Majestic Corporation Plc

AQUIS Exchange Ticker - MCJ

We Prefer Metals to Be Recycled NOT Mined

Annual Report 2022

Registration Number: 13795187

Majestic Corporation Plc

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2022

OUR COMMITMENT

Majestic Corporation is an emerging leader in recycling precious metals and non- ferrous metals. Working with suppliers globally, Majestic plays an integral role in the circular economy by making resources available for future use.

As a responsible corporate citizen, we continuously seek ways to broaden our participation in the environmental sector.

With our experience, highly skilled employees, expanding globally our future has never been brighter.

OUR PURPOSE

We have an important role in society because we:

- create a world without waste to preserve our planet, this is what drives us to constantly innovate and offer new solutions in the circular economy for businesses around the world;

  help our suppliers and customers to provide them with a proper end of life solution on their legacy IT and telecommunication equipment;

  value our people, their cultures and their diversity so they can fulfil their potential in an inclusive and supportive working environment;

- inspire and excel in the work we do and the talents we build;

- develop cutting-edge technologies to sustain the competitive strength of the Company in global markets;

- offering best-in-class products and services by forging strong relationships with our suppliers and partners;

- care for and support our local communities; and

- use our knowledge and technologies to reduce the environmental impacts of our activities. We have set ourselves the target of achieving net zero greenhouse gas emissions across our operations.

Table of Content

Company Information

Chairman and Chief Executive Officer	Peter Lai
Chief Financial Officer	Man "Joe" Lee
Non-Executive Director	Christopher Neoh
Non-Executive Director	Larry Howick
Company Secretary	Michael Woodward
Company Registration Number	13795187 "England & Wales"
UK - Registered Office	Unit 15, Drome Road Deeside Industrial Park Deeside CH5 2NY
HK - Office	Unit 1203, CC Wu Building, 302-308 Hennessy Road., Wan Chai., Hong Kong
Company Advisor	Guild Financial Advisory Limited 382 Russell Court Woburn Place London WC1H 0NH
Company Auditor	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DQ
HK Auditor	RX CPA Limited 1405 Lucky Center 165-171 Wan Chai Road Wan Chai., Hong Kong
Lawyers	Punter Southall 11 Strand WC2N 5HR
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD

Statement from Chairman and Chief Executive Officer

For the Year Ended 31 December 2022

I have great pleasure in presenting the results for Majestic Corporation Plc ("Majestic" or "the Company") for the year ended 31 December 2022. These results mark the first full year of trading following the successful listing of the Company to the AQSE exchange in March 2022.

As I write my second annual report as Chairman & CEO, I find myself optimistic by what lies ahead for Majestic Corporation. Despite 2022 being one of the harder macro-economic years in recent memory, Majestic was still able to maintain profitable results.

Majestic continues to be a leading non-ferrous metal and precious metals recycler with partnership ventures operating in eight countries and growing. It is through these key partnerships and our network, that we work to increase our presence across all countries to improve global sustainability as well as increase the value to our shareholders.

At our core, we are urban miners, working alongside suppliers and consumers committed to closing the loop on recycling to achieve a more sustainable and green future.

Our capital allocation has been focused on two main areas – securing long-term contracts with partnerships, improving equipment to recover greater yields from our inventories and technology in procuring inventory at the right price.

At the end of 2022, Majestic published its own ESG report, which gave a clear outline of initiatives that the team has implemented to actualise our goal of becoming the top global precious and non-ferrous metals recycler. This report summarised our values as a Company, the role we play in the broader community regarding the short and long-term environmental and social impacts we have.

The last financial year has been one of the hardest years in recent memory in terms of the market conditions driven by lower volumes and lower precious and non-ferrous metals prices. Despite this, Majestic still delivered a resilient performance. Our catalytic converter segment's revenue dropped as Precious Group Metals prices plummeted by 50-60% and with the shortage of semi-conductors, there are fewer new car upgrades and less used cars being scrapped. Furthermore, materials for our refining segment tightened due to the macro-economic environment and government policies.

In the current year, we see China and the rest of the world opening up, causing demand to rise, which should see metal prices increase.

Highlights

Despite a tough year in 2022, I see clear opportunities for the group. Our affiliate Company's opening of its Deeside facility in the UK is now fully operational and provides clear prospects for Majestic expanding our presence in this region.

