

**FUTURE ENERGY SOURCE COMPANY LIMITED
(FESCO)**



FESGAS

AUDITED FINANCIAL STATEMENTS
for the Financial Year Ended March 31, 2026

Future Energy Source Company Limited

Financial Statements

31 March 2026

Future Energy Source Company Limited

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31 March 2026

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INDEPENDENT AUDITORS' REPORT

To the Members of
Future Energy Source Company Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Future Energy Source Company Limited as at 31 March 2026, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaican Companies Act.

What we have audited

Future Energy Source Company Limited financial statements comprise:

- the statement of financial position as at 31 March 2026;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of material accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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Report on the audit of the financial statements (continued)

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our Company audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Our 2026 audit was planned and executed having regard to the fact that the operations of the Company remain largely unchanged from the prior year.

The Company's businesses are organised into two primary segments being wholesale and retail petroleum products and liquefied petroleum gas. These segments maintain their own accounting records and report to the Company through the completion of reporting packages.

In establishing the overall Company's audit strategy and plan, we determined the type of work that was needed to be performed on the components by the engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
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Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>IFRS 9 Financial Instruments, is complex and requires the Company to recognise expected credit losses ('ECL') on financial assets. The determination of ECL is highly subjective and requires management to make significant judgement and estimates, particularly regarding significant increase in credit risk and forward-looking information.</p> <p>The combination of significant management estimates and judgement increases the risk that management estimates could be materially misstated.</p> <p>See notes 4(a), 5(i) and 11 of the financial statements.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> ➤ Obtained an understanding of the model used by management for the calculation of expected credit losses on receivables. ➤ Test the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. ➤ Involved our financial risk modelling specialists to evaluate the appropriateness of the Company's impairment methodologies, including the criteria used for determining significant increase in credit risk and independently assessed the assumptions and compliance with the requirements of IFRS 9, Financial Instruments. ➤ Involved our financial risk modelling specialists to evaluate the appropriateness of the economic parameter, including the use of forward-looking information. ➤ Tested the Company's recording and ageing of trade receivables. ➤ Assessed the adequacy of the disclosures of the key assumptions and judgements as well as compliance with IFRS 9. <p>Based on audit procedures performed, no adjustments to the financial statements were deemed necessary.</p>

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How the matter was addressed in our audit
<p>Revenue recognition</p> <p>The main activities of the Company comprise retail and wholesale trading activities in petroleum and automotive products. This includes the sale of fuel, lubricants and leasing fuel equipment. It also utilizes its FESCO trademark and allows dealers to use its trademark in exchange for direct compensation.</p> <p>Revenue is posted to the general ledger by means of monthly manual journal entries and a significant volume of numerous small value items are invoiced, therefore we assessed there to be a higher risk of material misstatement associated with the timing and amount of revenue recognised.</p>	<p>Our audit procedures in response to this matter included:</p> <ul style="list-style-type: none"> ➤ Assessed the revenue recognition policy applied by the Company and for compliance with IFRS 15 Revenue from Contracts with Customers. ➤ Tested the design and implementation and operating effectiveness of relevant controls such as the review of the monthly sales journal and the daily sales reconciliation. ➤ Evaluated whether sales transactions on either side of the financial position date as well as credit notes issued after the financial position date are recognised in the correct period. ➤ Compared a sample of items to supporting documentation to verify that the sales transactions are recorded appropriately. ➤ Performed a cash to revenue reconciliation by using the cash receipts from the monthly bank statements and the opening and closing receivables for the year. ➤ Evaluated the completeness of the sales listing by agreeing to the general ledger.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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Report on the audit of the financial statements (continued)

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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Report on the audit of the financial statements (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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Report on the audit of the financial statements (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this Independent Auditors' Report is Wayne Strachan.

Baker Tilly

Chartered Accountants

Kingston, Jamaica

30 June 2026


Future Energy Source Company Limited

Statement of Financial Position As at 31 March 2026

		<u>2026</u>	<u>2025</u>
	Note	\$	\$
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	4,467,747,528	4,009,800,093
Right-of-use assets	7	156,113,472	188,012,348
Investment securities	8	68,005,050	28,005,050
Finance lease receivables	9	75,816,742	80,812,031
		<u>4,767,682,792</u>	<u>4,306,629,522</u>
Current Assets			
Inventories	10	239,940,592	248,918,373
Trade and other receivables	11	980,717,124	770,361,783
Taxation recoverable		6,460,445	10,249,531
Current portion of finance lease receivables	9	9,230,352	9,577,597
Cash and cash equivalents	12	257,519,715	256,070,541
		<u>1,493,868,228</u>	<u>1,295,177,825</u>
		<u>6,261,551,020</u>	<u>5,601,807,347</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	13	228,327,973	228,327,973
Capital reserves	14	545,173,455	545,173,455
Retained earnings		2,542,705,933	1,945,896,264
		<u>3,316,207,361</u>	<u>2,719,397,692</u>
Non-Current Liabilities			
Long term liabilities	15	1,311,199,361	1,558,133,458
Lease liabilities	7	166,336,963	190,378,047
Deferred tax liabilities	16	109,338,272	53,945,949
		<u>1,586,874,596</u>	<u>1,802,457,454</u>
Current Liabilities			
Trade and other payables	17	473,392,956	758,127,096
Short term loan	18	21,162,836	-
Current portion of long term liabilities	15	632,969,530	300,580,637
Current portion of lease liabilities	7	26,713,126	21,244,468
Bank overdraft	19	204,230,615	-
		<u>1,358,469,063</u>	<u>1,079,952,201</u>
		<u>6,261,551,020</u>	<u>5,601,807,347</u>
TOTAL EQUITY AND LIABILITIES			

Approved for issue by the Board of Directors on 30 June 2026 and signed on its behalf by:


Lyden Heaven Director


Jeremy Barnes Director

Future Energy Source Company Limited

Statement of Comprehensive Income Year ended 31 March 2026

	Note	<u>2026</u>	<u>2025</u>
		\$	\$
Turnover	20	32,566,866,514	30,045,980,887
Cost of sales		<u>(30,421,988,550)</u>	<u>(28,381,451,750)</u>
Gross profit		2,144,877,964	1,664,529,137
Other income	21	24,208,498	10,984,537
Operating and administrative expenses	22	(1,230,855,739)	(1,006,857,740)
Impairment losses on financial assets	4(a)	<u>(37,098,319)</u>	<u>(10,222,727)</u>
Operating profit	23	901,132,404	658,433,207
Finance costs, net	24	<u>(178,930,412)</u>	<u>(177,096,310)</u>
Profit before taxation		722,201,992	481,336,897
Taxation	26	<u>(55,392,323)</u>	<u>(19,786,912)</u>
Net profit for the year, being total comprehensive income		<u>666,809,669</u>	<u>461,549,985</u>
Earnings per ordinary stock unit attributable to stockholders of the company	28	<u>\$0.27</u>	<u>\$0.18</u>

Future Energy Source Company Limited

Statement of Changes in Equity Year ended 31 March 2026

	Share Capital	Capital Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balances at 1 April 2024	228,327,973	545,173,455	1,484,346,279	2,257,847,707
Net profit for the year, being total comprehensive income	-	-	461,549,985	461,549,985
Balances at 31 March 2025	228,327,973	545,173,455	1,945,896,264	2,719,397,692
Net profit for the year, being total comprehensive income	-	-	666,809,669	666,809,669
Transactions with owners				
Dividends (Note 29)	-	-	(70,000,000)	(70,000,000)
Balances at 31 March 2026	228,327,973	545,173,455	2,542,705,933	3,316,207,361

