



MFS CAPITAL PARTNERS LIMITED

UNAUDITED FINANCIAL STATEMENTS

TWELVE MONTHS ENDING 30TH JUNE 2023

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MFS CAPITAL PARTNERS LIMITED

REPORT TO OUR STOCKHOLDERS

QUARTER ENDING 30TH JUNE 2023

We hereby present the 4th Quarter Results for MFS Capital Partners Limited (MFS Cap).

NET PROFITS

For the twelve months ending 30th June 2023, the Group recorded profits after taxes of **\$9.5M**. These profits recorded during the quarter/year resulted from the receivables financing revenue line, consulting and financial advisory services and other income relating to write off of payables.

REVENUES

For the twelve months ending 30th June 2023, the Group recorded revenues of **\$16.3M** as MFS continues to make strides in receivables financing transactions and advisory services.

EXPENSES

For the twelve months ending 30th June 2023, the Group's administrative and operational expenses were **\$21.6M**. The expenses incurred are attributable to the operating costs for the Head Office.

FINANCIAL POSITION

Total assets of the Group stood at **\$65.5M** for the quarter/year ending 30th June 2023 with total liabilities at **\$104.6M** and shareholders' equity at a negative **\$39.1M**. Profit per stock unit for the twelve months was \$0.023 per share.

OTHER UPDATES

The company, in June, contracted **Dr Kesha Christie**, Principal of **KCLH Full Business Solutions Limited** to occupy the role of Chief Financial Officer at MFS Capital Partners Limited.

OUTLOOK

Despite the delay in completing the acquisition of Micro-Financing Solutions Limited, which would be the first acquisition completed under the current leadership team, we expect to see faster and robust growth after the transaction has been finalised. This acquisition will be completed within the first quarter of the 2023-2024 financial year. Micro-Financing Solutions is a known player in the local money services space, and will be looking to expand across Jamaica over the next 18 months. Micro-Financing Solutions Ltd. owns a 30 percent stake in a licenced securities dealer regulated by Financial Services Commission (FSC) and, as it also owns and operates a Cambio regulated by the Bank of Jamaica (BOJ).

We are therefore looking forward to finalising this 100 percent share-purchase agreement in the short term, then shifting focus to the other prospective acquisitions in our pipeline.

The Board of Directors wishes to thank you, our valued shareholders, our management and employees for the unwavering support and commitment to helping us achieve our business objectives. We look forward to your continued support.



Clide Leopold Nesbeth
Chairman



Dino Hinds
CEO

MFS CAPITAL PARTNERS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2023


| | Note | Unaudited 30-Jun-23 \$ | Audited 30-Jun-22 \$ |
|---------------------------------------|------|------------------------------|----------------------------|
| Assets | | | |
| <u>Non-Current Assets</u> | | | |
| Property and equipment | 4 | 2,406,777 | 2,672,088 |
| Intangible Assets | 5 | - | - |
| Total non-current assets | | 2,406,776 | 2,672,088 |
| <u>Current assets</u> | | | |
| Inventory | | - | 26,146 |
| Taxation recoverable | | 4,755,175 | 4,755,175 |
| Due from related party | | 46,467,695 | - |
| Receivables | 6 | 9,734,306 | 2,290,315 |
| Cash and bank balances | | 2,135,291 | 4,481,282 |
| Total current assets | | 63,092,467 | 11,552,918 |
| Total assets | | 65,499,243 | 14,225,006 |
| EQUITY & LIABILITIES | | | |
| <u>Equity</u> | | | |
| Share capital | 7 | 111,880,297 | 111,880,297 |
| Capital Reserves | | - | - |
| Accumulated deficit | | (138,488,768) | (147,491,795) |
| Total equity | | (26,608,471) | (35,611,498) |
| Non- Controlling interest | 8 | (12,469,694) | (13,043,433) |
| | | (39,078,165) | (48,654,931) |
| <u>Non-current liabilities</u> | | | |
| Due to Related Party | | 47,072,380 | - |
| Total Non-current liabilities | | 47,072,380 | - |