Financial Highlights

Despite the challenging market conditions, I am pleased to report a resilient operational performance. Although Revenue was down 21% to US$23.4m (2021: US$29.7m), largely due to a 20-60% drop in metals prices, gross profit margins strengthened to 7.8% in FY22 from 5% in FY21. The Company retained a strong cash with cash at bank at US$1.83m at year end (2021:US$2.47m).

Underlying profit before tax of US$397k was down 54% (2021: US$854k). Net Profit after Tax of US$289k was down 61% (2021:US$735k). The decrease in net profit was due to one off IPO costs in the year of $371,168. The company has decided not to pay a dividend.

We remain vigilant of any emerging risks in the sector and ready to capitalise on any opportunities that may arise.

Peter Lai
Chairman & CEO

23 June 2023

Group Strategic Report
For the Year Ended 31 December 2022

The directors present their strategic report of the Company and the group for the year ended 31 December 2022.

In 2022, the Company achieved good progress to drive growth and expand globally in all three main segments, printed circuit board refining, catalytic converters and trading with our partners.

Strategic Growth
The Company is in a strong position to further advance its growth in 2023 and beyond. The world is moving towards carbon neutrality and sustainability in a way that will change corporations that mine, recycle and smelt their metals. With our global affiliated partnerships, we look forward to the future:

- Our UK affiliated company recently received export permits from the local authorities, at the Deeside facility, which is a major milestone allowing us to further expand our operations there and we expect this to increase its sales with Majestic in 2023 by 100%; and
- The USA affiliated company has just renewed its contract with an existing mobile carrier and will continue its contracts with Majestic. With the resurgence of manufacturing facilities coming back to the USA coupled with our affiliates holding the requisite certificates which are of the highest pedigrees, I fully expect strong growth in 2023.

In the next five years, Majestic plans to have its own facilities across three locations, (UK, US and Malaysia) allowing us to increase our capacity as well as allowing for greater flexibility over facility design from the outset. Our objective is to adopt over 50% renewable energy composition in each location, in line with an overarching hybrid energy strategy.

We will therefore be able to work directly with our suppliers across all three locations allowing each facility team to send materials to us at full capacity allowing us to maximise our growth. With this growth initiative already in full swing at our related facility in the US, we expect to have the remaining suppliers adopting the same methodology by the end of 2023.

Key Performance Indicators

Financial key performance indicators

Our key performance indicators (KPI's) are Revenue, Gross Profit, Net Asset Value, and available cash, which enables future investment opportunities.

	31 December 2022	31 December 2021
	$	$
Revenue	23,428,228	29,661,683
Gross Profit	1,830,393	1,478,408
Net Assets Value	6,831,132	6,132,531
Available cash	1,827,447	2,467,428

Non-financial key performance indicators

As a result of the type of company and short trading history we do not monitor any non-financial key performance indicators. We anticipate in the future monitoring such items as shareholder and supplier satisfaction and investment success.

Outlook
Trading in the current year has started well and the Board is confident that the Group is well placed to achieve continued success and views the future with confidence and optimism.

We will continue to focus on these main areas:

- securing long-term contracts with partnerships;
- improving equipment to recover greater yields from our inventories; and
- enhancing technology to find the most accurate way to procure our inventory.

Business Risk and Ongoing Concerns

There are always unforeseen risks and concerns the company faces

- geopolitical tensions
- tariffs imposed to the metals industry
- government intervention to artificially supress the market
- supply chain issues
- macro-economic environment that disrupts the industry

Section 172 statement

Under section 172(1) of the Companies Act 2006 ("Section 172"), the Directors must act in the way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly between members of the Company.

This statement is intended by the Board of Directors to set out how they have approached and met their responsibilities under s172(1)(a) to (f) of the Companies Act 2006 in the year ending 31 December 2022.

Stakeholders of the Company include employees, shareholders, customers, suppliers, creditors of the business and the community in which it operates.

Our Shareholders

The Company has been well-supported by its shareholders and the Directors endeavour to keep shareholders updated on regulatory matters, and is committed to provide transparent information to them, both through the annual report and ad-hoc communications.

Our Suppliers and Customers

The Company strives to maintain strong relationships with its suppliers and customers, which will promote long term growth. The relationships with suppliers and customers who partner with the Company are maintained through regular contact and relationship management.

Our Employees

The Company believes that good staff morale engenders increased efficiency and loyalty, and hence promotes staff welfare and well-being. Staff needs are constantly monitored and improved on an ongoing basis.

