

# UNAUDITED FINANCIAL STATEMENTS

For First Quarter Ended September 30, 2023



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# DIRECTORS' REPORT

TO SHAREHOLDERS



## DIRECTORS' REPORT TO SHAREHOLDERS – September 30, 2023

The Board of Directors of Fontana Limited is pleased to present our unaudited financial statements for the first quarter ended September 30, 2023, which were prepared in accordance with International Financial Reporting Standards (IFRS).

### Income Statement

Our revenue for the quarter was \$1.78 billion, representing an increase of 8.3% over the \$1.64 billion for the corresponding quarter of the previous year. We saw increased revenues in all our locations, and growth in key metrics such as transaction counts, average spend per customer, and prescription counts.

Gross profit margins declined slightly in the quarter as our traditional back to school sale resulted in a reduction in our overall margin. Despite this, gross profit increased to \$603.2 million or 2.4% higher than the \$588.8 million recorded in Q1/2022.

Our operating expenses increased by 12.5% to \$522.3 million, up from \$464.3 million over prior year. This is largely attributable to increased staffing to strengthen the organizational structure and ongoing staff retention efforts including the introduction of a breakfast programme and departmental incentives for attaining KPIs. We also faced increased security and insurance rates, as well as set up costs for our new Portmore store including recruitment and training of the new team. Operating profit for the quarter was \$80.8 million, compared to the \$124.5 million earned last year.

Other income saw a 92% increase ending the quarter at \$33.1 million compared to \$17.3 million earned last year. Our short-term investments continue to yield good returns.

Net profit for the quarter was \$61.4 million compared to the \$87.6 million earned last year. This represents \$0.05 earnings per share, versus \$0.07 for the prior corresponding quarter.

### Balance Sheet

Total assets at the end of the quarter stood at \$5.2 billion, up from \$4.7 billion in the previous comparative period, reflecting an increase of 11%. During the ongoing preparations to open our seventh store, our cash and cash equivalents remain favorable at \$1.2 billion compared to \$1.3 billion for the previous comparative period. Shareholder's equity grew to \$2.5 billion, up from \$2.3 billion or 11% over the prior year.

# DIRECTORS' REPORT

TO SHAREHOLDERS



## Outlook

As we move into the second quarter, there is great anticipation about our newest addition in the Sunshine City. The response for the first few days since opening has been very encouraging, and we look forward to serving the Portmore community. We are confident that we will benefit from an increased customer base and economies of scale, as we continue to grow our brand and footprint across Jamaica.

## Corporate Social Responsibility

Fontana continues to sponsor meaningful causes. Among our many outreach projects in this quarter were the following initiatives/activities:

- Project STAR (Social Transformation and Renewal) - cash sponsorship
- St Ann National Reading Competition
- Mustard Seed Community
- Montego Bay Animal Haven Sponsorship
- Jamaica Lung Support Pulmonary Disease 5k Run/Walk
- Jamaica Cancer Society Blue Run/Walk
- CIBC Walk for the Cure - Bronze Sponsorship
- Governor-General's National Youth Consultative Conference

The Fontana Foundation expanded its scholarship programme with two additional beneficiaries for the 2023-24 academic year. There are now 2 recipients each of the Angella Chang Memorial Scholarship and the Luke Therrien Memorial Scholarship.

We are excited to be giving back as we grow, and proud to continue contributing to Jamaica's economic landscape. We want to recognize and thank our resilient team, our dedicated customers and all our stakeholders for their continued support.

  
Kevin Chang



  
Anne Chang

**FONTANA LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
**FIRST QUARTER ENDED SEPTEMBER 30, 2023**

	Note	First Quarter		Audited
		ended September 30		June 30, 2023
		2023	2022	\$
<b>Revenues</b>		1,779,117,240	1,643,096,283	7,317,436,676
<b>Cost of sales</b>		<u>(1,175,927,340)</u>	<u>(1,054,309,178)</u>	<u>(4,688,547,527)</u>
<b>Gross profit</b>		603,189,900	588,787,105	2,628,889,149
Administrative and other expenses		(504,750,685)	(424,098,917)	(1,779,152,746)
Selling and promotion		<u>(17,590,121)</u>	<u>(40,179,948)</u>	<u>(103,990,303)</u>
		(522,340,806)	(464,278,865)	(1,883,143,049)
<b>Operating profit</b>		80,849,094	124,508,239	745,746,100
Other income		<u>33,143,410</u>	<u>17,299,552</u>	<u>107,001,073</u>
		113,992,504	141,807,791	852,747,173
Finance costs	7	<u>(52,610,922)</u>	<u>(54,225,522)</u>	<u>(195,976,285)</u>
Profit before taxation		61,381,582	87,582,270	656,770,888
Taxation charge		-	-	(1,568,789)
<b>Net profit for the period/year</b>		<u>61,381,582</u>	<u>87,582,270</u>	<u>655,202,099</u>
<b>EARNINGS PER SHARE</b>	9	<b>0.05</b>	<b>0.07</b>	<b>0.52</b>