MFS CAPITAL PARTNERS LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT 30TH JUNE 2023

| | Note | Unaudited 30-Jun-23 | Audited 30-Jun-22 |
|---------------------------------------|------|------------------------|----------------------|
| <u>Current liabilities</u> | | \$ | \$ |
| Payables | | 55,371,662 | 55,746,571 |
| Current portion of long-term loans | | 1,557,057 | 1,557,057 |
| Due to Related Companies | | - | 5,000,000 |
| Taxation | | 576,309 | 576,309 |
| Total current liabilities | | 57,505,028 | 62,879,937 |
| Total equity & liabilities | | 65,499,243 | 14,225,006 |



Clide Leopold Nesbeth
Chairman



Dino Hinds
Director

MFS CAPITAL PARTNERS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
TWELVE MONTHS ENDING 30TH JUNE 2023

| | | Unaudited Quarter 30-Jun-23 | Unaudited Quarter 30-Jun-22 | Unaudited YTD 30-Jun-23 | Audited Year End 30-Jun-22 |
|---|------|-----------------------------------|-----------------------------------|-------------------------------|----------------------------------|
| | Note | \$ | \$ | \$ | \$ |
| Revenues | 9 | 1,721,000 | - | 16,310,000 | - |
| Cost of Sales | | - | - | - | - |
| Gross Profit | | 1,721,000 | - | 16,310,000 | - |
| Other Income | 10 | 10,810,411 | 14,193,237 | 16,582,696 | 66,028,130 |
| Impair. losses on financial assets | | - | (3,498,232) | - | (3,498,232) |
| Administrative expense | 11 | (6,039,298) | (9,568,916) | (21,593,811) | (43,229,625) |
| Operating Profit/Loss | | 6,492,113 | 1,126,089 | 11,298,885 | 19,300,273 |
| Finance Costs, net | | 280,000 | 1,363 | - | (1,131,160) |
| Profit/(Loss) before taxation | | 6,772,113 | 1,127,452 | 11,298,885 | 18,169,113 |
| Taxation | 12 | (1,107,549) | 3,237,277 | (1,722,119) | - |
| Profit/(Loss) after taxes | | 5,664,564 | 4,364,729 | 9,576,766 | 18,169,113 |
| Net Profit/(loss) Attributable to: | | | | | |
| Stockholders of the Company | | 5,090,825 | 3,442,279 | 9,003,027 | 12,838,525 |
| Non-Controlling interest | | 573,739 | 922,450 | 573,739 | 5,330,588 |
| | | 5,664,564 | 4,364,729 | 9,576,766 | 18,169,113 |
| Profit/(Loss) per Stock Unit | 13 | 0.013 | 0.009 | 0.023 | 0.030 |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
TWELVE MONTHS ENDING 30TH JUNE 2023

| | Number of Shares | Share Capital | Capital Reserve | Accumulated (deficit)/profit | Total | Non- Controlling Interest | Total Equity |
|---|---------------------|--------------------|--------------------|---------------------------------|---------------------|---------------------------------|---------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Audited Balances as at 30 Jun 2021 | 400,000,000 | 111,880,297 | 294,881 | (160,625,201) | (48,450,023) | (18,374,021) | (66,824,044) |
| Total Comprehensive profits/(losses) | - | - | - | 12,835,525 | 12,835,525 | 5,330,588 | 18,169,113 |
| Transfer from Capital Reserves | - | - | (294,881) | 294,881 | - | - | - |
| Unaudited Balances as at 30 Jun 2022 | 400,000,000 | 111,880,297 | - | (147,491,795) | (35,611,498) | (13,043,433) | (48,654,931) |
| Audited Balances as at 30 Jun 2022 | 400,000,000 | 111,880,297 | - | (147,491,795) | (35,611,498) | (13,043,433) | (48,654,931) |
| Total Comprehensive profits/(losses) | - | - | - | 9,003,027 | 9,003,027 | 573,739 | 9,576,766 |
| Unaudited Balances as at 30 Jun 2023 | 400,000,000 | 111,880,297 | - | (138,488,768) | (26,608,471) | (12,469,694) | (39,078,165) |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
TWELVE MONTHS ENDING 30TH JUNE 2023