Our Executives

The executives, both collectively and individually, consider that they have acted in good faith to promote the success of the Group for the benefit of its Stakeholders as a whole in the decisions taken during the period. In particular:

- to ensure that the Board take account of the likely consequences of their decisions in the long term, they receive regular and timely information on all the key areas of the business including financial performance, risks and opportunities, supported by market indicators;
- the Company's performance and progress is reviewed regularly at Board meetings; and
- the Directors take environmental matters into deep consideration as part of their decision-making process and strive to be a responsible member of the wider community, minimising the Company's impact on the environment wherever possible. The Directors' intentions are to behave responsibly towards all stakeholders and treat them fairly and equally, so that they all benefit from the long-term success of the Company.

Engaging and Communicating with Shareholders
The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Executives of the Company are available for meetings with institutional shareholders and analysts. The Company keeps individual shareholders informed of developments through AQSE announcements, podcasts and through the Company's own website. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group and the quality of its relationships with stakeholders. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships.

Stakeholder Responsibilities
The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group and the quality of its relationships with stakeholders. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships.

The Board will not only have their monthly board meetings, they will try to meet in person and schedule site visits together with the Company's advisor to ensure that procedures, resources and controls are in place to ensure that AQSE Growth Market Access Rulebook compliance by the Company is operating effectively at all times and that the executive directors are communicating effectively with the Company's Corporate Adviser regarding the Company's ongoing compliance with AQSE.

Environmental and Social Responsibilities
With global efforts to combat climate change, we are committed to helping ensure a stable supply of precious metals to all pockets of our economy to steer the world away from less sustainable methods of metal production.

Majestic is currently handling 30,000 tons of precious metals-related scrap every year. To reach our target by 2030, we need a 20% year-on-year growth. Achieving this will require more significant development on several fronts, such as logistics, technology and warehousing expansion, to ensure capacity, compliance and efficiency.

More specifically, to adhere to the ever-evolving environmental regulations, we will need to process locally at every location and enable collections at every site. This logistics in the collection will play an integral part in our 2030 strategy. Furthermore, our team is developing technological solutions to build a stronger material supplier experience and access to our facilities and representatives.

Managing and Mitigating Risk
Effective risk management is critical to the success of the Company. The Board has carried out a robust assessment of the principal risks to achieving its strategic objectives. Initial risks were assessed at Admission to the Aquis Exchange and risks are reviewed on a regular basis by the Board to identify any changes in risk profiles and to consider the optimal range of mitigation strategies.

The principal risks to the achievement of our strategic business objectives have been outlined above, together with their potential impact and the mitigation measures in place. The Board believe these risks to be currently the most significant with the potential to impact our strategy, financial and operational performance.

Peter Lai
Chairman & CEO

23 June 2023

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2022.

PRINCIPAL ACTIVITY
The Company was engaged in information technology assets management and recovery including processing, re-sales, and recycling of metal scrap materials during the year.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS
The directors who have held office during the period from 1 January 2022 to the date of this report are as follows:

Peter Lai	- appointed 10 February 2022	
Joe Lee	- appointed 21 February 2022	
Christopher Neoh	- appointed 21 February 2022	
Larry Howick	- appointed 21 February 2022	
Gianfranco Guerra	- appointed 21 February 2022	- resigned 29 November 2022
Brian Payne		- resigned 10 February 2022
Maureen Payne		- resigned 10 February 2022

DIRECTORS' BIOGRAPHIES

Details of the directors' biographies are available on the Company website.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Group Strategic Report, the Report of the Directors, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, Shipleys LLP, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting

CORPORATE GOVERNANCE

The Board is committed to the highest standards of corporate governance and considers the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code") to be the most appropriate framework to adopt. The Directors have adopted the QCA Code. Where the Board adopts a different path from the QCA Principles to the extent they consider it appropriate, having regard to the size and resources of the Group, an explanation is provided.

The Group has appropriate corporate governance standards in place and the 10 principles in the QCA Code are applied within group.

Deliver Growth

1. Establish a strategy and business model which promote long-term value for shareholders
2. Seek to understand and meet shareholder needs and expectations
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Management Framework

5. Maintain the board as a well-functioning, balanced team led by the chair
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
8. Promote a corporate culture that is based on ethical values and behaviours
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Build Trust with Stakeholders

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In his capacity as Chairman and CEO, Peter Lai has the responsibility for ensuring that the Group has appropriate corporate governance standards in place and the 10 principles in the QCA Code are applied within the Group as a whole.

