



## **FONTANA LIMITED**

UNAUDITED FINANCIAL STATEMENTS

FOR FIRST QUARTER ENDED SEPTEMBER 30, 2021



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## DIRECTORS' REPORT TO SHAREHOLDERS – Q1 2021/22

Fontana Limited is pleased to present our unaudited financial statements for the first quarter ended September 30, 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Despite the continuing impact of the Covid-19 pandemic, our revenues for the quarter were \$1.3 billion, representing a 17.3% increase over the \$1.1 billion achieved in the corresponding quarter of the previous year. Net profit for the quarter was \$61.1 million, a 35.2% improvement from the \$45.2 million recorded in the prior year. This represented \$0.05 earnings per share, compared with \$0.04 a year ago.

These strong results were achieved during a period which saw several factors impacting our operations. The government imposed Covid-19 protocol of fourteen lockdown days, with limited opening of two branches for the dispensary only, continuing online schooling which limited demand for back-to-school supplies in the strongest quarter for this activity, ongoing negative impacts on the tourism industry, and reduced hours of operation under general curfew guidelines. Despite this Fontana continues to exceed expectations and maintain high service standards for customers.

The global pandemic continues to impact the cost of goods with increased freight, delivery, and other charges stemming from worldwide supply chain challenges. Fontana chose to absorb a large percentage of the resulting inflationary increases, which have not been passed on to our customers in an effort to support the community during these difficult times. As a result, gross profit margin fell from 35.5% last year to 33.8%, however gross profits increased from \$395 to \$441 million, 11.7% higher than the prior year.

Our operating expenses increased by 13.6% to \$343 million, up from \$302 million. Staff costs were the driving factor for the increase, as Fontana employees were given an interim bonus in recognition of their unwavering dedication and service. This was a well-deserved reward in light of their resounding efforts to deliver Fontana's best ever results for the year ended June 30, 2021. Finance costs decreased by 15.6%, moving from \$61 million to \$53 million.

Total assets at the end of the quarter stood at \$3.92 billion, up from \$3.32 billion in the previous comparative period, reflecting an increase of 18%. Cash on hand rose from \$631 million to \$833 million, an increase of 32.1%. Shareholder's Equity grew to \$1.87 billion, up from \$1.44 billion or 29.8% over prior year.

In addition to the steps taken in employee and customer welfare, we continued our partnership with Unicycle to help collect uniforms for distribution to needy students as they continue to navigate the changing protocols. Fontana has also become a partner of the Ministry of Health & Wellness (MOHW) in the fight against Covid-19 by supporting the crucial national vaccination drive. Our historic agreement to provide vaccination options through our stores represents the first private sector entity that has been given the trusted responsibility to do so. Fontana has been happy to invest significant time and resources over the last several weeks to ensure that our stores are well prepared to undertake what we see as an awesome duty of care, and the single most important factor in bringing the Jamaican economy back on track. Our state-of-the-art location in Waterloo Square has kicked off the vaccination effort, and we are encouraged to see week over week increases in take-

up by our customers as they join us in the fight to return to normality. We hope that the MOHW will green light our other well-equipped locations shortly.

As we move into our second year of managing through the largest crisis of the 21st century, we are proud of our achievements and pleased to see the green shoots that signify both global and local recovery. As Fontana does its part to support the economy through continued commercial activity, we are also humbled to be well positioned to play a significant role in protecting the welfare of our fellow Jamaicans. We would like to thank our incomparable team and other stakeholders for their role in bringing another successful quarter to a close.



Kevin Chang  
Director/Chairman



Anne Chang  
Director/CEO

**FONTANA LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
**FIRST QUARTER ENDED SEPTEMBER 30, 2021**

	Note	First Quarter		Audited Year ended
		ended September 30		30-Jun-21
		2021	2020	
		\$	\$	
<b>Revenues</b>		1,306,558,621	1,113,602,183	5,151,940,367
<b>Cost of sales</b>		<u>(865,254,657)</u>	<u>(718,685,021)</u>	<u>(3,203,802,006)</u>
<b>Gross profit</b>		441,303,964	394,917,162	1,948,138,361
Administrative and other expenses		(330,589,240)	(288,997,853)	(1,244,040,911)
Selling and promotion		<u>(12,610,825)</u>	<u>(13,166,906)</u> *	<u>(55,670,715)</u>
		(343,200,065)	(302,164,759)	(1,299,711,626)
<b>Operating profit</b>		98,103,899	92,752,403	648,426,735
Other income		<u>14,792,526</u>	<u>13,776,181</u> *	<u>60,180,286</u>
		112,896,425	106,528,585	708,607,021
Finance costs	6	<u>(51,769,784)</u>	<u>(61,313,821)</u> *	<u>(167,225,554)</u>
Profit before taxation		61,126,641	45,214,764	541,381,467
Taxation charge		-	-	(29,054,189)
<b>Net profit for the period/year</b>		<u>61,126,641</u>	<u>45,214,764</u>	<u>512,327,278</u>
<b>EARNINGS PER SHARE</b>	7	<b>0.05</b>	<b>0.04</b>	<b>0.41</b>

\* Restated to conform to current year's presentation.