Future Energy Source Company Limited

Statement of Cash Flows Year ended 31 March 2026

	Note	2026 \$	2025 \$
CASH RESOURCES WERE PROVIDED BY/(USED IN):			
Cash Flows from Operating Activities			
Profit before taxation		722,201,992	481,336,897
Adjustments for:			
Depreciation	6	253,641,175	228,444,262
Amortization on right-of-use assets	7	31,898,876	31,898,876
Impairment losses on financial assets	4(a)	37,098,319	10,222,727
Property, plant and equipment transferred (from)/to inventories		(22,269,868)	21,819,211
Foreign exchange gains		2,784,179	(2,376,112)
Lease interest expense		15,809,590	17,324,735
Loss on disposal of property, plant and equipment		1,979,242	5,850,769
Interest income		(11,571,418)	(16,745,830)
Interest expense		171,908,061	178,893,517
		<u>1,203,480,148</u>	<u>956,669,052</u>
Changes in operating assets and liabilities:			
Decrease/(increase) in inventories		8,977,781	(46,525,588)
(Increase)/decrease in receivables		(247,631,752)	189,438,752
Decrease in payables		(284,719,448)	(251,731,646)
Increase in restricted cash and cash equivalents	12	(18,175,664)	(7,282,467)
		<u>661,931,065</u>	<u>840,568,103</u>
Income tax recovered/(paid)		3,789,086	(1,271,629)
Interest received		11,749,510	15,698,810
Interest paid		(187,732,343)	(184,628,163)
Cash provided by operating activities		<u>489,737,318</u>	<u>670,367,121</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	6	(701,597,088)	(774,227,042)
Proceeds from disposal of property, plant and equipment		10,299,104	72,741,309
Finance lease receivable, net		5,342,534	6,820,000
Purchase of investment securities		(40,000,000)	(5,000,000)
Cash used in investing activities		<u>(725,955,450)</u>	<u>(699,665,455)</u>
Balance carried forward		<u>(236,218,132)</u>	<u>(29,298,334)</u>

Future Energy Source Company Limited

Statement of Cash Flows (continued) Year ended 31 March 2026

	2026	2025
Note	\$	\$
Balance brought forward	(236,218,132)	(29,298,334)
Cash Flows from Financing Activities		
Proceeds from long term loans	435,286,982	-
Repayment of long term loans	(349,832,186)	(9,200,896)
Short term loan, net	21,162,836	-
Lease principal payments	(18,572,426)	(14,567,797)
Dividends paid	29 (70,000,000)	-
Cash provided by/(used in) financing activities	18,045,206	(23,768,693)
Net decrease in cash and cash equivalents	(218,172,926)	(53,067,027)
Net effect of foreign currency translation on cash and cash equivalents	(2,784,179)	2,376,112
Cash and cash equivalents at the beginning of the year	126,555,023	177,245,938
CASH AND CASH EQUIVALENTS AT END OF YEAR	(94,402,082)	126,555,023
Represented by:		
Cash and cash equivalents (Note 12)	109,828,533	126,555,023
Bank overdraft (Note 19)	(204,230,615)	-
	(94,402,082)	126,555,023

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

1. Identification and principal activities

Future Energy Source Company Limited was incorporated under the provisions of the Companies Act on February 4, 2013, and is domiciled in Jamaica with registered office and primary place of business at 7-9 Beechwood Avenue, Kingston 5.

The Company, a petroleum marketer licensed to operate as a petroleum bulk distributor and the owner of the FESCO and FESGAS trademarks, listed on the Junior Market of the Jamaica Stock Exchange on April 23, 2021.

The Company supplies wholesale and retail petroleum products and Liquefied Petroleum Gas (LPG) to customers, including dealer operations. The Company also operates LPG plants located in Bernard Lodge and Naggo Head, St. Catherine. It owns and operates the service station at Beechwood Avenue and Spanish Town Road in Kingston and leases and operates the stations at Kitson Town in St. Catherine and Hayes in Clarendon.

These financial statements are presented in Jamaican dollars, which is the functional currency.

2. Basis of preparation

Basis of measurement and statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention, as modified by the valuation of certain items. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 5.

Where necessary, comparative figures have been reclassified to conform with the presentation adopted in the current year's financial statements. Such reclassifications did not affect the previously reported profit for the year, total comprehensive income, total assets, total liabilities, equity or cash flows.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

2. Basis of preparation (continued)

Basis of measurement and statement of compliance (continued)

Standards, interpretations and amendments to existing standards effective in the current year that are relevant to the Company's operations

There were no new standards, interpretations, or amendments to existing standards that became effective during the current financial year which had a material impact on the Company's operations.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation of existing standards have been issued which are not yet effective, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

Amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures* – Classification and Measurement of Financial Instruments. The amendments are effective for annual reporting periods beginning on or after 1 January 2026. The amendments clarify certain requirements relating to the classification, recognition and derecognition of financial assets and financial liabilities, including liabilities settled through electronic payment systems. The amendments also introduce additional disclosure requirements for certain financial instruments.

IFRS 18, *Presentation and Disclosure in Financial Statements*. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and will replace IAS 1, *Presentation of Financial Statements*. The standard introduces new requirements for the presentation of financial performance, including specified categories and subtotals in the statement of profit or loss, enhanced aggregation and disaggregation principles, and disclosures relating to management-defined performance measures.

Amendments to IAS 7, *Statement of Cash Flows*. The amendments are effective for annual reporting periods beginning on or after 1 January 2027 and arise from the introduction of IFRS 18, *Presentation and Disclosure in Financial Statements*. The amendments require entities applying the indirect method to use operating profit or loss as the starting point for the reconciliation of cash flows from operating activities and revise certain classification requirements relating to interest and dividend cash flows.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the company.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

3. Material accounting policies

(a) Property, plant and equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis at rates to write off the carrying values of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

Furniture, fixtures & equipment	10%
Buildings	2.5%
Signage	10%
Computers, equipment & software	20%
Motor vehicle	10%-20%
Machinery & equipment	3%-15%
Right-of-use assets	over the period of the lease term
Leasehold improvements	over the period of the lease term

Land is not depreciated as it is deemed to have an infinite life. Construction work-in-progress is not depreciated unless the asset is completed, reclassified and ready for use. The assets' residual values and useful lives are revised and adjusted if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

(b) Right-of-use assets and related lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- (i) Leases of low value assets; and
- (ii) Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

3. Material accounting policies (continued)

(b) Right-of-use assets and related lease liabilities (continued)

On initial recognition, the carrying value of the lease liability also includes:

- (i) amounts expected to be payable under any residual value guarantee;
- (ii) the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- (iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the Company:

- (i) since it does not have recent third-party financing, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, and
- (ii) makes adjustments specific to the lease, e.g. term, currency and security.