The Board

At the date of this report, the Board comprises two Executive Directors and two Non-Executive Directors:

Peter Lai	Chairman and Chief Executive Officer - appointed 10 February 2022
Joe Lee	Chief Financial Officer - appointed 21 February 2022
Christopher Neoh	Non-Executive Director - appointed 21 February 2022
Larry Howick	Non-Executive Director - appointed 21 February 2022

Directors' Interest in shares

The only directors that have interests in the share capital of the Company, including family at 31 December 2022 were as follows:

Name	Number of Ordinary Shares held	Percentage of Issued Share Capital
Peter Lai	17,416,669	87.08%
Gianfranco Guerra (Resigned 29 Nov 2022)	99,862	0.499%
Larry Carter Howick	19,973	0.01%

Directors' Remuneration

The remuneration of the Directors paid within the Majestic Group during the period is summarised below:

Name	Fees and Salaries $	Pensions $	Total 2022 $
Peter Lai	76,598	2,300	78,898
Joe Lee	36,000	nil	36,000

The Chairman is responsible for overseeing the Board and the CEO is responsible for implementing the stated strategy of the Company and for its operational performance. It is the intention of the Company to appoint an independent non-executive Chairman as soon as an appropriate candidate has been identified.

The Chairman is committed to ensuring that the Board comprises sufficient Non-Executive Directors to establish an independent oversight which is challenging and constructive in its operation. The Company ensures that the Non-Executive Directors are enabled to call on specialist external advice where necessary.

Directors are expected to attend Board and Committee meetings and to devote enough time to the Company and its business to fulfil their duties as Directors.

Board Meetings

The Board meets on a regular basis throughout the calendar year and as required on an ad hoc basis with a mandate to consider strategy, operational and financial performance, and internal controls. In advance of each meeting, the Chairman sets the agenda, with the assistance of the Company Secretary. Directors are provided with appropriate and timely information, including board papers distributed in advance of the meetings. Those papers include reports from the executive team and other operational heads. Full minutes of each meeting are produced, including a log of actions to be taken. Key decisions and feedback from the Board will be communicated on a timely basis to the relevant heads of department and to those responsible for implementing them.

Director	Position	Board		Committee	
		Max possible attendance	Meeting attended	Audit	Remuneration
Peter Lai	Chairman and Chief Executive Officer	8	8		
Joe Lee	Chief Financial Officer	8	8		
Christopher Neoh	Non-Executive Director	8	7	1	1
Larry Howick	Non-Executive Director	8	7	1	1

Committees

The Board has in place Audit and Remuneration Committees, which comply with the stated terms of reference for each committee.

Audit Committee

The Board has established an Audit and Risk Committee with formally delegated duties and responsibilities. The Audit and Risk Committee will be chaired by Christopher Neoh and its other member is Larry Howick and will meet at least once a year. It will be responsible for ensuring the financial performance of the Company is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements, internal control systems and procedures and accounting policies, as well as keeping under review the categorisation, monitoring and overall effectiveness of the Company’s risk assessment and internal control processes.

Remuneration Committee

The Remuneration Committee will be chaired by Christopher Neoh and its other member is Larry Howick. It is expected to meet not less than once a year. The Remuneration Committee has responsibility for determining, within agreed terms of reference, the Company’s policy on remuneration of senior executives and specific remuneration packages for executive directors and the Chairman, including pension rights and compensation payments. The remuneration of non-executive directors is a matter for the Board. No director may be involved in any discussions as to their own remuneration.

Financial Controls and Reporting Procedures

The Directors and have established financial controls and reporting procedures, taking into consideration the multi-jurisdictional nature of the business which are considered appropriate given the size and structure of the Company. The Directors will continue to review these processes and procedures as the Company develops.

Financial Instruments Risk
Financial instruments of the Company include the trade and other receivables, trade and other payables, inventories, taxation, and foreign currencies.

Foreign currency transactions during the period are translated into United States Dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at the market rates of exchange ruling at the reporting date. Exchange gains and losses on foreign currency translation are dealt with in the statement of income and retained earnings

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company undertakes most of the transactions denominated in United States Dollar with few transactions denominated in Euro. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The Company's sensitivity to a 5% increase and decrease in Euro against United States Dollar is as follow:

	2022	2021
5% increase effect on profit for the year	(64,398)	(164,111)
5% decrease effect on profit for the year	64,398	164,111

The Directors will continue to monitor and review the risk.