**FONTANA LIMITED**  
**STATEMENT OF FINANCIAL POSITION (Unaudited)**  
**AS AT SEPTEMBER 30, 2023**

	Note	UNAUDITED		AUDITED
		Sep-23	Sep-22	Jun-23
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment		1,254,754,747	755,566,320	1,126,432,667
Right of use asset		829,714,355	917,012,472	839,277,815
Intangible asset	8	213,468,981	165,461,145	217,161,891
		<u>2,297,938,083</u>	<u>1,838,039,938</u>	<u>2,182,872,373</u>
<b>Current Assets</b>				
Due from related parties		5,530,376	6,669,175	5,707,438
Due from directors		11,195,877	5,589,188	10,175,094
Trade and other receivables	3	191,527,349	171,049,398	138,017,661
Taxation recoverable		10,799,732	2,654,632	8,841,647
Inventories		1,485,606,444	1,341,858,812	1,229,494,854
Cash and cash equivalents		1,241,075,043	1,346,930,321	1,557,781,594
		<u>2,945,734,820</u>	<u>2,874,751,526</u>	<u>2,950,018,288</u>
<b>TOTAL ASSETS</b>		<b><u>5,243,672,903</u></b>	<b><u>4,712,791,464</u></b>	<b><u>5,132,890,661</u></b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
Issued share capital		252,589,301	252,589,301	252,589,301
Accumulated surplus		2,250,740,529	1,996,551,566	2,189,358,947
		<u>2,503,329,830</u>	<u>2,249,140,867</u>	<u>2,441,948,248</u>
<b>Non-Current Liabilities</b>				
Bond payable	5	495,076,380	493,561,420	494,697,640
Deferred tax liability		26,892,766	25,323,977	26,892,766
Non-current portion of lease liability		963,273,416	1,015,174,512	959,012,208
Bank loans payable	4	32,364,668	14,290,938	23,963,893
		<u>1,517,607,229</u>	<u>1,548,350,847</u>	<u>1,504,566,507</u>
<b>Current Liabilities</b>				
Due to related parties		86,072	-	181,163
Current portion of lease liability		92,918,430	98,183,111	89,614,469
Bank loans payable - Current portion	4	15,829,396	31,766,886	12,026,896
Trade and other payables	6	1,113,901,947	785,349,752	1,084,553,378
		<u>1,222,735,845</u>	<u>915,299,750</u>	<u>1,186,375,906</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>5,243,672,903</u></b>	<b><u>4,712,791,464</u></b>	<b><u>5,132,890,661</u></b>



Kevin Chang  
 Director/Chairman



Anne Chang  
 Director/CEO

**FONTANA LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**FIRST QUARTER ENDED SEPTEMBER 30, 2023**

	No of SHARES	SHARE CAPITAL \$	ACCUMULATED SURPLUS \$	TOTAL \$
<b><i>Audited Balance as at June 30, 2022</i></b>	1,249,374,825	252,589,301	1,908,969,296	2,161,558,597
Net profit for the period	-	-	87,582,270	87,582,270
<b><i>Balance as at Setember 30, 2022</i></b>	<b><u>1,249,374,825</u></b>	<b><u>252,589,301</u></b>	<b><u>1,996,551,566</u></b>	<b><u>2,249,140,867</u></b>
<b><i>Audited Balance as at June 30, 2023</i></b>	1,249,374,825	252,589,301	<b>2,189,358,947</b>	2,441,948,248
Net profit for the period	-	-	61,381,582	61,381,582
<b><i>Balance as at Setember 30, 2023</i></b>	<b><u>1,249,374,825</u></b>	<b><u>252,589,301</u></b>	<b><u>2,250,740,529</u></b>	<b><u>2,503,329,830</u></b>