Right of use assets are initially measured at the amount of the lease liabilities, reduced for any lease incentives received, and increased for:

- (i) lease payments made at or before commencement of the lease;
- (ii) initial direct costs incurred; and
- (iii) the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets valued as US\$5,000 or less when new. The Company has no short-term leases or leases for low valued assets at this time.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

3. Material accounting policies (continued)

(b) Right-of-use assets and related lease liabilities (continued)

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

3. Material accounting policies (continued)

(c) Financial Instruments

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Equity investments designated at fair value through other comprehensive income (FVOCI) are subsequently measured at fair value. For certain unquoted equity investments, cost may represent an appropriate estimate of fair value where insufficient recent information is available to determine fair value and management concludes that cost approximates fair value.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

3. Material accounting policies (continued)

(c) Financial Instruments (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(d) Inventories

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

Future Energy Source Company Limited**Notes to the Financial Statements
31 March 2026**

3. Material accounting policies (continued)**(e) Receivables**

Trade 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 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.

Under the simplified approach within IFRS 9, the impairment provision is assessed using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(f) Cash and cash equivalents

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 investments and bank overdraft (excluding restricted cash). Short-term investments that are included in cash and cash equivalents comprise highly liquid investments with maturities ranging between one and three months from the date of deposit or acquisition, and which are readily convertible to known amounts of cash without significant risk of change in value and which are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Dividends

Dividends on ordinary shares are recognized in shareholder's equity in the period in which they become legally payable. Interim dividends are due when declared and approved by the directors while shareholders approve final dividends at the Annual General Meeting. Dividends for the year that are declared after the reporting date are disclosed in the subsequent events note.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

3. Material accounting policies (continued)

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, if 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.

(k) Revenue recognition

Revenue comprises the sale of petroleum products, liquefied petroleum gas (LPG), lubricants, convenience store items, equipment-related services and other related products. Revenue is measured based on the consideration specified in contracts with customers, net of General Consumption Tax, discounts, rebates and returns.

Revenue is recognised when control of the promised goods or services transfers to the customer, in an amount that reflects the consideration to which the Company expects to be entitled. For retail sales, control generally transfers at the point of sale. For wholesale sales, control generally transfers on delivery or when the customer obtains control in accordance with the agreed delivery terms. Trademark, rental, commission and other service income are recognised as the related services are provided or when the Company's right to consideration is established.

Future Energy Source Company Limited**Notes to the Financial Statements
31 March 2026**

3. Material accounting policies (continued)**(l) Income taxes**

Where applicable, taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

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

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(m) Foreign currency translation

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

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

3. Material accounting policies (continued)

(n) Related party transactions

A party is related to the Company, if:

- (i) directly, or indirectly through one or more intermediaries, the party, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Company that gives it significant influence over the Company; or has joint control over the Company;
- (ii) the party is an associate of the Company;
- (iii) the party is a joint venture in which the Company is a venturer;
- (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 the Company 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 has a post-employment benefit plan for the benefit of employees of the Company, or of any Company 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. The Company has a related party relationship with its directors and key management personnel, representing certain senior officers of the Company.

(o) Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

3. Material accounting policies (continued)

(p) Segment report

A segment is a distinguishable component of the Company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Company's activities were traditionally limited to the retail and wholesale trading activities in petroleum and automotive products and related products to Jamaican consumers, which was previously deemed to be a single segment. During the prior year the

Company commissioned its LPG plant. The Company has therefore identified the following two (2) operating segments:

- i. Wholesale and retail distribution of fuel
- ii. Distribution of liquefied petroleum gas

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Audit Committee

The Board of Directors has also established an Audit Committee to assist in managing the Company's risk profile. This Committee oversees how management monitors compliance with the Company's risk management policies and reviews the adequacy of the risk management framework. This committee is also assisted by Internal Audit that reports to the Audit Committee after it undertakes regular and ad hoc reviews of risk management controls and procedures.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and short-term investments at financial institutions, as well as outstanding receivables from credit sales.

Investment securities

The Company limits its exposure to credit risk by investing mainly in highly liquid securities, with counterparties that have credit quality and in Government of Jamaica securities.

Accordingly, management does not expect any counterparty to fail to meet its obligations.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The Company has policies to limit the amount of credit exposure to any financial institutions.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management (continued)

(a) Credit risk (continued)

Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

Management determines concentrations of credit risk by monitoring the credit-worthiness rating of existing customers and through a monthly review of the trade receivables ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company does not hold any collateral as security.

Impairment of financial assets

The Company has two types of financial asset that is subject to the expected credit loss model:

- Trade receivables for sale of petroleum and automotive products and liquefied petroleum gas.
- Investment securities

While due from/(to) related parties and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2026 and 31 March 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP, inflation and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management (continued)

(a) Credit risk (continued)

On that basis, the loss allowance as at 31 March 2026 and 31 March 2025 was determined as follows for trade receivables:

31 March 2026	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
Expected loss rate	2.76%	13.87%	66.56%	41.30%	11.74%
Gross carrying amount – trade receivables	463,662,072	92,790,661	21,039,744	95,280,489	672,772,966
Loss allowance	12,788,191	12,867,493	14,004,964	39,354,583	79,015,231

31 March 2025	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
Expected loss rate	1.11%	15.72%	60.46%	76.04%	38.33%
Gross carrying amount – trade receivables	483,913,501	12,898,298	3,453,541	42,667,154	542,932,494
Loss allowance	5,357,069	2,027,320	2,088,092	32,444,431	41,916,912

The closing loss allowances for trade receivables as at 31 March 2026 and 31 March 2025 reconcile to the opening loss allowances as follows:

	Trade receivables	Trade receivables
	2026	2025
	\$	\$
Opening expected credit loss allowance	41,916,912	31,694,185
Increase in loss allowance recognised in profit or loss during the year	37,098,319	10,222,727
Closing expected credit loss allowance (Note 11)	79,015,231	41,916,912

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 90 days past due.

Future Energy Source Company Limited**Notes to the Financial Statements
31 March 2026**

4. Financial risk management (continued)**(a) Credit risk (continued)**

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 31 March 2026, there were \$39,354,583 (2025: \$32,444,431) lifetime expected credit losses of the full value of the receivables.

Other financial assets at amortised cost

Other financial assets at amortised cost include due from/(to) related parties, investment securities and key other receivables.

While the other financial assets at amortised cost are subject to the impairment requirements of IFRS 9, the identified impairment loss was considered immaterial.

At the statement of financial position date, except for trade receivables, there were no significant concentration of expected credit losses on related parties balances and investment securities that were considered material.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management (continued)

(a) Credit risk (continued)

Net impairment losses on financial assets recognised in profit or loss

During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:

	<u>2026</u>	<u>2025</u>
	\$	\$
Impairment losses		
- movement in loss allowance for trade receivables	<u>37,098,319</u>	<u>10,222,727</u>
Net impairment losses on trade receivables	<u>37,098,319</u>	<u>10,222,727</u>

(b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions quickly at, or close to its fair value.

Liquidity risk management process

The Company's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis;
- (ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining a committed line of credit.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities

The maturity profile of the Company's financial liabilities at year end on contractual undiscounted payments was as follows:

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total	Carrying amount
	\$	\$	\$	\$	\$	\$	\$
2026							
Long term liabilities	37,044,421	73,527,190	734,694,742	1,616,877,053	-	2,462,143,406	1,944,168,891
Lease liabilities	3,371,378	6,742,756	30,342,407	127,544,676	60,787,631	228,788,848	193,050,089
Short term loan	11,216,303	11,216,303	-	-	-	22,432,606	21,162,836
Trade and other payables	473,392,956	-	-	-	-	473,392,956	473,392,956
Bank overdraft	204,230,615	-	-	-	-	204,230,615	204,230,615
	<u>729,255,673</u>	<u>91,486,249</u>	<u>765,037,149</u>	<u>1,744,421,729</u>	<u>60,787,631</u>	<u>3,390,988,431</u>	<u>2,836,005,387</u>
2025							
Long term liabilities	40,720,501	81,217,230	354,977,879	1,609,585,767	-	2,086,501,377	1,858,714,095
Lease liabilities	2,698,785	7,039,758	32,453,001	109,877,748	70,351,311	222,420,603	211,622,515
Trade and other payables	758,127,096	-	-	-	-	758,127,096	758,127,096
	<u>801,546,382</u>	<u>88,256,988</u>	<u>387,430,880</u>	<u>3,463,887,269</u>	<u>70,351,311</u>	<u>3,067,049,076</u>	<u>2,828,463,706</u>

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents.