**FONTANA LIMITED**  
**STATEMENT OF FINANCIAL POSITION (Unaudited)**  
**AS AT SEPTEMBER 30, 2021**

	Note	UNAUDITED		AUDITED
		Sep-21	Sep-20	Jun-21
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment		712,683,122	754,380,131	716,424,433
Right of use asset		1,047,493,630	820,383,443	747,665,716
Intangible asset		165,461,145	165,461,145	165,461,145
Deferred tax asset		-	14,086,711	-
		<u>1,925,637,897</u>	<u>1,754,311,430</u>	<u>1,629,551,294</u>
<b>Current Assets</b>				
Due from related parties		7,553,675	22,760,523	7,741,281
Due from directors		8,235,215	7,430,545	3,720,463
Trade and other receivables	3	147,705,110	91,242,433	133,473,836
Taxation recoverable		1,329,853	398,989	1,056,372
Inventories		994,559,547	813,341,208	835,761,847
Cash and cash equivalents		833,109,557	630,878,066	859,232,250
		<u>1,992,492,957</u>	<u>1,566,051,765</u>	<u>1,840,986,049</u>
<b>TOTAL ASSETS</b>		<b><u>3,918,130,854</u></b>	<b><u>3,320,363,195</u></b>	<b><u>3,470,537,343</u></b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
Issued share capital		252,589,301	252,589,301	252,589,301
Accumulated surplus		1,613,772,196	1,185,483,027	1,552,645,555
		<u>1,866,361,497</u>	<u>1,438,072,328</u>	<u>1,805,234,856</u>
<b>Non-Current Liabilities</b>				
Deferred tax liability		14,967,478	-	14,967,478
Non-current portion of lease liability		1,093,817,076	834,562,038	796,095,303
Bank loans payable	4	132,695,650	174,857,608	143,034,760
		<u>1,241,480,203</u>	<u>1,009,419,646</u>	<u>954,097,541</u>
<b>Current Liabilities</b>				
Due to related parties		1,640,780	-	3,710,711
Current portion of lease liability		109,740,978	87,120,158	86,692,435
Bank loans payable - Current portion	4	42,161,958	45,848,272	43,284,916
Trade and other payables	5	656,745,437	739,902,790	577,516,884
		<u>810,289,154</u>	<u>872,871,221</u>	<u>711,204,946</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>3,918,130,854</u></b>	<b><u>3,320,363,195</u></b>	<b><u>3,470,537,343</u></b>



Kevin Chang  
 Director/Chairman



Anne Chang  
 Director/CEO

**FONTANA LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**FIRST QUARTER ENDED SEPTEMBER 30, 2021**

	No of SHARES	SHARE CAPITAL \$	ACCUMULATED SURPLUS \$	TOTAL \$
<b><i>Audited Balance as at June 30, 2020</i></b>	1,249,374,825	252,589,301	1,240,218,249	1,492,807,550
Dividend payment	-	-	(99,949,986)	(99,949,986)
Net profit for the period	-	-	45,214,764	45,214,764
<b><i>Balance at September 30, 2020</i></b>	<b><u>1,249,374,825</u></b>	<b><u>252,589,301</u></b>	<b><u>1,185,483,027</u></b>	<b><u>1,438,072,328</u></b>
<b><i>Audited Balance as at June 30, 2021</i></b>	1,249,374,825	252,589,301	1,552,645,555	1,805,234,856
Net profit for the period	-	-	61,126,641	61,126,641
<b><i>Balance at September 30, 2021</i></b>	<b><u>1,249,374,825</u></b>	<b><u>252,589,301</u></b>	<b><u>1,613,772,196</u></b>	<b><u>1,866,361,497</u></b>

