

FUTURE ENERGY SOURCE COMPANY LIMITED



FIRST QUARTER (Q1) REPORT

For the first (1st) Quarter ended June 30, 2022 for the financial year April 1, 2022 to March 31, 2023

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for your vehicle

FESCO
PROUDLY JAMAICAN

WINDSHIELD WASH

ENGINE & GEAR OIL

RADIATOR COOLANT



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1. Report to Ordinary Shareholders

Directors' Statement

The Board of Directors takes pleasure in presenting the unaudited financial statements of Future Energy Source Company Limited ("FESCO" or "The Company") for the first (1st) quarter ended June 30, 2022 for the financial year April 1, 2022 to March 31, 2023.

Overview

We are pleased to report that FESCO continues to achieve solid growth and has recorded its best quarter ever. The Company:

1. Exceeded its three (3) month profit after tax performance for the similar period last year by 280% or JMD J\$111.85 million to total J\$151.79 million;
2. Exceeded its entire 12 month net profit for the year ended March 2021 by J\$43.63 million of 40.34% and has achieved in a single quarter 59.84% of the net profit achieved for the entire year ended March 2022;
3. Achieved book value of equity of J\$922.38 million, which is up 19.70% since the last financial year ended March 31, 2022 and up 58.57% or J\$340.69 million when compared to the same quarter last year, June 30, 2021;
4. Paid an interim dividend of J\$0.01 per share totalling J\$25.0 million on June 24, 2022.

Financial Highlights:

	Unaudited	Unaudited			Audited		Audited	
	1st Quarter 3months ended 30-Jun-22	1st Quarter 3 months ended 30-Jun-21	Growth % Q1 June 2022 vs Q1 June 2021 %	Difference +/- Q1 June 2022 vs Q1 June 2021 \$	12 months April 2021 - March 2022 31-Mar-22	% of Total Q1 June 2022 Relative to Audited March 2022 % of Total	12 months April 2020- March 2021 31-Mar-21	Growth % Q1 June 2022 vs Full Year Audited March 2021 %
Turnover	6,456,296,412	1,909,316,560	238.15%	4,546,979,852	12,671,115,147	50.95%	5,856,757,502	10.24%
Cost of sales	(6,240,219,906)	(1,854,452,529)	236.50%	(4,385,767,377)	(12,279,898,907)	50.82%	(5,661,937,112)	10.21%
Gross profit	216,076,506	54,864,031	293.84%	161,212,475	391,216,240	55.23%	194,820,390	10.91%
Gross Profit Margin	3.35%	2.87%			3.09%		3.33%	
Operating and administrative expenses & other	(65,047,974)	(20,522,188)	216.96%	(44,525,786)	(136,267,241)	47.74%	(60,128,596)	8.18%
Operating profit	151,028,532	34,341,843	339.78%	116,686,689	254,948,999	59.24%	134,691,794	12.13%
Finance income, net	759,567	5,599,160	-86.43%	(4,839,593)	2,935,693	25.87%	6,087,509	-87.52%
Profit before taxation	151,788,099	39,941,003	280.03%	111,847,096	257,884,692	58.86%	140,779,303	7.82%
Taxation	-	-		-	(4,244,248)		(32,618,904)	-100.00%
Net profit for the period, being total comprehensive income	151,788,099	39,941,003	280.03%	111,847,096	253,640,444	59.84%	108,160,399	40.34%
Shareholders' Equity	922,378,658	581,691,118	58.57%	340,687,540	770,607,103		318,424,142	189.67%
Non Current Assets	1,489,767,226	369,957,607	302.69%	1,119,809,619	1,140,666,641		269,686,297	452.41%
Current Assets	1,636,446,906	546,861,419	199.24%	1,089,585,487	1,653,880,132		281,799,824	480.71%
Current Liabilities	1,294,335,529	210,450,614	515.03%	1,083,884,915	1,017,220,679		208,192,721	521.70%
Net Current Assets	342,111,377	336,410,805	1.69%	5,700,572	636,659,453		73,607,103	364.78%
Current Ratio	1.26	2.60			1.63		1.35	
Debt (Long Term)	909,534,215	125,965,796			1,006,735,535		24,869,258	
Debt/Equity (Static)	0.99	0.22			1.31		0.08	

For the quarter ended June 30, 2022, FESCO recorded Turnover/Revenues of J\$6,456.3 million which reflects a 238.2% or J\$4,547.0 million year over year increase. Several factors affect revenue/turnover with the supply price of fuel being a major component. On average, this quarters refinery prices have increased