(c) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in interest rates (4(c)(i)) and foreign currency risk (4(c)(ii)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which the Company manages and measures the risk.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The following table summarizes the Company's exposure to interest rate risk. It includes the Company's financial instruments at carrying amounts, categorized by earlier of the contractual re-pricing or maturity dates.

	2026						Total
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing	
	\$	\$	\$	\$	\$	\$	\$
Assets							
Investment securities	-	-	-	68,005,050	-	-	68,005,050
Finance lease receivables	500,277	1,000,554	4,502,493	79,043,770	-	-	85,047,094
Trade and other receivables	-	-	-	-	-	980,717,124	980,717,124
Cash and cash equivalents	-	8,948,230	34,627,270	-	-	213,944,215	257,519,715
Total financial assets	500,277	9,948,784	39,129,763	147,048,820	-	1,194,661,339	1,391,288,983
Liabilities							
Lease liabilities	2,226,093	4,452,186	20,034,847	115,155,648	51,181,315	-	193,050,089
Long term liabilities	22,749,999	45,499,999	564,719,532	1,311,199,361	-	-	1,944,168,891
Trade and other payables	-	-	-	-	-	473,392,956	473,392,956
Short term loan	-	21,162,836	-	-	-	-	21,162,836
Bank overdraft	204,230,615	-	-	-	-	-	204,230,615
Total financial liabilities	229,206,707	71,115,021	584,754,379	1,426,355,009	51,181,315	473,392,956	2,836,005,387
Total interest re-pricing gap	(228,706,430)	(61,166,237)	(545,624,616)	(1,279,306,189)	(51,181,315)	721,268,383	(1,444,716,404)

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	2025						Total \$
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non- interest bearing	
	\$	\$	\$	\$	\$	\$	
Assets							
Investment securities	-	-	-	28,005,050	-	-	28,005,050
Finance lease receivables	520,225	1,040,450	4,682,023	84,146,930	-	-	90,389,628
Trade and other receivables	-	-	-	-	-	770,361,783	770,361,783
Cash and cash equivalents	-	8,809,129	32,609,477	-	-	214,651,935	256,070,541
Total financial assets	520,225	9,849,579	37,291,500	112,151,980	-	985,013,718	1,144,827,002
Liabilities							
Lease liabilities	1,770,372	3,540,444	15,933,652	67,391,971	122,986,076	-	211,622,515
Long term liabilities	25,048,386	50,096,773	225,435,478	1,558,133,458	-	-	1,858,714,095
Trade and other payables	-	-	-	-	-	758,127,096	758,127,096
Total financial liabilities	26,818,758	53,637,217	241,369,130	1,625,525,429	122,986,076	758,127,096	2,828,463,706
Total interest re- pricing gap	(26,298,533)	(43,787,638)	(204,077,630)	(1,513,373,449)	(122,986,076)	226,886,622	(1,683,636,704)

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management (continued)

(c) Market risk (continued)

(ii) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from currency exposure primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company undertakes certain transactions denominated in currencies other than the Jamaican dollar resulting in exposures to exchange rate fluctuations.

Financial assets/(liabilities) denominated in foreign currency are as follows: -

	<u>2026</u>	<u>2025</u>
	\$	\$
Cash and cash equivalents	11,097,104	9,579,386
Trade receivables	535,365	535,365
Trade payables	(16,269,273)	(16,946,000)
Lease liabilities	(150,744,455)	(167,565,206)
Long term loans	(89,251,995)	(142,160,970)
	<u>(244,633,254)</u>	<u>(316,557,425)</u>
	<u>2026</u>	<u>2025</u>
Currency		
USD	\$1,542,648	\$1,998,973
Rate of exchange	<u>JMD158.58</u>	<u>JMD158.36</u>

The following table demonstrates the sensitivity to a reasonably possible change in the following exchange rates of the Company before tax with all other variables held constant.

Currency	Change in exchange rate	<u>2026</u>	<u>2025</u>
		\$	\$
Revaluation	1% (2025 – 1%)	2,446,332	3,165,574
Devaluation	1.50% (2025 – 3.5%)	<u>(3,669,498)</u>	<u>(11,079,509)</u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management (continued)

(d) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash and cash equivalents, trade and other receivables, trade and other payables reflect their approximate fair values because of the short-term maturity of these instruments. Long term liabilities, finance lease, and lease liabilities approximate amortized costs.

(e) Capital management

The policy of the Board of Directors is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business and ensure it continues as a going concern.

The Company considers its capital to be its total equity as reported on the statement of financial position, which currently comprises share capital, capital reserves and retained earnings. The Company's financial objective is to generate a targeted operating surplus in order to strengthen its capital and provide for the future continuity of the Company as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Directors regularly review the financial position of the Company at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

4. Financial risk management (continued)

(e) Capital management (continued)

Consistent with others in the industry, the Company monitors capital based on the gearing ratio. This ratio is calculated as total borrowings divided by capital as defined above. Total borrowings is calculated as current and non-current borrowings, as shown in the statement of financial position, includes bank overdraft but excludes working capital items and non-finance lease liabilities. The management of the Company remains deliberate in the way it funds its growth strategy and given the present economic environment and the general reduction in the cost of capital in the market; management continues to adjust major debts from a bullet repayment structure to that of amortization and lengthening of tenure.

	<u>2026</u>	<u>2025</u>
	\$	\$
Total borrowings	<u>2,169,562,342</u>	<u>1,858,714,095</u>
Equity and total borrowings	<u>5,306,539,088</u>	<u>4,578,111,787</u>
Gearing ratio	<u>40.88%</u>	<u>40.60%</u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

5. Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) Income taxes

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the Company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

Future Energy Source Company Limited**Notes to the Financial Statements
31 March 2026**

5. Critical accounting estimates and judgments in applying accounting policies (continued)**(iv) Valuation of financial instruments**

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

(v) Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Future Energy Source Company Limited