**FONTANA LIMITED**  
**STATEMENT OF CASH FLOWS (Unaudited)**  
**As at September 30, 2023**

	Unaudited 30-Sep-23 \$	Unaudited 30-Sep-22 \$	Audited 30-Jun-23 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation	61,381,582	87,582,270	656,770,888
<b>Adjustment for items not affecting cash resources:</b>			
Depreciation and amortisation expenses	19,793,780	16,063,684	73,262,830
Depreciation on right of use assets	29,758,692	32,620,289	110,354,947
Lease interest expense	18,800,601	19,820,299	77,082,216
Interest expense	8,222,509	8,499,063	32,974,603
(Gain)/Loss on disposal of property, plant and equipment	(127,634)	-	12,250,120
Amortization of bond issuance cost	378,740	378,740	1,514,960
	<u>138,208,270</u>	<u>164,964,345</u>	<u>964,210,564</u>
<b>(Increase)/decrease in operating assets:</b>			
Inventories	(256,111,590)	(349,998,936)	(237,634,978)
Due from related parties	177,062	371,120	1,332,858
Trade and other receivables	(53,509,688)	23,179,017	56,210,754
Taxation recoverable	(1,958,085)	(36,609)	(6,223,624)
<b>Increase/(decrease) in operating liabilities:</b>			
Trade and other payables	29,348,569	98,819,524	148,148,185
Due to related parties	(95,091)	-	181,163
	<u>(143,940,553)</u>	<u>(62,701,540)</u>	<u>926,224,922</u>
<b>Cash flows (used)/provided by operating activities</b>	<b>(143,940,553)</b>	<b>(62,701,540)</b>	<b>926,224,922</b>
Taxation paid	-	-	-
	<u>(143,940,553)</u>	<u>(62,701,540)</u>	<u>926,224,922</u>
Net cash (used in)/provided by operating activities	<b>(143,940,553)</b>	<b>(62,701,540)</b>	<b>926,224,922</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(1,256,316)	(28,933,872)	(75,550,485)
Acquisition of intangible asset	-	-	(59,086,567)
Proceeds from disposal of property, plant and equipment	127,634	-	6,439,620
Pre-payments for construction in progress	(141,088,667)	-	(392,752,800)
	<u>(142,217,349)</u>	<u>(28,933,872)</u>	<u>(520,950,232)</u>
Net cash used in investing activities	<b>(142,217,349)</b>	<b>(28,933,872)</b>	<b>(520,950,232)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	-	-	(124,937,483)
Proceeds from loans	15,210,000	-	21,040,000
Repayment of loans	(3,006,725)	(10,025,059)	(41,132,095)
ROU lease liability, net	(33,508,632)	(35,160,008)	(157,152,871)
Director's loans, net	(1,020,783)	76,102	(4,509,804)
Interest paid	(8,222,509)	(8,499,063)	(32,974,603)
	<u>(30,548,650)</u>	<u>(53,608,027)</u>	<u>(339,666,856)</u>
Net cash used in financing activities	<b>(30,548,650)</b>	<b>(53,608,027)</b>	<b>(339,666,856)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(316,706,551)</b>	<b>(145,243,439)</b>	<b>65,607,834</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of the period/year</b>	<b>1,557,781,594</b>	<b>1,492,173,760</b>	<b>1,492,173,760</b>
<b>CASH AND CASH EQUIVALENTS - End of the period/year</b>	<b><u>1,241,075,043</u></b>	<b><u>1,346,930,321</u></b>	<b><u>1,557,781,594</u></b>
<b>REPRESENTED BY:</b>			
Short term investment	684,062,764	606,912,285	676,125,513
Cash and bank deposits	557,012,278	740,018,036	881,656,081
	<u>1,241,075,043</u>	<u>1,346,930,321</u>	<u>1,557,781,594</u>



**FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS**  
**FIRST QUARTER ENDED 30th SEPTEMBER 2023 (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, 2023 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 2023 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

**3 TRADE AND OTHER RECEIVABLES**

	30-Sep	
	2023	2022
	\$	\$
Trade receivables	36,912,859	20,371,760
Other receivables	60,530,145	15,242,630
Pre-payments	76,435,213	119,765,266
Security deposits	17,649,132	15,669,742
	<b>191,527,349</b>	<b>171,049,398</b>

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

	30-Sep	
	2023	2022
	\$	\$
a. BNS M/Vehicle Loan	12,174,375	-
c. BNS WATERLOO CAPEX	-	24,999,986
d. BNS VAN LOAN	2,800,000	4,400,000
e. BNS M/Vehicle Loan	1,412,424	3,295,656
f. BNS M/Vehicle Loan	4,407,025	6,178,285
g. BNS VAN LOAN	5,671,490	7,183,898
h. BNS M/Vehicle Line of Credit	6,518,750	-
i. BNS Vehicle Line of Credit	15,210,000	-
	48,194,063	46,057,824
<b>Less: Current Portion</b>	<b>(15,829,396)</b>	<b>(31,766,886)</b>
	<b>32,364,668</b>	<b>14,290,938</b>

**5 SENIOR UNSECURED BOND**

	30-Sep	
	2023	2022
	\$	\$
6% Bond due December 14, 2026	500,000,000	500,000,000
Unamortized bond fees (Legal and arranger fees)	(4,923,620)	(6,438,580)
	<b>495,076,380</b>	<b>493,561,420</b>

In December 2021, the Company launched a private placement of Bonds to raise J\$500,000,000. The placement was successfully taken up in total by Scotia Investments Jamaica Limited. Interest is payable quarterly at 6% per annum.

