME (unaudited)
THIRD QUARTER ENDED MARCH 31, 2021

	Note	Third Quarter ended March 31		9 months ended March 31		Audited Year ended
		2021	2020	2021	2020	30-Jun-20
		\$	\$	\$	\$	
Revenues		1,223,145,232	1,174,370,892	3,879,085,819	3,493,225,259	4,509,856,155
Cost of sales		806,786,566	770,197,963	2,445,894,608	2,188,722,854	2,811,516,338
Gross profit		416,358,666	404,172,928	1,433,191,211	1,304,502,404	1,698,339,817
Administrative and other expenses		308,903,528	324,693,027	926,266,014	943,833,216	1,231,444,037
Selling and promotion		20,225,980	22,309,360	68,240,469	79,386,518	99,280,875
		329,129,508	347,002,387	994,506,483	1,023,219,734	1,330,724,912
Operating profit		87,229,158	57,170,541	438,684,729	281,282,671	367,614,905
Other income		17,756,513	(10,617,080)	46,173,947	16,969,181	51,650,408
		104,985,671	46,553,462	484,858,675	298,251,852	419,265,313
Finance costs	6	32,074,563	24,959,572	118,159,144	63,615,492	155,373,613
Profit before taxation		72,911,107	21,593,890	366,699,532	234,636,360	263,891,700
Taxation credit		-	-	-	-	(12,616,396)
Net profit for the period/year		72,911,107	21,593,890	366,699,532	234,636,360	276,508,096
EARNINGS PER SHARE	7	0.06	0.02	0.29	0.19	0.22

FONTANA LIMITED
STATEMENT OF FINANCIAL POSITION (unaudited)
AS AT MARCH 31, 2021

	Note	UNAUDITED		AUDITED
		Mar-21	Mar-20	Jun-20
ASSETS				
<i>Non-Current Assets</i>				
Property, plant and equipment		733,132,459	776,889,715	769,835,263
Right of use asset		771,904,958	862,922,230	839,764,477
Intangible asset		165,461,145	165,461,145	165,461,145
Deferred tax asset		14,086,711	1,470,314	14,086,711
		<u>1,684,585,274</u>	<u>1,806,743,405</u>	<u>1,789,147,596</u>
<i>Current Assets</i>				
Due from related parties		7,741,281	9,022,531	9,058,886
Due from directors		4,297,460	5,101,691	6,062,887
Trade and other receivables	3	130,698,707	99,569,948 *	94,309,180
Taxation recoverable		828,705	290,470	345,008
Inventories		808,963,740	751,077,223	650,602,515
Cash and cash equivalents		809,388,277	533,394,291	599,256,692
		<u>1,761,918,170</u>	<u>1,398,456,154</u>	<u>1,359,635,168</u>
TOTAL ASSETS		<u>3,446,503,444</u>	<u>3,205,199,559</u>	<u>3,148,782,764</u>
EQUITY & LIABILITIES				
<i>Equity</i>				
Issued share capital		252,589,301	252,589,301	252,589,301
Accumulated surplus		1,506,967,795	1,198,346,513	1,240,218,249
		<u>1,759,557,096</u>	<u>1,450,935,814</u>	<u>1,492,807,550</u>
<i>Non-Current Liabilities</i>				
Shareholder's loan		-	13,044	-
Lease Liability - ROU Asset		809,854,107	739,697,838	836,705,219
Bank loans payable	4	152,238,905	168,857,608	177,057,318
		<u>962,093,012</u>	<u>908,568,490</u>	<u>1,013,762,537</u>
<i>Current Liabilities</i>				
Due to related parties		-	-	312,061
Lease Liability - ROU Asset		92,848,304	139,151,234	83,508,196
Bank loans payable - Current portion	4	45,542,839	51,790,018	45,669,181
Trade and other payables	5	586,462,193	654,754,002	512,723,239
		<u>724,853,337</u>	<u>845,695,254</u>	<u>642,212,677</u>
TOTAL EQUITY AND LIABILITIES		<u>3,446,503,444</u>	<u>3,205,199,559</u>	<u>3,148,782,764</u>

* Deposit on asset for 2020 has been reclassified to trade and other receivables to conform to current year presentation.