| | Unaudited 30-Jun-23 | Audited 30-Jun-22 |
|---|------------------------|----------------------|
| | \$ | \$ |
| Cash flow from operating activities: | | |
| Profit/(Loss) before taxes | 11,298,885 | 18,169,113 |
| Adjustment for: | | |
| Depreciation & Amortisation | 145,647 | 1,851,944 |
| Impairment losses on financial assets | - | 3,498,232 |
| Loss/(gain) on Disposal of assets | 366,399 | 2,056,894 |
| Interest expense | - | 1,132,523 |
| Interest Income | 2,450,705 | (1,363) |
| Operating cash flows before movements in working capital | 14,261,636 | 26,707,343 |
| Changes in working capital: | | |
| (Increase)/decrease in receivable | (7,443,991) | (1,139,970) |
| (Decrease)/increase in Payables | (2,097,026) | (5,374,858) |
| Inventories | 26,146 | 71,007 |
| Related party balances, net | (4,395,315) | 10,120,500 |
| Directors' accounts, net | - | 750,000 |
| Cash provided/(used) by operations | 351,449 | 31,134,022 |
| Taxes recovered/(paid) | - | 66,688 |
| Interest paid | - | (1,132,523) |
| Interest received | (2,450,705) | 1,363 |
| Net cash provided/(used) by operating activities | (2,099,256) | 30,069,550 |
| Investing Activities | | |
| Purchase of property, plant and equipment | (266,734) | (200,390) |
| Proceeds from disposal | 20,000 | - |
| Net cash(used in)/provided by investing activities | (246,734) | (200,390) |
| Financing Activities | | |
| Short term loans, net | - | (21,397,393) |
| Other/Loan payables, net | - | (784,482) |
| Net cash used in financing activities | - | (22,181,875) |
| Net Increase/(Decrease) in Cash and Bank Balances | (2,345,990) | 7,687,285 |
| Cash and Bank Balances at the beginning of year | 4,481,282 | (3,206,003) |
| Cash and Bank Balances at the end of year | 2,135,291 | 4,481,282 |
| Cash at Bank | 2,135,291 | 4,481,282 |
| Bank Overdraft | - | - |
| Represented by Cash & Bank | 2,135,291 | 4,481,282 |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2023

| | Note | Unaudited 30-Jun-23 \$ | Audited 30-Jun-22 \$ |
|---------------------------------------|------|------------------------------|----------------------------|
| Assets | | | |
| <u>Non-current assets</u> | | | |
| Property and equipment | 4 | 599,161 | 864,472 |
| Intangible Assets | 5 | - | - |
| Total non-current assets | | 599,161 | 864,472 |
| <u>Current assets</u> | | | |
| Taxation recoverable | | 4,755,175 | 4,755,175 |
| Receivables | 6 | 9,734,306 | 2,290,314 |
| Due from Related Party | | 46,467,695 | - |
| Cash and bank balances | | 2,135,291 | 4,481,282 |
| Total current assets | | 63,092,468 | 11,526,771 |
| Total assets | | 63,691,629 | 12,391,243 |
| EQUITY & LIABILITIES | | | |
| <u>Equity</u> | | | |
| Share capital | 7 | 111,880,297 | 111,880,297 |
| Accumulated deficit | | (110,948,444) | (118,230,325) |
| Total equity | | 931,853 | (6,350,028) |
| <u>Non-current liabilities</u> | | | |
| Due to Related Party | | 47,072,380 | - |
| Total Non-current liabilities | | 47,072,380 | - |
| <u>Current liabilities</u> | | | |
| Payables | | 193,950 | 847,457 |
| Other Payables | | 7,189,000 | 4,201,137 |
| Due to Related Party -Short Term | | - | 5,000,000 |
| Loan Payables | | - | - |
| Payroll Liabilities | | 8,304,446 | 8,692,677 |
| Total current liabilities | | 15,687,396 | 18,741,271 |
| Total equity & liabilities | | 63,691,629 | 12,391,243 |