41.67% - 57.10% or J\$60.38 - J\$77.10 per litre relative to First Quarter (Q1) ended June 30, 2021. Please refer table below for details:

Petrojam Fuel Prices (Kingston)								
	Start of Q1	End of Q1	Start of Q1	End of Q1	Average Price Q1 2022	Average Price Q1 2021	YOY Change	YOY Change
	April 1, 2022	June 30, 2022	April 1, 2021	June 30, 2021	\$	\$	\$	%
87	191.3328	215.4280	135.4428	150.5528	203.3804	142.9978	60.3826	42.23%
90	196.3487	220.1587	138.2787	155.7287	208.2537	147.0037	61.2500	41.67%
ADO	196.9503	227.2603	127.5003	142.5203	212.1053	135.0103	77.0950	57.10%
ULSD	201.4374	229.9974	131.9074	151.0274	215.7174	141.4674	74.2500	52.49%

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\$216.1 million for the quarter which reflects growth of 293.8% or J\$161.2 million year over year. The Company's gross profits for the quarter is 55.2% of the gross profits achieved for the full year (12 months) ended March 31, 2022 and exceeds the full year gross profits achieved for the financial year ended March 31, 2021 by J\$21.3 million or 10.91%.

For the quarter, FESCO recorded operating profits of J\$151.0 million which reflects a 339.8% or J\$116.7 million year over year increase.

FESCO recorded finance income for the quarter of J\$0.759 million compared to an income of J\$5.599 million last year. This reflects a decline in finance income of J\$4.8 million or 86.4%.

For the quarter ended June 2022, FESCO profits after taxes of J\$151.8 million which reflects growth of 280.0% or J\$111.8 million year over year. The Company's net profit for the quarter is 59.8% of the net profits achieved for the full year (12 months) ended March 31, 2022 and exceeds the full year's net profit achieved for the financial year ended March 31, 2021 by J\$43.6 million or 40.3%.

Book Value or Shareholders' Equity as at June 30, 2022, increased by J\$151.8 million or 19.7% to sum J\$922.4 million, up from J\$770.6 million as at March 31, 2022.

The Company's current ratio stands at 1.26 (June 2022) down from 2.60 at March 31, 2022. This is reduction reflects the Company's capital expenditure (CAPEX) initiative to expand its fuel distribution network and acquisition of LPG assets. The Company has, subsequent to the June 30, 2022, restructured a significant portion of its short term debt to long term debt, the result of which will further improve its current ratio. As at June 30, 2022, the Company's Debt to Equity (D/E) (*long term-static*) is 0.99 versus 1.31 from March 2022.

A look ahead

The Company continues to monitor the inflationary forces within the economy, interest rate increases, near full employment in many parishes among other factors that affect private and/or consumer consumption and our deliberations regarding investment. Additionally, the Company hopes to continue to benefit from increased demand for our goods and services generally.

In July we opened our seventeenth (17th) retail service station FESCO Whitehall in St. Elizabeth. We welcome and thank the owner/dealer and his staff for their efforts, commitment and excellent customer service. We congratulate and appreciate the efforts of our construction, fabrication and installation,

branding, training and administrative teams and contractors for their execution of this project. In the coming quarters we will be upgrading and refreshing the look of many of our service stations across the island to better serve our customers and expanding availability of **E1088 Blend** throughout our network.

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.



2. Top 10 Shareholders

	Shareholder	Number of Shares	% of Issued Shares
1	Tweedside Holdings	364,734,616	14.5894%
2	Trevor Barnes	349,729,711	13.9892%
3	Errol McGaw	347,652,831	13.9061%
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	Jeremy Barnes	95,000,000	3.8000%
9	FESCO Founders' Pool Ltd.	79,000,000	3.1600%
10	Roy Davidson	61,778,117	2.4711%
		2,000,951,056	80.0380%

Issued Shares 2,500,000,000

3. Shareholdings of Directors and Senior Managers

Shareholdings of Directors, Officers & Connected Parties

DIRECTORS	Personal Shareholdings	Connected Parties'	Total	% of Issued Shares
Trevor Barnes	349,729,711	80,863,576	430,593,287	17.2237%
Jeremy Barnes	95,000,000	284,475	95,284,475	3.8114%
Harry Campbell	1,051,948	-	1,051,948	0.0421%
Hugh Coore	12,985,088	443,938,675	456,923,763	18.2770%
Gloria DeClou	-	-	-	0.0000%
Lyden Heaven	5,785,685	388,783,901	394,569,586	15.7828%
Vernon James	31,500,000	-	31,500,000	1.2600%
Errol McGaw	347,652,831	79,000,000	426,652,831	17.0661%
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	79,000,000	213,738,750	8.5496%
SENIOR MANAGERS				% of Issued Shares
Karen Jones	375,602	3,054,967	3,430,569	0.1372%
Omar Morgan	-	-	-	-
Andre Royes	-	-	-	-
COMPANY SECRETARY				% of Issued Shares
Kayola Muirhead	-	808,069	808,069	0.0323%