Kevin Chang
Director/Chairman



Anne Chang
Director/CEO

FONTANA LIMITED
STATEMENT OF CHANGES IN EQUITY (unaudited)
THIRD QUARTER ENDED MARCH 31, 2021

	No of SHARES	SHARE CAPITAL \$	ACCUMULATED SURPLUS \$	TOTAL \$
<i>Audited Balance as at June 30, 2019</i>	1,249,374,825	252,589,301	1,013,685,146	1,266,274,447
Dividend payment	-	-	(49,974,993)	(49,974,993)
Net profit for the period	-	-	234,636,360	234,636,360
<i>Balance at March 31, 2020</i>	<u>1,249,374,825</u>	<u>252,589,301</u>	<u>1,198,346,513</u>	<u>1,450,935,814</u>
 <i>Audited Balance as at June 30, 2020</i>	1,249,374,825	252,589,301	1,240,218,249	1,492,807,550
Dividend payment (see note 8)	-	-	(99,949,986)	(99,949,986)
Net profit for the period	-	-	366,699,532	366,699,532
<i>Balance at March 31, 2021</i>	<u>1,249,374,825</u>	<u>252,589,301</u>	<u>1,506,967,795</u>	<u>1,759,557,096</u>

FONTANA LIMITED
STATEMENT OF CASH FLOWS (unaudited)
As at March 31, 2021

	Unaudited 31-Mar-21 \$	Unaudited 31-Mar-20 \$	Audited 30-Jun-20 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	366,699,532	234,636,360	263,891,700
Adjustment for items not affecting cash resources:			
Gain on disposal of property, plant and equipment	-	(500,000)	
Depreciation on property, plant and equipment	46,431,391	38,742,399	56,257,174
Depreciation expense - Lease Related	67,859,519	61,833,075	88,858,565
Lease interest expense	49,500,477	44,561,195	60,837,804
Interest expense	10,966,767	7,562,382	11,287,927
Reclassification of work in progress	-	-	186,717
	<u>541,457,685</u>	<u>386,835,410</u>	<u>481,319,887</u>
(Increase)/decrease in operating assets:			
Inventories	(158,361,225)	(180,087,392)	(79,612,684)
Due from related parties	1,317,605	4,603,693	4,554,294
Trade and other receivables	(36,389,527)	(32,577,343) *	(27,316,575)
Increase/(decrease) in operating liabilities:			
Trade and other payables	73,738,954	194,463,827	52,433,068
Due to related parties	(312,061)	-	312,061
	<u>421,451,431</u>	<u>373,238,196</u>	<u>431,690,051</u>
Cash flows provided by operating activities			
Taxation paid	(483,697)	(19,041,595)	(19,184,989)
	<u>420,967,733</u>	<u>354,196,600</u>	<u>412,505,062</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	-	500,000	-
Acquisition of property, plant and equipment	(9,728,587)	(114,834,801)	(125,392,988)
	<u>(9,728,587)</u>	<u>(114,334,801)</u>	<u>(125,392,988)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(99,949,986)	(49,974,993)	(49,974,993)
Proceeds from loans	-	294,653,405	302,653,405
Repayment of loans	(24,944,755)	(231,448,202)	(237,369,332)
ROU Lease liability, net	(67,011,481)	(90,467,427) *	(69,247,431)
Director's loans, net	1,765,427	2,468,258	1,507,063
Interest paid	(10,966,767)	(7,562,382)	(11,287,927)
	<u>(201,107,561)</u>	<u>(82,331,341)</u>	<u>(63,719,215)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>210,131,585</u>	<u>157,530,458</u>	<u>223,392,859</u>
CASH AND CASH EQUIVALENTS - Beginning of the period/year	599,256,692	375,863,833	375,863,833
CASH AND CASH EQUIVALENTS - End of the period/year	<u>809,388,277</u>	<u>533,394,291</u>	<u>599,256,692</u>
REPRESENTED BY:			
Short term investment	191,239,400	82,749,062	41,577,635
Cash and bank deposits	618,148,877	450,645,229	557,679,057
	<u>809,388,277</u>	<u>533,394,291</u>	<u>599,256,692</u>

* Reclassified to conform to current period presentation

FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS
THIRD QUARTER ENDED 31 MARCH 2021 (unaudited)

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Fontana Limited (the "Company") is incorporated and domiciled in Jamaica and its registered office is situated at Manchester Shopping Centre, Mandeville, Jamaica.

The Company is publicly listed on the Junior Market of the Jamaica Stock Exchange with an effective date of January 8, 2019.