Notes to the Financial Statements

31 March 2026

6. Property, plant and equipment

	Land	Buildings	Leasehold improvement	Signage	Furniture, fixtures & equipment	Machinery & equipment	Computer equipment & software	Motor vehicle	Construction work-in-progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost/valuation-										
1 April 2024	656,986,415	825,801,201	19,795,131	44,950,355	256,192,627	1,666,125,669	76,699,030	187,927,616	16,960,589	3,751,438,633
Additions	-	13,508,388	6,097,113	4,324,600	12,066,910	169,957,673	2,275,342	6,349,347	559,647,669	774,227,042
Disposal	-	(79,807)	-	-	(68,581,687)	(1,335,071)	(16,332,412)	(2,102,757)	-	(88,631,734)
Transfer	-	-	-	-	-	6,863,439	262,600	-	(7,126,039)	-
Transfer to Inventory	-	-	-	-	-	(22,299,845)	-	-	-	(22,299,845)
31 March 2025	656,986,415	839,229,782	25,892,244	49,274,955	199,677,850	1,819,111,865	62,904,560	192,174,206	569,482,219	4,414,734,096
Additions	-	-	1,147,786	3,869,277	25,878,341	98,138,879	3,989,039	29,389,845	539,183,921	701,597,088
Disposal	-	(611,817)	-	(3,450,210)	(9,738,729)	-	-	(5,512,500)	-	(19,313,256)
Transfer	-	99,060,409	-	5,669,862	99,568,099	2,467,237	1,611,192	424,315	(208,801,114)	-
Transfer from Inventory	-	-	-	-	11,364,766	13,905,637	-	-	(3,000,535)	22,269,868
31 March 2026	656,986,415	937,678,374	27,040,030	55,363,884	326,750,327	1,933,623,618	68,504,791	216,475,866	896,864,491	5,119,287,796
Depreciation -										
1 April 2024	-	-	-	1,649,594	8,826,813	47,655,328	100,132,161	14,586,176	-	187,010,031
Charge for year	-	20,783,659	1,760,181	4,760,279	18,397,032	141,356,863	13,053,681	28,332,567	-	228,444,262
Relieved on disposal	-	-	-	-	(5,361,999)	(54,989)	(4,094,783)	(527,885)	-	(10,039,656)
Eliminated upon transfer to inventory	-	-	-	-	-	(480,634)	-	-	-	(480,634)
31 March 2025	-	20,783,659	3,409,775	13,587,092	60,690,361	240,953,401	23,118,857	42,390,858	-	404,934,003
Charge for year	-	22,831,754	2,245,739	5,416,033	28,588,326	151,335,219	12,949,643	30,274,461	-	253,641,175
Relieved on disposal	-	(24,218)	-	(1,085,439)	(3,444,628)	-	-	(2,480,625)	-	(7,034,910)
31 March 2026	-	43,591,195	5,655,514	17,917,686	85,834,059	392,288,620	36,068,500	70,184,694	-	651,540,268
Net Book Value -										
31 March 2026	656,986,415	894,087,179	21,384,516	37,446,198	240,916,268	1,541,334,998	32,436,291	146,291,172	896,864,491	4,467,747,528
31 March 2025	656,986,415	818,446,123	22,482,469	35,687,863	138,987,489	1,578,158,464	39,785,703	149,783,348	569,482,219	4,009,800,093

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

6. Property, plant and equipment (continued)

The properties located at 7-9 Beechwood Avenue, Kingston 5, and the land located at Lot # 459 Spanish Town Road, Kingston 11, Saint Andrew was valued using the income capitalization approach and the sales comparable approach, respectively, as at March 26, 2024, by I.G Powell Valuation & Property Consultants Ltd, Chartered Valuation Surveyor.

The property located at 56 Cookson Avenue, Cookson Pen, Portmore, Saint Catherine was valued at current market value as at March 25, 2024 by E. Maitland Realty, Licensed Real Estate Dealer.

The surplus arising on the valuation was credited to capital reserves. See Note 14.

7. Right-of-use assets and related lease obligations

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases: -

Right-of-use assets

	<u>Property</u>	<u>Total</u>
	\$	\$
1 April 2024	135,598,332	135,598,332
Addition	84,312,892	84,312,892
Amortization	<u>(31,898,876)</u>	<u>(31,898,876)</u>
31 March 2025	188,012,348	188,012,348
Amortization	<u>(31,898,876)</u>	<u>(31,898,876)</u>
31 March 2026	<u>156,113,472</u>	<u>156,113,472</u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

7. Right-of-use assets and related lease obligations (continued)

(i) Amounts recognised in the statement of financial position (continued)

Lease liabilities

	<u>2026</u>	<u>2025</u>
	\$	\$
Balance as at beginning of year	211,622,515	141,877,420
Addition	-	84,312,892
Less total payment	(37,054,059)	(36,131,515)
Add interest expense	15,809,590	17,324,735
Foreign exchange	2,672,043	4,238,983
Balance as at end of year	<u>193,050,089</u>	<u>211,622,515</u>
	<u>2026</u>	<u>2025</u>
	\$	\$
Current portion	26,713,126	21,244,468
Non-current portion	<u>166,336,963</u>	<u>190,378,047</u>
Balance as at end of year	<u>193,050,089</u>	<u>211,622,515</u>

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	<u>2026</u>	<u>2025</u>
	\$	\$
Amortization of right-of-use assets (included in administrative expenses)	31,898,876	31,898,876
Interest expense (included in finance costs)	15,809,590	17,324,735
Effect of foreign exchange	<u>2,672,043</u>	<u>4,238,983</u>

(iii) Amounts recognized in the statement of cash flows

	<u>2026</u>	<u>2025</u>
	\$	\$
Total cash outflow for leases	<u>37,054,059</u>	<u>36,131,515</u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

8. Investment securities

	<u>2026</u>	<u>2025</u>
	\$	\$
Security measured at FVOCI		
Unquoted equity securities:		
Balance at beginning of year	28,005,050	23,005,050
Additions during year	<u>40,000,000</u>	<u>5,000,000</u>
Balance at end of year	<u>68,005,050</u>	<u>28,005,050</u>

At the year end, as the investment is not traded in an active market and there have been no recent observable transactions, management has determined that cost represents the best estimate of fair value.

9. Finance lease receivables

	<u>2026</u>	<u>2025</u>
	\$	\$
Gross investment in finance leases:		
Current portion	9,892,662	8,081,378
Non-current portion	<u>80,935,993</u>	<u>88,455,619</u>
	90,828,655	96,536,997
Less: Unearned finance income	<u>(5,781,561)</u>	<u>(6,147,369)</u>
	<u>85,047,094</u>	<u>90,389,628</u>
Represented by: -		
Current portion	9,230,352	9,577,597
Non-current portion	<u>75,816,742</u>	<u>80,812,031</u>
	<u>85,047,094</u>	<u>90,389,628</u>

This finance lease receivable relates to pumps and equipment leased to dealers and operators at various service station locations under finance lease arrangements. The leases have varying commencement dates and terms, with lease rentals payable in accordance with the respective lease agreements. Finance income is recognised over the lease term using the effective interest method so as to produce a constant periodic rate of return on the net investment in the leases. Upon settlement of all lease obligations, ownership of the leased assets is transferred to the lessee.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

9. Finance lease receivables (continued)

	<u>2026</u>	<u>2025</u>
	\$	\$
Balance as at beginning of year	90,389,628	97,209,628
Additions	-	95,000
Less: Payments	<u>(5,342,534)</u>	<u>(6,915,000)</u>
Balance as at end of year	<u>85,047,094</u>	<u>90,389,628</u>

10. Inventories

	<u>2026</u>	<u>2025</u>
	\$	\$
Parts and equipment	109,375,150	134,824,361
Fuel	70,756,768	33,448,252
Lubricants and other	59,808,674	60,438,227
Goods in transit	<u>-</u>	<u>20,207,533</u>
	<u>239,940,592</u>	<u>248,918,373</u>

For the years ended 31 March 2026 and 2025, inventories of Nil (2025: Nil) were written off during the year.