Clide Leopold Nesbeth
Chairman



Dino Hinds
Director

MFS CAPITAL PARTNERS LIMITED
UNAUDITED COMPANY STATEMENT OF COMPREHENSIVE INCOME
TWELVE MONTHS ENDING 30TH JUNE 2023

| | | Unaudited Quarter 30-Jun-23 | Unaudited Quarter 30-Jun-22 | Unaudited YTD 30-Jun-23 | Audited YTD 30-Jun-22 |
|--|------|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------|
| | Note | \$ | \$ | \$ | \$ |
| Revenues | 9 | 1,721,000 | - | 16,310,000 | - |
| Other Income | 10 | 8,201,216 | 7,210,046 | 13,973,501 | 40,990,218 |
| Impairment losses on financial assets | | - | - | - | (3,498,232) |
| Administrative expense | 11 | (6,039,298) | (6,670,472) | (21,593,811) | (32,265,539) |
| Operating Profit/(Loss) | | 3,882,918 | 539,574 | 8,689,690 | 5,226,447 |
| Finance Costs, net | | 280,000 | 1,363 | - | 1,363 |
| Profit/(Loss) before taxation | | 4,162,918 | 540,937 | 8,689,690 | 5,227,810 |
| Taxation | 12 | (793,308) | 1,023,138 | (1,407,879) | - |
| Profit/(Loss) from after taxation | | 3,369,609 | 1,564,075 | 7,281,811 | 5,227,810 |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY
TWELVE MONTHS ENDING 30TH JUNE 2023

| | Number of Shares | Share Capital | Accumulated profit/(deficit) | Total |
|---|---------------------|--------------------|----------------------------------|--------------------|
| | | \$ | \$ | \$ |
| Audited Balances as at 1 Jul 2021 | 111,880,297 | 111,880,297 | (123,458,135) | (11,577,838) |
| Net Profit/(Loss) | - | - | 5,227,810 | 5,227,810 |
| Misc. | | | - | - |
| Unaudited Balances as at 30 Jun 2022 | 111,880,297 | 111,880,297 | (118,230,325) | (6,350,028) |
| Audited Balances as at 1 Jul 2022 | 111,880,297 | 111,880,297 | (118,230,325) | (6,350,028) |
| Total Comprehensive profit | - | - | 7,281,811 | 7,281,811 |
| Misc. | - | - | 69 | 69 |
| Unaudited Balances as at 30 Jun 2023 | 111,880,297 | 111,880,297 | (110,948,445) | 931,852 |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED COMPANY STATEMENT OF CASH FLOW
TWELVE MONTHS ENDING 30TH JUNE 2023

| | Unaudited | Audited |
|---|-------------------------|-------------------------|
| | 30-Jun-23 | 30-Jun-22 |
| | \$ | \$ |
| Cash flow from operating activities: | | |
| Profit/(loss) before taxes | 8,689,690 | 5,227,810 |
| Adjustment for: | | |
| Depreciation and amortization | 145,647 | 154,922 |
| Foreign exchange losses | - | - |
| Impairment losses on financial assets | - | 3,498,232 |
| Loss on disposal of assets | 366,399 | 773,705 |
| Interest expense | - | - |
| Interest income | 2,450,705 | (1,363) |
| Operating cash flows before movements in working capital | 11,652,441 | 9,653,306 |
| Changes in working capital: | | |
| (Increase)/decrease in Receivable | (7,443,992) | (3,513,930) |
| (Decrease)/increase in Payables | (4,395,245) | 7,130,308 |
| Related parties net | 538,246 | 10,120,500 |
| Cash provided/(used) by operations | 351,450 | 23,390,184 |
| Taxes paid | - | - |
| Interest paid | - | - |
| Interest received | (2,450,705) | 1,363 |
| Net cash provided/(used) by operating activities | <u>2,099,255</u> | <u>23,391,547</u> |
| Investing Activities | | |
| Purchase of Equipment/Assets | (266,734) | (200,386) |
| Proceeds from disposal | 20,000 | - |
| Net Cash used in investing activity | <u>(246,734)</u> | <u>(200,386)</u> |
| Financing Activities | | |
| Loans payables, net | - | (19,258,328) |
| Net cash used in financing activity | <u>-</u> | <u>(19,258,328)</u> |
| Net Increase/(Decrease) in Cash and Bank Balances | (2,345,989) | 3,932,833 |
| Effects of exchange losses on cash and cash equivalents | - | - |
| Cash and Bank Balances at the beginning of year | 4,481,282 | 548,449 |
| Cash and Bank Balances at the end of year | <u>2,135,192</u> | <u>4,481,282</u> |
| Represented by Cash & Bank | <u>2,135,192</u> | <u>4,481,281</u> |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

The company was incorporated under the Companies Act of Jamaica on 24 November 2011. At the end of the quarter, MFS Capital Partners Limited changed its registered office from Unit 15, Barbican Centre, 88 Barbican Road to Suite 2, 14 Canberra Crescent, Kingston 6.