**FONTANA LIMITED - NOTES TO THE FINANCIAL STATEMENTS**  
**FIRST QUARTER ENDED 30th SEPTEMBER 2023 (Unaudited)**

6	TRADE AND OTHER PAYABLES	30-Sep	
		2023	2022
		\$	\$
	Trade payables	976,217,163	702,146,491
	Statutory liabilities	21,549,051	18,422,480
	GCT payable	8,009,009	-
	Salary accruals	9,576,419	6,816,771
	Credit cards payable	46,576,062	28,168,286
	Other payables and accruals	50,823,558	29,795,725
	Accrued interest	1,150,685	-
		<b>1,113,901,947</b>	<b>785,349,752</b>

7	FINANCE COSTS	30-Sep	
		2023	2022
		\$	\$
	Bank service charges	3,048,467	2,894,086
	Finance charges	3,731,724	2,710,772
	Credit Card Commission	12,186,131	11,469,362
	Loss on Investment	1,398,949	2,455,653
	Loan interest	8,222,509	8,499,063
	Lease interest expense (IFRS 16)	18,800,601	19,820,299
	Foreign exchange loss (Revaluation of Lease liability - IFRS 16)	11,589,432	16,852,665
	Foreign exchange gain	(6,366,892)	(10,476,378)
		<b>52,610,922</b>	<b>54,225,522</b>

8	INTANGIBLE ASSETS	30-Sep	
		2023	2022
		\$	\$
	Goodwill	165,461,145	165,461,145
	Eagle Software (POS) Development	48,007,836	-
		<b>213,468,981</b>	<b>165,461,145</b>

The new POS system (excluding hardware) was implemented in November 2022 and is being amortized over 4 years.

9	EARNINGS PER SHARE	30-Sep	
		2023	2022
		\$	\$
	Profit attributable to shareholders	61,381,582	87,582,270
	Weighted average number of shares in issue	1,249,374,825	1,249,374,825
	Earnings per share	0.05	0.07

**LIST OF TOP TEN (10) LARGEST SHAREHOLDERS  
AS AT SEPTEMBER 30, 2023**

SHAREHOLDERS

**Shareholder Units**

<b>1. Burbank Holdings Limited</b>	<b>977,946,747</b>
<b>2. Astronomical Holdings Limited</b>	<b>12,931,000</b>
<b>3. Sagicor Select Fund Limited – ('Class C' Shares)</b>	<b>10,028,143</b>
<b>Manufacturing &amp; Distribution</b>	
<b>4. St. Elizabeth International Limited</b>	<b>9,230,953</b>
<b>5. JCSD Trustee Services Ltd. A/C#76579-02</b>	<b>8,356,138</b>
<b>6. Jacqueline Sharp/Jason Sharp</b>	<b>7,094,000</b>
<b>7. St. Elizabeth Holdings Limited</b>	<b>5,319,000</b>
<b>8. Victory Island Limited</b>	<b>5,319,000</b>
<b>9. SJIML A/C 3119</b>	<b>5,210,875</b>
<b>10. Fontana Employee Share Trust</b>	<b>4,366,124</b>

**SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES  
AS AT SEPTEMBER 30, 2023**

<b>Director</b>	<b>Shareholdings</b>	<b>Connected Parties</b>	<b>Shareholdings</b>
Raymond Therrien	----	Burbank Holdings Limited	977,946,747
Kevin O'Brien Chang	----	Burbank Holdings Limited	977,946,747
		Nicole Watson-Chang	745,850
Shinque (Bobby) Chang	----	Burbank Holdings Limited	977,946,747
Anne Chang	----	Burbank Holdings Limited	977,946,747
Jacqueline Sharp	7,094,000	Jason Sharp (joint holder)	
Heather Goldson	2,070,000	David L. Goldson (joint holder)	

**SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES  
AS AT SEPTEMBER 30, 2023**

Denise Douglas	25,352	Ryan McCalla (joint holder)	
Judale Samuels-Smith	613,506		

SAT NOV 18

Fontana  
PHARMACY

PORTMORE

# GRAND OPENING

starts at 12 Noon  
@Parkway Plaza

Entrance at CIBC

Prizes - Surprises - Giveaways  
- Discounts - Samplings and more