11. Trade and other receivables

	<u>2026</u>	<u>2025</u>
	\$	\$
Trade receivables	(a) 672,772,966	542,932,494
Prepayments	131,326,236	50,191,157
Interest receivables	1,603,983	1,782,075
General Consumption Tax recoverable	57,271,018	131,796,290
Other	<u>196,758,152</u>	<u>85,576,679</u>
	1,059,732,355	812,278,695
Less: Impairment losses on financial assets (Note 4(a))	<u>(79,015,231)</u>	<u>(41,916,912)</u>
	<u>980,717,124</u>	<u>770,361,783</u>

(a) Included in trade receivables are amounts totalling \$228,383,476 (2025: \$163,642,978) due from related parties in the ordinary course of business. The companies are related by way of common shareholders and directors. These balances are trading balances and are in line with the Company's credit terms.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

12. Cash and cash equivalents

	<u>2026</u>	<u>2025</u>
	\$	\$
Short-term investments		
Barita Investments Limited	8,948,230	8,809,129
NCB Capital Markets Limited	34,627,270	32,609,477
Barita Merchant Bank Limited	6,419,044	6,493,887
	<u>49,994,544</u>	<u>47,912,493</u>
Cash at bank	207,181,621	208,023,046
Cash in hand	343,550	135,002
	<u>207,525,171</u>	<u>208,158,048</u>
	<u>257,519,715</u>	<u>256,070,541</u>

- i. Short-term investments are held at licensed financial institutions and attract interest at 3-6% (2025: 3-8%) per annum. They all have remaining maturities of less than three months, substantially comprise Reverse Repurchase Agreements or Certificates of Participation, consisting of an interest in, or is collateralised by mainly Government of Jamaica and Bank of Jamaica Securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed primarily by reviews of the financial status of the counterparty.
- ii. Cash at bank comprise savings and non-interest-bearing current and savings accounts at licensed deposit-taking institutions in Jamaica. The rate of interest earned on the Company's savings accounts range from 0 to 0.5% (2025: 0.01% to 0.50%) for accounts that are denominated in United States Dollars, and 0.05% (2025:0.005%) for those that are denominated in Jamaican Dollars.
- iii. Cash at bank include an amount of \$147,691,182 (2025: \$129,515,518) which is held as a Debt Service Reserve, under the terms of various borrowing facilities (see Note 15). The amount has been charged as security for the repayment of principal and interest due under the bond, and accordingly, cannot be used for any other purposes.

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	<u>2026</u>	<u>2025</u>
	\$	\$
Cash and cash equivalents	257,519,715	256,070,541
Less: Restricted cash	<u>(147,691,182)</u>	<u>(129,515,518)</u>
	<u>109,828,533</u>	<u>126,555,023</u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

13. Share capital

	<u>2026</u>	<u>2025</u>
	<u>No. of shares</u>	<u>No. of shares</u>
Authorised ordinary shares at no par value	<u>Unlimited</u>	<u>Unlimited</u>
	<u>2026</u>	<u>2025</u>
	<u>\$</u>	<u>\$</u>
Issued and fully paid-		
Share capital at beginning and end of year -		
2,500,000,000 ordinary stock units at no par value	<u>228,327,973</u>	<u>228,327,973</u>

14. Capital reserves

	<u>2026</u>	<u>2025</u>
	<u>\$</u>	<u>\$</u>
The movements during the year were as follows:		
Balance at the beginning and end of the year	<u>545,173,455</u>	<u>545,173,455</u>
	<u>2026</u>	<u>2025</u>
	<u>\$</u>	<u>\$</u>
The balance at the end of the year comprises:		
Surplus arising from the revaluation of land and building (Note 6)	<u>545,173,455</u>	<u>545,173,455</u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

15. Long term liabilities

		<u>2026</u>	<u>2025</u>
		\$	\$
J\$1.0B Unsecured Fixed Rate Corporate Bond	(a)	466,866,666	639,566,666
Fesco Founders Pool Limited	(b)	66,136,200	74,545,500
Bank of Nova Scotia Jamaica Limited	(c)	5,810,000	14,000,000
Bank of Nova Scotia Jamaica Limited	(d)	1,405,356,025	1,062,986,459
Portmore LPG Supplies Limited	(e)	-	67,615,470
		<u>1,944,168,891</u>	<u>1,858,714,095</u>
Less: Current portion		<u>(632,969,530)</u>	<u>(300,580,637)</u>
		<u>1,311,199,361</u>	<u>1,558,133,458</u>

- (a) The Unsecured Fixed Rate Corporate Bond, which is denominated in Jamaican dollars, was issued in February 2022 and will mature in February 2027. The bond attracts interest at 7.5% per annum. There is a moratorium on principal repayment for one year following the issue date, after which principal will be repaid in fifteen (15) equal consecutive quarterly instalments of \$43.75M with a balloon payment \$343.75M being due and payable on the maturity date.
- (b) This loan was obtained on March 31, 2023, to provide working capital support. The facility attracts interest at 9% (2025:11.75%) per annum on the Jamaican dollar portion and 4% per annum on the United States dollar portion. Interest is payable annually on the anniversary of the respective disbursement dates. The loan is unsecured and had an original tenure of 24 months. During the year, the maturity date was extended by a further 24 months and now expires on March 31, 2027.
- (c) This loan amounting to \$16,481,250 represents two drawdowns of \$11,576,700 and \$4,904,550 in September and October 2023 respectively, attracts interest of 8.25% per annum and is repayable over 60 months. Interest and principal is paid monthly.
- (d) This non-revolving term loan facilities represents multiple drawdowns made between December 2024 and November 2025. The facilities attract interest at 9% per annum, calculated on the outstanding principal balance. Facility 4A was obtained to refinance and consolidate external borrowings and is repayable over a five-year term, with 59 equal monthly principal payments followed by a balloon payment of the outstanding balance. Interest is calculated daily and payable monthly in arrears. Facility 3A was obtained to finance 62% of the total construction cost of the petrol service station and commercial buildings at Lot 459 Spanish Town Road ("FESCO Oval") and is repayable in full upon maturity, being 18 months from the initial disbursement date or upon the issuance of the Certificate of Practical Completion, whichever occurs first.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

15. Long term liabilities (continued)

- (e) This represents a balance of US\$512,820 owing to Portmore LPG Supplies Limited upon the purchase of the LPG plant. The loan attracted interest at 7% per annum and was repayable over twelve (12) consecutive quarterly payments with maturity on April 28, 2027. This amount was repaid during the year.