**FONTANA LIMITED**  
**STATEMENT OF CASH FLOWS (Unaudited)**  
**As at September 30, 2021**

	Unaudited 30-Sep-21 \$	Unaudited 30-Sep-20 \$	Audited 30-Jun-21 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation	61,126,641	45,214,764	541,381,467
<b>Adjustment for items not affecting cash resources:</b>			
Depreciation on property, plant and equipment	17,434,072	16,106,296	65,441,559
Depreciation expense - Lease Related	35,413,972	19,381,034	92,098,761
Lease interest expense	23,887,598	16,848,418	65,541,946
Interest expense	3,155,447	3,798,678	14,320,461
	<u>141,017,730</u>	<u>101,349,191</u>	<u>778,784,194</u>
<b>(Increase)/decrease in operating assets:</b>			
Inventories	(158,797,700)	(162,738,693)	(185,159,332)
Due from related parties	187,606	(13,701,637)	1,317,605
Trade and other receivables	(14,231,274)	3,066,747	(39,164,656)
Taxation recoverable	(273,481)	-	(711,363)
<b>Increase/(decrease) in operating liabilities:</b>			
Trade and other payables	79,228,552	127,229,565	64,793,645
Due to related parties	(2,069,931)	(312,061)	3,398,651
	<u>45,061,502</u>	<u>54,893,111</u>	<u>623,258,744</u>
<b>Cash flows provided by operating activities</b>			
Taxation paid	-	(53,981)	-
	<u>45,061,502</u>	<u>54,839,130</u>	<u>623,258,744</u>
Net cash provided by operating activities	<b>45,061,502</b>	<b>54,839,130</b>	<b>623,258,744</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(13,692,761)	(651,164)	(12,030,729)
	<u>(13,692,761)</u>	<u>(651,164)</u>	<u>(12,030,729)</u>
Net cash used in investing activities	<b>(13,692,761)</b>	<b>(651,164)</b>	<b>(12,030,729)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	-	-	(199,899,972)
Repayment of loans	(11,462,068)	(2,020,619)	(36,406,824)
ROU Lease liability, net	(38,359,167)	(15,379,637)	(102,967,623)
Director's loans, net	(4,514,752)	(1,367,658)	2,342,423
Interest paid	(3,155,447)	(3,798,678)	(14,320,461)
	<u>(57,491,435)</u>	<u>(22,566,592)</u>	<u>(351,252,457)</u>
Net cash used in financing activities	<b>(57,491,435)</b>	<b>(22,566,592)</b>	<b>(351,252,457)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(26,122,693)</b>	<b>31,621,374</b>	<b>259,975,558</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of the year</b>	859,232,250	599,256,692	599,256,692
	<u>833,109,557</u>	<u>630,878,066</u>	<u>859,232,250</u>
<b>CASH AND CASH EQUIVALENTS - End of the period/year</b>			
<b>REPRESENTED BY:</b>			
Short term investment	44,898,527	37,573,186	46,441,365
Cash and bank deposits	788,211,030	593,304,880	812,790,885
	<u>833,109,557</u>	<u>630,878,066</u>	<u>859,232,250</u>



**FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS**  
**FIRST QUARTER ENDED 30 SEPTEMBER 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 3 months ended September 30, 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 2021 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

**3 TRADE AND OTHER RECEIVABLES**

	30-Sep	
	2021	2020
	\$	\$
Trade receivables	19,385,422	18,261,464
Other receivables	16,268,526	12,422,240
Pre-payments	102,881,420	51,227,388
Security deposits	9,169,742	9,331,342
	<b>147,705,110</b>	<b>91,242,433</b>

**4 BANK LOANS PAYABLE (LONG TERM)**

	30-Sep	
	2021	2020
	\$	\$
a. BNS Motor Vehicle Loan	610,996	2,443,852
b. BNS Energy Loan 2018 (FV)	4,734,395	11,933,243
c. BNS M/VEHICLE LOAN	5,178,888	7,062,120
d. BNS WATERLOO CAPEX	158,333,330	191,666,666
e. BNS Van Loan	6,000,000	7,600,000
	174,857,608	220,705,880
<b>Less: Current Portion</b>	(42,161,958)	(45,848,272)
	<b>132,695,650</b>	<b>174,857,608</b>

All loans are existing loans as at the year end, and are detailed in **Note #16** of the audited financial statements for year ended June 30, 2021.

**5 TRADE AND OTHER PAYABLES**

	30-Sep	
	2021	2020
	\$	\$
Trade payables	555,277,536	572,182,022
Statutory liabilities	12,879,950	11,005,849
GCT payable	1,376,381	-
Salary accruals	3,768,693	2,580,198
Credit cards payable	69,569,144	48,859,627
Other payables and accruals	13,873,733	5,325,109
Dividends payable (declared September 29, 2020)	-	99,949,986
	<b>656,745,437</b>	<b>739,902,790</b>

**FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS**  
**FIRST QUARTER ENDED 30 SEPTEMBER 2021 (Unaudited)**

6	FINANCE COSTS	30-Sep	
		2021	2020
		\$	\$
	Bank service charges	3,569,192	2,453,766
	Finance charges	2,159,820	1,707,967
	Credit Card Commission	8,872,249	7,589,237
	Gain/Loss on Investment	1,566,024	2,314,638
	Loan interest	3,155,447	3,798,678
	Lease interest expense (IFRS 16)	23,887,598	16,848,418
	Foreign exchange loss (Revaluation of Lease liability - IFRS 16)	15,888,744	22,075,595
	Foreign exchange (gain)/loss	(7,329,291)	4,525,520
		<b>51,769,784</b>	<b>61,313,821</b>

7	EARNINGS PER SHARE	30-Sep	
		2021	2020
		\$	\$
	Profit attributable to shareholders	61,126,641	45,214,764
	Weighted average number of shares in issue	1,249,374,825	1,249,374,825
	Earnings per share	0.05	0.04

# Fontana Limited

## LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT SEPTEMBER 30, 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	8,000,076
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	5,210,875
10. Fontana Employee Share Trust	4,676,124

## SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES AS AT SEPTEMBER 30, 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 2,201,799
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 SEPTEMBER 30, 2021

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