On 25 May 2023, MFS Acquisition Limited acquired the 79 % stake previously held by Stock and Securities Limited. Effective 3 August 2023, the name of the Company was changed from SSL Venture Capital Jamaica Limited to MFS Capital Partners Limited. The name was changed pursuant to Section 17 of the Companies Act and was approved by shareholders at an Extraordinary General Meeting held on 13 June 2023.

The business model of the Company has not changed significantly as they will continue specializing in investing in equity of small to medium sized companies that show great potential for growth and profits. The Company is listed as a member of the Junior Junket of the Jamaica Stock Exchange.

The company's subsidiaries, together with the company are referred to as "the group"; the subsidiaries are as follows:

| Date of Acquisition | Subsidiaries | Principal Activities | Proportion of issued share capital held by company |
|----------------------------|--------------------------|---|---|
| Jul 2, 2018 | Bar Central Ltd. | Distribution and provision of branding services | 75% |
| July 20, 2018 | Muse 360 Integrated Ltd. | Junketing and commercial solutions | 51% |

All of the company's subsidiaries are incorporated and domiciled in Jamaica.

Bar Central Limited ceased operational activities as of JUNE 30, 2019. Muse 360 Integrated Limited ceased operational activities as of August 31, 2019. New Management has decided to dispose of shares in both companies: Muse 360 Integrated Limited and Bar Central Limited.

The consolidated financial statements include the financial statements for the company and its subsidiaries. The financial statements are presented in Jamaican dollars, which is the functional currency.

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The interim financial report is to be read in conjunction with the audited financial statements for the year ended June 30, 2022. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended June 30, 2022.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 30th JUNE 2023. A subsidiary is an entity controlled by the company. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee, if and only if, the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring its accounting policy in line with the group's accounting policy. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated in full on consolidation.

c) Going concern

The Group reported profits in 2023 of \$9,576,766 and the company reported profits of \$7,281,811. The Group and the Company as at 30th June 2023 have accumulated deficit of \$138,488,768 (June 2022: \$147,491,795) and \$110,948,444 (June 2022: \$118,230,325) respectively.

Further, as at 30 June 2023, the Group's current assets exceed its current liabilities by \$5,587,439 (June 2022, the liabilities exceeded receivables of \$51,327,019) however the Company's current assets exceeded its current liabilities by \$47,405,072 (June 2022, the liabilities exceeded receivables of: (\$7,214,500) respectively.

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Property and Equipment

Owned Assets: Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

Depreciation are stated as cost less accumulated depreciation and impairment losses (see below). Depreciation is calculated on a straight line basis at rates to write-off carrying values of the assets over their period of expected useful lives. The annual depreciation rates are as follows:

Computer Equipment 25%; Furniture - 10%; Leasehold improvements - 10%; Motor Vehicles - 20% & Office Equipment- 10%

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income. Repairs and Maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred.

e) Intangible Assets

Intangible assets represent purchased computer software not integral to computer hardware, with finite useful lives that are acquired separately and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life of nine years.

f) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on a first in first out basis. Net Realisable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

g) Cash and bank balances

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short term deposits and bank overdraft.

h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. For trade receivables impairment provisions, the group and company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

i) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

j) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable of goods and customer acceptance or performance of service. Revenue is shown net of General Consumption Tax, returns, rebates and discounts. Revenue is recognized as follows:

- i. Sales of goods- Sales of goods are recognized upon the delivery of goods and acceptance or performance of services.
- ii. Interest income - Interest income is recognized in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

k) Related Parties

A party is related to the group, if:

- i. Directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Company (this includes parent, subsidiaries and fellow subsidiaries); has an interest in the entity that gives it significant influence over the group; or has joint control over the group;
- ii. the party is an associate of the Company;
- iii. the party is a joint venture in which the Company is a venture;
- iv. the party is a member of the key management personnel of the Company or its parent;
- v. the party is a close member of the family of any individual referred to in (i) or (iv);
- vi. the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- vii. the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

l) Foreign Currencies

Foreign currency transactions are accounted for at the exchange rate prevailing at the rate of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the statement of financial position date; that is in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains or losses arising from fluctuations in the exchange rates are reflected in the statement of comprehensive income.

m) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

n) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognized as income tax expense or benefit in the statement of comprehensive income except, where they relate to items recorded in shareholders' equity, they are also charged or credited to shareholders' equity.

Current taxation - is the expected taxation payable on the taxable income for the year using the tax rates enacted at the statement of financial position date and any adjustment to tax payable and tax losses in respect of previous years.

Deferred Income taxes - are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when the legal right of offset exists.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies.

Management believes there were no judgements made in the process of applying the Company's accounting policies that had a significant effect on the amounts recognised in the financial statements.

Management is of the opinion that there were no critical assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

4. PROPERTY, PLANT & EQUIPMENT

The Group

| | Computer Equipment | Furniture & Fixtures | Office Equipment | Motor Vehicle | Leasehold Improve- ments | Total |
|--|-------------------------------|-------------------------------------|-----------------------------|--------------------------|---|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| At Cost | | | | | | |
| At Jul 1, 2022 | 2,768,874 | 1,446,580 | 814,095 | 1,023,852 | 266,960 | 6,320,361 |
| Adjustment | - | - | - | 2,016,148 | - | 2,016,148 |
| Additions | 171,734 | - | 95,000 | - | - | 266,734 |
| Disposals | - | - | (270,309) | - | (188,960) | (459,269) |
| At Jun 30, 2023 | 2,940,608 | 1,446,580 | 638,786 | 3,040,000 | 78,000 | 8,143,974 |
| Accumulated depreciation | | | | | | |
| At Jul 1, 2022 | 2,075,210 | 302,507 | 167,360 | 1,023,852 | 79,344 | 3,648,273 |
| Adjustment | - | - | - | 2,016,148 | - | 2,016,148 |
| Charge for period | 60,637 | - | 72,486 | - | 12,524 | 145,647 |
| Eliminated Depreciation from disposal | - | - | (12,204) | - | (60,667) | (72,871) |
| At Jun 30, 2023 | 2,135,847 | 302,507 | 227,642 | 3,040,000 | 31,203 | 5,737,197 |
| Net Book Value | | | | | | |
| At Jun 30, 2023 | 804,761 | 1,144,073 | 411,144 | - | 46,799 | 2,406,777 |
| At Jun 30, 2022 | 693,664 | 1,144,073 | 646,735 | - | 187,616 | 2,672,088 |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

PROPERTY, PLANT & EQUIPMENT(Con't)

The Company

| | Computer Equipment | Office | Leasehold Improve- | Total |
|---------------------------------|---------------------------|---------------|---------------------------|--------------|
| | \$ | \$ | ments | \$ |
| | \$ | \$ | \$ | \$ |
| At Cost | | | | |
| At Jul 1, 2022 | 85,559 | 814,094 | 266,960 | 1,166,613 |
| Addition | 171,734 | 95,000 | - | 266,734 |
| Disposals | - | (270,309) | (188,960) | (459,269) |
| At Jun 30, 2023 | 257,293 | 638,785 | 78,000 | 974,077 |
| Accumulated depreciation | | | | |
| At Jul 1, 2022 | 55,437 | 167,360 | 79,344 | 302,141 |
| Charge for the period | 60,637 | 72,486 | 12,524 | 145,647 |
| Relieved on disposal | - | (12,204) | (60,668) | (72,872) |
| At Jun 30, 2023 | 116,074 | 227,643 | 31,200 | 374,916 |
| Net Book Value | | | | |
| At Jun 30, 2023 | 141,219 | 411,142 | 46,800 | 599,161 |
| At Jun 30, 2022 | 30,122 | 646,734 | 187,616 | 864,472 |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