The borrowings are secured as follows: -

- (i) The loan (c) is secured by Bill of Sale over certain motor vehicles.
- (ii) The loan (d) is secured by Demand Debenture stamped in the amount of J\$1,686,013,000.00 creating a fixed charge over the fixed and floating assets of the Borrower supported by the following legal mortgages:
- First Legal Mortgage over commercial property located at Part of Penwood on Spanish Town Road, known as Lot 459 Spanish Town Road, Kingston11, registered at Volume 1577 Folio 335 in the name of Future Energy Source Company.
 - First Legal Mortgage over commercial property located at 7-9 Beechwood Avenue, Kingston, registered at Volume 1532 Folio 239 in the name of Future Energy Source Company.
 - First Legal Mortgage over commercial property located at 56 Cookson Avenue, St. Catherine, registered at Volume 1261 Folio 316 in the name of Future Energy Source Company Limited.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

16. Deferred income taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using a tax rate of 25%. Assets and liabilities recognised on the statement of financial position are as follows:

	<u>2026</u>	<u>2025</u>
	\$	\$
Deferred income tax liabilities	109,338,272	53,945,949
Balance at end of year	<u>109,338,272</u>	<u>53,945,949</u>

The movement on the net deferred income tax balance is as follows:

	<u>2026</u>	<u>2025</u>
	\$	\$
Balance at beginning of year	53,945,949	32,955,723
Deferred income charged to the statement of comprehensive income (Note 26)	55,392,323	20,990,226
Balance at end of year	<u>109,338,272</u>	<u>53,945,949</u>

Deferred income tax liabilities are attributable to the following items:

	<u>2026</u>	<u>2025</u>
	\$	\$
Deferred income liabilities/(assets):		
Property, plant and equipment	118,572,428	59,848,492
Rights-of-use assets, net	(9,234,156)	(5,902,543)
Net liabilities at end of year	<u>109,338,272</u>	<u>53,945,949</u>

The amounts shown in the statement of financial position include the following:

	<u>2026</u>	<u>2025</u>
	\$	\$
Deferred tax liabilities to be settled:		
- after more than 12 months	109,338,272	53,945,949
- within 12 months	-	-
	<u>109,338,272</u>	<u>53,945,949</u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

17. Trade and other payables

	<u>2026</u>	<u>2025</u>
	\$	\$
Trade payables	418,592,032	680,532,992
Accruals	40,660,709	62,478,090
Interest payable	14,072,988	14,087,680
Dividend payable	67,227	1,028,334
	<u>473,392,956</u>	<u>758,127,096</u>

18. Short term loan

	<u>2026</u>	<u>2025</u>
	\$	\$
Petromac Servicentre Limited	<u>21,162,836</u>	<u>-</u>

This unsecured loan of US\$134,221.24 represents advances received from Petromac Servicentre Limited in August 2025 under a Product Prepayment Agreement. The facility attracts interest at 6% per annum, calculated on the outstanding principal balance on a daily basis, and has a term of six months. The proceeds were advanced in two tranches during August 2025. Upon maturity, the obligation is settled either through the delivery of LPG products equivalent in value to the principal and accrued interest or by repayment of the principal and accrued interest, in accordance with the terms of the agreement.

19. Bank overdraft

	<u>2026</u>	<u>2025</u>
	\$	\$
National Commercial Bank Jamaica Limited (a)	26,958,189	-
Bank of Nova Scotia Jamaica Limited (b)	<u>177,272,426</u>	<u>-</u>
	<u>204,230,615</u>	<u>-</u>

- (a) The Company has approved overdraft limits totalling \$30,000,000 with National Commercial Bank Jamaica Limited. The rate of interest applicable to these overdraft accounts is 13% per annum.
- (b) The Company has approved overdraft limits totalling \$200,000,000 with Bank of Nova Scotia Jamaica Limited. The rate of interest applicable to these overdraft accounts is 9% per annum.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

20. Turnover

Turnover represents the invoiced value of goods and services, net of discounts and General Consumption Tax.

21. Other income

	<u>2026</u>	<u>2025</u>
	\$	\$
Rental income	3,744,122	2,299,269
Commission	8,545,523	5,900,963
Gain on recovery of repossessed collateral	6,686,566	-
Other income	5,232,287	2,784,305
	<u>24,208,498</u>	<u>10,984,537</u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

22. Expenses by nature

	<u>2026</u>	<u>2025</u>
	\$	\$
Operating and administrative expenses:		
Advertising and promotion	31,969,693	23,500,853
Amortization of right-of-use assets	31,898,876	31,898,876
Audit fee	9,550,000	9,100,000
Bank charges	38,843,611	28,615,620
Depreciation	253,641,175	228,444,262
Directors' fees	9,550,000	8,880,000
Donations	21,178,058	5,675,230
Insurance	28,581,198	22,619,347
Legal and professional fees	59,297,644	48,850,303
Loss on disposal of property, plant and equipment	1,979,242	5,850,769
Motor vehicle expenses	58,313,510	57,967,107
Office expenses	49,224,324	50,072,611
Repairs and maintenance	14,787,308	8,549,421
Security	90,173,534	53,017,681
Staff costs (Note 25)	455,805,160	373,328,299
Utilities	41,279,791	28,546,894
Other expenses	34,782,615	21,940,467
	<u>1,230,855,739</u>	<u>1,006,857,740</u>
Impairment losses on financial assets (Note 4a)	37,098,319	10,222,727
Cost of inventories recognised as expense	30,421,988,550	28,381,451,750
Finance costs, net (Note 24)	178,930,412	177,096,310
	<u><u>31,868,873,020</u></u>	<u><u>29,575,628,527</u></u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

23. Operating profit

In arriving at the operating profit, the following have been charged:

	<u>2026</u>	<u>2025</u>
	\$	\$
Auditors' remuneration	9,550,000	9,100,000
Depreciation	253,641,175	228,444,262
Amortization of right-of-use assets	31,898,876	31,898,876
Directors' emoluments		
Fees	9,550,000	8,880,000
Management remuneration (included in staff costs)	21,359,336	26,565,280
Loss on disposal of property, plant and equipment	1,979,242	5,850,769
Impairment losses on financial assets	37,098,319	10,222,727
Staff costs (Note 25)	<u>455,805,160</u>	<u>373,328,299</u>

24. Finance costs, net

	<u>2026</u>	<u>2025</u>
	\$	\$
Foreign exchange gain, net	-	(2,376,112)
Interest income	(11,571,418)	(16,745,830)
	(11,571,418)	(19,121,942)
Lease interest expense	15,809,590	17,324,735
Interest expense	171,908,061	178,893,517
Foreign exchange loss, net	2,784,179	-
	<u>178,930,412</u>	<u>177,096,310</u>

25. Staff costs

	<u>2026</u>	<u>2025</u>
	\$	\$
Salaries and wages	375,835,912	308,068,042
Statutory contributions	45,919,389	38,078,063
Staff welfare	33,942,129	26,643,744
Casual labour	107,730	538,450
	<u>455,805,160</u>	<u>373,328,299</u>
Number of persons employed at the end of the year:		
Full time	<u>192</u>	<u>157</u>

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

26. Taxation

- (a) Taxation is computed on the operating profit for the year adjusted for taxation purposes and comprises:

	<u>2026</u>	<u>2025</u>
	\$	\$
Income tax-prior year	-	(1,203,314)
Deferred income taxes (Note 16)	<u>55,392,323</u>	<u>20,990,226</u>
	<u>55,392,323</u>	<u>19,786,912</u>

- (b) The taxation charge in the statement of comprehensive income account differs from the theoretical amount that would arise using the income tax rate of 25%, as follows:

	<u>2026</u>	<u>2025</u>
	\$	\$
Profit before taxation	<u>722,201,992</u>	<u>481,336,897</u>
Tax calculated at a tax rate of 25%	180,550,498	120,334,224
Adjusted for the effects of:		
Expenses not allowable for tax purposes	3,645,648	1,464,670
Remission of income tax	(143,402,403)	(111,270,684)
Deferred tax not recognized	2,610,127	10,462,016
Other charges and allowances	11,988,453	-
Prior year adjustment	<u>-</u>	<u>(1,203,314)</u>
	<u>55,392,323</u>	<u>19,786,912</u>

Deferred tax not recognized relates to accrued vacation leave, interest receivable and payable, unrealized foreign exchange gain and provision for ECL.