Issued Shares 2,500,000,000

Combined Directors' Holdings	1,018,263,557	40.731%
Combined Connected Party Hold	755,968,593	30.239%
Combined Holdings	1,774,232,150	70.969%

Future Energy Source Company Limited



4. Unaudited Financial Statements

1st Quarter Results

For the first (1st) Quarter ended June 30, 2022 for the financial year April 1, 2022
to March 31, 2023

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Statement of Financial Position

For the First (1st) Quarter ended June 30, 2022

	Unaudited 3 months 2022 \$	Unaudited 3 Months 2021 \$	Audited 12 Months 2022 \$
ASSETS			
NON-CURRENT ASSETS:			
Property, Plant and Equipment	1,489,767,226	369,957,607	1,138,450,233
Right - of - use Assets	34,270	1,488,502	548,321
Finance Lease	-	-	1,668,087
Deferred Tax Assets	-	-	-
	<u>1,489,801,496</u>	<u>371,446,109</u>	<u>1,140,666,641</u>
CURRENT ASSETS			
Inventories	60,731,292	13,770,257	49,028,494
Prepayments & Receivables	468,239,716	168,946,046	280,242,449
Due from Related Parties	198,755,269	81,343,645	187,140,359
Taxation Recoverable	5,472,179	649,649	3,037,656
Current portion Finance lease	-	-	5,808,484
Cash and Cash Equivalents	903,248,450	282,151,822	1,128,622,690
	<u>1,636,446,906</u>	<u>546,861,419</u>	<u>1,653,880,132</u>
TOTAL ASSETS	<u>3,126,248,402</u>	<u>918,307,528</u>	<u>2,794,546,773</u>
EQUITIES & LIABILITIES			
SHAREHOLDER' EQUITY			
Share Capital	228,327,973	228,127,973	228,327,973
Retained Earnings	694,050,685	353,563,145	542,262,586
TOTAL EQUITY	<u>922,378,658</u>	<u>581,691,118</u>	<u>770,590,559</u>
NON-CURRENT LIABILITIES			
Long term Loan	908,266,791	123,659,965	1,005,468,111
Lease Liabilities	-	1,477,939	-
Due to Related Parties	-	-	-
Deferred Tax Liabilities	1,267,424	827,892	1,267,424
	<u>909,534,215</u>	<u>125,965,796</u>	<u>1,006,735,535</u>
CURRENT LIABILITIES			
Payables and Accruals	946,758,341	191,238,803	750,899,606
Short term loans	157,110,333		157,110,333
Current portion of Long term loan	187,603,329	2,989,177	105,910,505
Current portion of finance lease	296,320	409,830	733,029
Taxation payable	2,567,206	15,812,804	2,567,206
	<u>1,294,335,529</u>	<u>210,450,614</u>	<u>1,017,220,679</u>
TOTAL EQUITY AND LIABILITIES	<u>3,126,248,402</u>	<u>918,107,528</u>	<u>2,794,546,773</u>

Approved for issue by the Board of Directors on August 12, 2022 and signed on its behalf by:


Trevor Heaven Director


Jeremy Barnes Director

Statement of Comprehensive Income

For the First (1st) Quarter ended June 30, 2022

		Unaudited 1st Quarter	Unaudited 1st Quarter	Audited Full Year
		3months	3months	12 months
	Note	ended	ended	ended
		30-Jun-22	30-Jun-21	31-Mar-22
				\$
Turnover		6,456,296,412	1,909,316,560	12,671,115,147
Cost of sales		(6,240,219,906)	(1,854,452,529)	(12,279,898,907)
Gross profit		216,076,506	54,864,031	391,216,240
Operating and administrative expenses		(65,047,974)	(20,522,188)	(136,267,241)
Operating profit		151,028,532	34,341,843	254,948,999
Finance income, net		759,567	5,599,160	2,935,693
Profit before taxation		151,788,099	39,941,003	257,884,692
Taxation		-	-	(4,244,248)
Net profit, being total comprehensive income		151,788,099	39,941,003	253,640,444
Earning per stock unit (EPS)		0.0607	0.0165	0.1017
Weighted Average # of stocks issued		2,500,000,000	2,426,666,667	2,493,424,658