5. INTANGIBLE ASSETS

| The Group | Unaudited |
|-----------------------------------|------------------|
| | 30-Jun-23 |
| Cost | \$ |
| 1 Jul 2022 | 2,219,403 |
| Additions/(Disposals)/Adjustments | - |
| Balance at end of Period | <u>2,219,403</u> |
| | |
| Amortisation | |
| 1 Jul 2022 | 2,219,403 |
| Adjustments | - |
| Charge for the period | - |
| Balance at end of Period | <u>2,219,403</u> |
| | |
| Net Book Value | |
| At Jun 30, 2023 | <u>-</u> |
| At Jun 30, 2022 | <u>-</u> |
| | |
| The Company | Unaudited |
| | 30-Jun-23 |
| Cost | \$ |
| 1 Jul 2022 | 2,404,184 |
| Additions/(Disposals) | - |
| Balance at end of Period | <u>2,404,184</u> |
| | |
| Amortisation | |
| 1 Jul 2022 | 2,404,184 |
| Charge for the period | - |
| Balance at end of Period | <u>2,404,184</u> |
| | |
| Net Book Value | |
| At Jun 30, 2023 | <u>-</u> |
| At Jun 30, 2022 | <u>-</u> |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

6. RECEIVABLES

Group

| | Unaudited | Audited |
|-------------------------|------------------|------------------|
| | 30-Jun-23 | 30-Jun-22 |
| | \$ | \$ |
| Trade | 3,542,726 | 3,542,726 |
| Other | 31,907,950 | 24,463,959 |
| | <hr/> | <hr/> |
| | 35,450,676 | 28,006,685 |
| Less: Impairment losses | (25,716,370) | (25,716,370) |
| | <hr/> | <hr/> |
| | 9,734,306 | 2,290,315 |

The Company will provide fully for all receivables outstanding in excess of one year as management believes receivables that are past due beyond this period are generally not recoverable.

7. SHARE CAPITAL

| | Unaudited | Audited |
|---|------------------|------------------|
| | 30-Jun-23 | 30-Jun-22 |
| Authorised capital: | | |
| | 1,000,000,000 | 1,000,000,000 |
| Ordinary shares at no par value | | |
| Issued and fully paid: | | |
| 400,000,000 Ordinary shares of no par value | \$111,880,297 | \$111,880,297 |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

8. NON-CONTROLLING INTEREST

The Group

| | Unaudited 30-Jun-23 | Audited 30-Jun-22 |
|---------------------------------------|--------------------------------------|------------------------------------|
| | \$ | \$ |
| Balance at beginning of period | (13,043,433) | (18,374,021) |
| Capital Reserves | - | - |
| Share of (Loss)/Gain for the year | 573,739 | 5,330,588 |
| Balance at end of period | (12,469,694) | (13,043,433) |

9. REVENUE

Revenue represents the price of goods sold or services rendered to customers, and management fees and is stated net of discounts, allowances and General Consumption Tax.

10. OTHER INCOME

| | 30-Jun-23 The Group | 30-Jun-23 The Company |
|------------------------|--------------------------------------|--|
| | \$ | \$ |
| Net Payables Write off | 7,635,341 | 5,000,000 |
| Other | 8,947,355 | 8,973,501 |
| | 16,582,696 | 13,973,501 |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