- (c) The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on April 23, 2021. Consequently, the Company is eligible for remission of income taxes for a period of ten years, provided the following conditions are met:
- (i) The Company's shares remain listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.
 - (ii) The subscribed participating voting share capital of the Company does not exceed \$500 million.

The remission will apply in the following proportions:

- (a) Years 1 to 5 (April 23, 2021 – April 22, 2026) – 100%
- (b) Years 6 to 10 (April 23, 2026 – April 22, 2031) – 50%

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

27. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

- (a) Enterprises over which a substantial interest in the voting power is owned by key management personnel, including directors and officers and close members of families; or
- (b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the Company.

	<u>2026</u>	<u>2025</u>
	\$	\$
At the statement of financial position date: -		
Due from related parties-Trade receivables (Note 11):		
Coore's Limited	74,579,148	72,744,972
Mackville Car Rentals Limited	57,180,617	57,248,996
Braeton Oil Company Limited	43,441,073	-
Alwil Company Limited	19,727,249	4,540,010
Petromac Servicentre Limited	25,244,457	16,376,848
T.M.&T. Associates Limited	8,210,932	12,732,152
	<u>228,383,476</u>	<u>163,642,978</u>
Due to related party-long term loan (Note 15)		
Fesco Founders Pool Limited	(66,136,200)	(74,545,500)
	<u>162,247,276</u>	<u>89,097,478</u>
Charged/(credited) to statement of comprehensive income: -		
Directors' fees	9,550,000	8,880,000
Management remuneration	21,359,336	26,565,280
Sales to related parties	(10,461,834,548)	(10,424,922,275)

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

28. Earnings per stock unit

	<u>2026</u>	<u>2025</u>
	\$	\$
Net profit attributable to stockholders of the Company	<u>666,809,669</u>	<u>461,549,985</u>
Weighted average number of stock units	<u>2,500,000,000</u>	<u>2,500,000,000</u>
Basic earnings per stock unit	<u>\$0.27</u>	<u>\$0.18</u>

Earnings per stock unit (“EPS”) is computed by dividing the net profit attributable to stockholders of \$666,809,669; (2025: \$461,549,985) by the weighted average number of ordinary stock units in issue during the year, numbering 2,500,000,000 (2025: 2,500,000,000).

29. Dividends

	<u>2026</u>	<u>2025</u>
	\$	\$
Declared at \$0.028 (2025: Nil) per stock	<u>70,000,000</u>	-
Total dividends to stockholders	<u>70,000,000</u>	-

At the Annual General Meeting held on September 25, 2025, it was resolved and declared that a final dividend of \$0.028 per ordinary stock unit for the year ended March 31, 2025, payable to shareholders on record as at November 26, 2025 (ex-dividend date: November 25, 2025), be paid on December 18, 2025.

30. Contingent liabilities and commitments

In the normal course of business, the Company is subject to various claims, disputes and legal proceedings, which occur as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its legal advisors, it is probable that a payment will be made by the Company and the amount can be reasonably estimated. In respect of claims asserted against the Company, which, according to the principles outlined above, have not been provided for, management is of the opinion that as at 31 March 2026, there were no significant legal claims threatened against the Company.

For the year ended 31 March 2026, management reported that the Company had capital commitments of \$120 million (2025: \$100 million).

Future Energy Source Company Limited

Notes to the Financial Statements 31 March 2026

31. Segment financial reporting

Management determines the operating segments based on the reports reviewed by the Managing Director that are used to make strategic decisions.

The Company operates two (2) segments which are exposed to similar risks as they operate wholesale and retail petroleum products and Liquefied Petroleum Gas (LPG). The principal divisions are:

- (i) Wholesale and retail distribution of petroleum products, including gasoline, diesel, ultra-low sulfur, asphalt and heavy fuel oil to customers.
- (ii) Liquefied Petroleum Gas – Distribution of Liquefied Petroleum Gas (LPG) to customers.

	2026		
	Wholesale and Retail Fuel	LPG	Total
	\$	\$	\$
Revenue from external customers	31,409,865,103	1,157,001,411	32,566,866,514
Operating profit/(loss)	1,046,800,451	(145,668,047)	901,132,404
Assets	4,578,208,023	1,683,342,997	6,261,551,020
Liabilities	2,827,529,912	117,813,747	2,945,343,659
Capital expenditure	584,734,214	140,090,983	724,825,197
Depreciation	71,957,432	181,683,743	253,641,175
Finance costs, net	171,773,196	7,157,216	178,930,412

	2025		
	Wholesale and Retail Fuel	LPG	Total
	\$	\$	\$
Revenue from external customers	28,944,064,422	1,101,916,465	30,045,980,887
Operating profit/(loss)	760,445,332	(102,012,125)	658,433,207
Assets	3,664,812,606	1,936,994,741	5,601,807,347
Liabilities	2,827,527,977	54,881,678	2,882,409,655
Capital expenditure	154,861,144	93,077,882	247,939,026
Depreciation	59,074,374	169,369,888	228,444,262
Finance costs, net	115,859,891	61,236,419	177,096,310

**FUTURE ENERGY SOURCE COMPANY LIMITED
(FESCO)**

Top 10 Shareholders as at March 31, 2026

	Shareholder	Number of Shares	% of Issued Shares
1	Errol McGaw	351,756,658	14.0703%
2	Trevor Barnes & Arva Barnes	351,712,348	14.0685%
3	Barita Investment Ltd - Long A/C	293,295,737	11.7318%
4	Trevor Heaven Holdings Ltd.	219,768,155	8.7907%
5	Tweedside Holdings	215,862,436	8.6345%
6	Junior Williams	134,738,750	5.3896%
7	Neville Allen	134,645,561	5.3858%
8	Jeremy Barnes	92,995,856	3.7198%
9	Anna Williams -Bacchus	63,305,028	2.5322%
10	Roy Davidson	57,000,000	2.2800%
		1,915,080,529	76.6032%

Issued Shares

2,500,000,000

**FUTURE ENERGY SOURCE COMPANY LIMITED
(FESCO)**

Shareholdings of Directors and Senior Managers as at March 31, 2026

DIRECTORS	Personal Shareholdings	Connected Parties' Shareholdings	Total	% of Issued Shares
Jeremy Barnes	92,995,856	284,475	93,280,331	3.7312%
Harry Campbell	1,239,510	-	1,239,510	0.0496%
Hugh Coore	39,355,606	244,639,443	283,995,049	11.3598%
Gloria DeClou	270,000	-	270,000	0.0108%
Lyden Heaven	10,094,770	248,954,642	259,049,412	10.3620%
Vernon James	100,000	-	100,000	0.0040%
Errol McGaw	351,756,658	29,525,558	381,282,216	15.2513%
Eaton Parkins	13,603,038	11,867	13,614,905	0.5446%
Belinda Williams	250,000	-	250,000	0.0100%
Junior Williams	134,738,750	28,419,139	163,157,889	6.5263%
COMPANY SECRETARY				% of Issued Shares
Kayola Muirhead	-	808,069	808,069	0.0323%
SENIOR MANAGERS				% of Issued Shares
Rowena Nelson	378,063		378,063	0.0151%
Kareem Gordon	13,428		13,428	0.0005%
Stefan Lynshue			-	0.0000%
Annette Lewis	8,299		8,299	0.0003%
Leneito Chambers	-		-	0.0000%
Howard Coxe	-		-	0.0000%
Rose Allen	-		-	0.0000%
Stefan Ebanks	-		-	0.0000%

Issued Shares

2,500,000,000