The principal activity of the Company is the operation of a pharmacy business in each of its six locations dispersed over Jamaica as well as the retailing of consumer goods such as cosmetics, household essentials, school supplies and more.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These unaudited interim financial statements for the 9 months ended March 31, 2021 have been prepared in accordance with IAS 34, 'Interim financial reporting'. These interim financial statements should be read in conjunction with the accounting policies as set out in **Note # 2 & #3** of the audited financial statements for the year ended 30 June 2020 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

3. TRADE AND OTHER RECEIVABLES

	31-Mar	
	2021	2020
	\$	\$
Trade receivables	17,749,523	29,583,541
Other receivables	15,091,007	10,778,359
Pre-payments	88,778,435	48,869,331
Deferred GCT	-	1,007,376
Security deposits	9,079,742	9,331,342
	130,698,707	99,569,948

4. BANK LOANS PAYABLE (LONG TERM)

	31-Mar	
	2021	2020
	\$	\$
a. BNS Motor Vehicle Loan	1,527,424	2,443,852
b. BNS Energy Loan 2018 (FV)	8,333,819	11,933,243
c. BNS - INSURANCE PREMIUM FINANCING	-	7,541,746
d. BNS M/VEHICLE LOAN	6,120,504	7,062,120
e. BNS WATERLOO CAPEX	174,999,998	191,666,666
f. BNS Van Loan	6,800,000	-
	197,781,744	220,647,626
Less: Current Portion	(45,542,839)	(51,790,018)
	152,238,905	168,857,608

All loans are existing loans as at the year end, and are detailed in **Note #15** of the audited financial statements for year ended June 30, 2020.

5. TRADE AND OTHER PAYABLES

	31-Mar	
	2021	2020
	\$	\$
Trade payables	502,319,646	536,280,125
Statutory liabilities	12,769,469	13,019,074
GCT payable	93,240	13,900,161
Salary accruals	2,843,574	2,752,399
Credit cards payable	60,347,564	58,207,463
Other payables and accruals	8,088,701	30,594,781
	586,462,193	654,754,002

FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS
THIRD QUARTER ENDED 31 MARCH 2021 (unaudited)

6.	FINANCE COSTS	31-Mar	
		2021	2020
		\$	\$
	Bank service charges	2,404,329	2,920,425
	Finance charges	1,821,455	2,548,249
	Loan interest	3,475,859	2,970,316
	Lease interest expense (IFRS 16)	16,211,002	16,848,133
	Foreign exchange loss (Revaluation of Lease liability - IFRS 16)	12,443,645	76,703
	Foreign exchange gain	(4,281,727)	(404,253)
		32,074,563	24,959,572

7.	EARNINGS PER SHARE	31-Mar	
		2021	2020
		\$	\$
	Profit attributable to shareholders	366,699,532	234,636,360
	Weighted average number of shares in issue	1,249,374,825	1,249,374,825
	Earnings per share	0.29	0.19

Fontana Limited

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT MARCH 31, 2021

Shareholder	Units
1. Burbank Holdings Limited	989,172,831
2. Sagicor Select Fund Limited – ('Class C' Shares) Manufacturing & Distribution	10,028,143
3. St. Elizabeth International Limited	9,230,953
4. JCSD Trustee Services Ltd. A/C#76579-02	7,725,794
5. Jacqueline Sharp/Jason Sharp	7,094,000
6. QWI Investments Limited	5,362,040
7. St. Elizabeth Holdings Limited	5,319,000
8. Victory Island Limited	5,319,000
9. SJIML A/C 3119	4,711,169
10. Fontana Employee Share Trust	4,676,124

SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT MARCH 31, 2021

Director	Shareholdings	Connected Parties	Shareholdings
Raymond Therrien	----	Burbank Holdings Limited	989,172,831
Kevin O'Brien Chang	----	Burbank Holdings Limited Nicole Watson-Chang	989,172,831 1,547,290
Shinque (Bobby) Chang	----	Burbank Holdings Limited	989,172,831
Anne Chang	----	Burbank Holdings Limited	989,172,831
Jacqueline Sharp	7,094,000	Jason Sharp (joint holder)	
Heather Goldson	2,070,000	David L. Goldson (joint holder)	

SHAREHOLDINGS OF OFFICERS AND CONNECTED PARTIES AS AT MARCH 31, 2021

Denise Douglas	25,352	Ryan McCalla (joint holder)
Judale Samuels-Smith	504,923	