11. ADMINISTRATIVE EXPENSES

| | The Group | | The Company | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Unaudited | Audited | Unaudited | Audited |
| | 30-Jun-23 | 30-Jun-22 | 30-Jun-23 | 30-Jun-22 |
| | \$ | \$ | \$ | \$ |
| Advertising & PR | 428,230 | - | 428,230 | - |
| Bank Charges | 52,513 | 484,456 | 52,513 | 109,805 |
| Audit Fee | 2,382,489 | 3,049,245 | 2,382,489 | 1,707,745 |
| Accounting Fee | 1,060,000 | - | 1,060,000 | - |
| Rent | 962,685 | 3,869,591 | 962,685 | 2,309,591 |
| Depreciation | 145,647 | 1,851,944 | 145,647 | 154,922 |
| Director Fees | 2,095,000 | 75,000 | 2,095,000 | 75,000 |
| Co. Secretary | 320,010 | 305,000 | 320,010 | 305,000 |
| Legal & Prof.Fees | 50,000 | 2,419,198 | 50,000 | 2,419,198 |
| Motor Expenses | - | 762,674 | - | 762,674 |
| Dues & Subscrip. | 224,222 | 502,967 | 224,222 | 502,967 |
| Office / Admin Ex | 1,169,549 | 436,270 | 1,169,549 | 352,720 |
| Registrar/JSE Fee | 2,151,237 | 1,941,223 | 2,151,237 | 1,941,223 |
| Travelling | 643,478 | 2,400,000 | 643,478 | 2,400,000 |
| Other expenses | 3,676,894 | 9,526,442 | 3,676,894 | 4,459,265 |
| Payroll Expenses | 4,621,404 | 14,984,228 | 4,621,404 | 14,925,829 |
| Management Fees | 1,100,000 | - | 1,100,000 | - |
| Repairs | 28,000 | 122,742 | 28,000 | 122,741 |
| Utilities | 116,053 | 498,645 | 116,053 | 478,770 |
| Total Operating Expenses | 21,593,811 | 43,229,625 | 21,593,811 | 32,265,539 |

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

12. TAXATION

Taxation is computed on the profit for the year adjusted for taxation purposes and comprises:

| | The Group | | The Company | |
|----------------------------------|------------------|----------------|--------------------|----------------|
| | Unaudited | Audited | Unaudited | Audited |
| | Jun-23 | Jun-22 | Jun-23 | Jun-22 |
| | \$ | \$ | \$ | \$ |
| Income Tax @ 25% | 1,722,119 | - | 1,407,879 | - |
| Deferred Income Tax (Note 6) | - | - | - | - |
| | <u>1,722,119</u> | <u>-</u> | <u>1,407,879</u> | <u>-</u> |

Entities listed on the Junior Stock Exchange in Jamaica benefit from tax incentives of tax rates of 0% in year 1-5, and 50% of regular tax rates in year 6 -10.

Subject to agreement with the Commissioner, General, Tax Administration Jamaica, the Group and the Company have tax losses of approximately June 2023 is \$282,266,701 and \$167,287,250 respectively that can be carried forward indefinitely for offset against future taxable profits.

The taxation charged in the statement of comprehensive income differs from the theoretical amount that would arise using the appropriate income tax rate:

| | The Group | | The Company | |
|---|------------------|----------------|--------------------|----------------|
| | Unaudited | Audited | Unaudited | Audited |
| | Jun-23 | Jun-22 | Jun-23 | Jun-22 |
| | \$ | \$ | \$ | \$ |
| Profit/(Loss) before tax | 11,298,885 | 18,169,113 | 8,689,690 | 5,227,810 |
| Tax calculated at the appropriate tax rate | 2,824,721 | 4,542,278 | 2,172,422 | 1,306,953 |
| Adjusted for the effects of : | | | | |
| Expenses not allowed for tax purposes* | - | 3,308,355 | - | 836,457 |
| Other charges and allowances* | (1,102,602) | (7,850,633) | (764,543) | (2,143,410) |
| | <u>1,722,119</u> | <u>-</u> | <u>1,407,879</u> | <u>-</u> |

* A recalculation of taxes will be done at the end of the year in the audited financial statements

MFS CAPITAL PARTNERS LIMITED
UNAUDITED NOTES TO THE FINANCIAL STATEMENT
TWELVE MONTHS ENDING 30TH JUNE 2023

13. PROFIT/LOSS PER SHARE

Basic profit/(loss) per share as calculated by dividing the loss by the weighted average number of ordinary shares in issue.

| | Unaudited | Audited |
|--|------------------|------------------|
| | 30-Jun-23 | 30-Jun-22 |
| | \$ | \$ |
| Profit / (Loss) | 9,003,027 | 12,838,525 |
| Weighted average number of ordinary shares | 400,000,000 | 400,000,000 |
| Basic profit /(loss) per share | 0.02 | 0.03 |