Statement of Changes in Equity

For the First (1st) Quarter ended June 30, 2022

	Number of stock units	Share Capital	Retained Earnings	Total
		\$	\$	\$
Balance as at 31 March 2021	2,200,000,000	4,802,000	313,622,142	318,424,142
Issue of Shares during the year	300,000,000	223,525,973	-	223,525,973
Dividends			(25,000,000)	(25,000,000)
Total Comprehensive Income		-	253,640,444	253,640,444
Balance at 31 March 2022	2,500,000,000	228,327,973	542,262,586	770,590,559
Total Comprehensive Income		-	151,788,099	151,788,099
Balance at 30 June 2022		228,327,973	694,050,685	922,378,658

Statement of Cash Flows

For the First (1st) Quarter ended June 30, 2022

	Unaudited 3 Months 2022 \$	Unaudited 3 Months 2021 \$
CASH RESOURCES WERE PROVIDED BY/(USED IN)		
Cash Flows from operating Activities		
Profit before Taxation	151,788,099	39,971,003
Adjusting for:		
Depreciation	6,902,424	480,431
Amortisation on right of use assets	514,051	867,154
Foreign Exchange Losses	4,447,092	-
Lease Interest Expense	12,498	775,152
Mortgage Interest Expense	4,701,970	
Interest Income	(9,921,128)	(1,998,585)
	<u>158,445,007</u>	<u>40,095,155</u>
Changes in operating assets and liabilities:		
Increase in Inventories	(11,702,798)	5,200,331
Increase in Receivables	(187,997,267)	(35,168,929)
Increase in Tax Recoverable	(2,434,523)	(460,751)
Increase in payables	195,858,735	46,138,680
Due to Related parties net	(11,614,910)	(44,370,371)
Taxation Payable	-	(16,991,606)
Current portion - Finance Lease	7,476,571	3,973,293
Cash provided by operating activities	<u>148,030,815</u>	<u>(41,679,353)</u>
Interest received	9,921,128	1,998,585
Interest paid	(4,714,468)	(775,152)
Net Cash used in operating activities	<u>5,206,660</u>	<u>1,223,433</u>
Cash from Investing Activities		
Purchase of property, plant and Equipment	(358,219,418)	(114,266,165)
	<u>(358,219,418)</u>	<u>(114,266,165)</u>
Cash (used) Investing Activities		
Cash flows from Financing Activities		
Issue of shares	-	223,525,973
Long term loans, net	(15,508,496)	90,001,102
Short term loans net	-	-
Lease principal payments	(436,709)	(790,747)
Finance Lease Receivable net	-	11,458,770
Cash provided/(used) by financing activities	<u>(15,945,205)</u>	<u>324,195,098</u>
Net increase in cash and cash equivalent during the period	(220,927,148)	209,535,168
Effect of foreign exchange on cash and bank	(4,447,092)	-
Cash and cash equivalent at the beginning of the period	1,128,622,690	72,616,654
Cash and cash equivalent at the end of the period	<u>903,248,450</u>	<u>282,151,822</u>
Represented by:		
Cash and Cash Equivalents	903,248,450	282,151,822
	<u>903,248,450</u>	<u>282,151,822</u>

Notes to the Financial Statements

Expenses:

	Q1 3 Months 2022 \$	Q1 3 Months 2021 \$
ADMINISTRATIVE AND OTHER EXPENSES		
Accounting fees	333,000	450,000
Advertising and Promotion	3,169,987	2,895,337
Audit fees	1,657,584	600,000
Bank Charges	5,058,780	466,504
Depreciation	6,902,424	480,431
Amortisation of Right of use asset	514,050	867,151
Director fees	925,000	1,410,000
Donation	130,000	229,499
Office Expenses	1,795,212	1,502,724
Legal & Professional fees	2,316,300	2,074,124
Rent Expense	450,000	-
Repairs and Maintenance	2,154,933	1,026,076
Staff Costs	20,300,796	4,887,347
Utilities	3,548,728	943,331
Other Expenses	15,791,178	2,689,665
	65,047,974	20,522,188
Cost of inventories recognised as expenses	6,237,715,977	1,854,452,529
Finance Income net	(759,567)	(5,599,160)
	6,302,004,385	1,869,375,558