Peter Lai
Chairman & CEO

23 June 2023

Opinion
We have audited the financial statements of Majestic Corporation PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion:
- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the UK;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the UK and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern;
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach
Materiality
In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be $468,565 based on approximately 2% of the Group's turnover for the financial year. For Majestic Corporation plc, the company, materiality has been determined of $1,500 based upon approximately 4% of the net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined performance materiality to be $351,423. For Majestic Corporation plc, the company, performance materiality has been set at $1,175.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.
We agreed with the Audit Committee to report to it all identified errors in excess of $23,428. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risks of material misstatement in the financial statements at the group level.

The Group has 2 components, Majestic Corporation plc (the UK registered listed parent company) and Majestic Corporation Limited, the trading subsidiary registered in Hong Kong. In approaching the audit, we considered how the group is organised and managed.

Our group audit scope focused on the group's principal operating business, Majestic Corporation Limited, which was subject to a full scope audit together with the listed parent company Majestic Corporation plc. Shipleys LLP performed the audit of Majestic Corporation plc. RX CPA Limited performed the audit of Majestic Corporation Limited.

The group audit team was actively involved in the direction of the audit and specific audit procedures performed by the component auditor along with the consideration of findings and determination of conclusions drawn. As part of our audit strategy, we issued group audit engagement instructions and discussed the instructions with the component auditor. A senior member of the group audit team has access to the component auditor and performed a review of the component audit files and we discussed the audit findings with the component auditor.

We performed a full scope audit on the Group in accordance with ISAs (UK).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at areas where the Directors made subjective judgements, which involved making assumptions and considering future events that are inherently uncertain, such as their going concern assessment.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance on our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

Going concern was identified as a key audit matter and has been addressed within the "Conclusions relating to going concern" section of the audit report. We have determined that there are no other key audit matters to communicate in our report. Our audit procedures in relation to the matter were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on the matter individually and we express no such opinion.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	We carried out procedures to test the revenue and to consider whether the application of the revenue recognition policy was appropriate, having regard any contractual terms and obligations. The parent company did not have any revenue. The audit work was carried out by the component auditors with regards to revenue. Based on this understanding, we considered if the underlying income was recognised in accordance with the stated accounting policy.
Management override of controls	We have reviewed journal adjustments and the rationale behind them and have considered whether these have been subject to potential management bias. From our procedures carried out no adverse issues were identified with regards to management override of controls. This also includes reviewing the work carried out by the component auditors with regards to Management override of controls.
Valuation of inventory	We updated our understanding of the inventory provisioning process and assessed the appropriateness of the Group's inventory provision policy. This also includes reviewing the work carried out by the component auditors with regards to inventory, specifically testing of both the appropriateness of the cost recorded and the Net Realisable Value (NRV) by and cut-of testing to ensure the inventory is recognised in the correct period.
Accounting for the IPO – acquisition of Majestic Corporation Limited by a share for share exchange Majestic Corporation plc was incorporated for the sole purpose of creating a new holding company for the IPO on the Acquis Exchange resulting in the acquisition of Majestic Corporation Limited by way of share for share exchange.	We have gained and understanding of the transaction steps from the contractual arrangements in place. We identified the most complex steps from an accounting perspective and sceptically assessed the judgement applied. These included: Application of reverse acquisition accounting for the acquisition of Majestic Corporation Limited by Majestic Corporation plc. We independently assessed whether the transaction was in the scope of IFRS 3 Business Combinations and determined it did not meet the criteria due to the Majestic Corporation plc not constituting a business for the purposes of IFRS3.

The transaction is deemed to be a reverse acquisition and consideration of whether Majestic Corporation plc meets the criteria of a business for the purpose of assessing the accounting requirements of IFRS 3 Business Combinations.	We considered the relevant guidance issued by the Interpretations Committee ('IFRIC') and assessed whether management's judgement that this situation was analogous to a reverse acquisition and therefore that they should apply continuation accounting was appropriate. We verifIed whether the accounting entries were recorded appropriately in the Consolidated Financial Statements.
IPO related costs	We understood and assessed the nature and amount of cost recognised split by workstream and service type. We substantively tested management's split of share issuance costs and exceptional costs to verify that only incremental costs which were directly attributable to issuing new shares have been deducted from equity under IAS 32.37 and challenged the classification of costs as exceptional that may otherwise be considered to be underlying in nature. We assessed whether the costs were adequately disclosed with sufficient detail in the Consolidated Financial Statements and the other information presented in the Annual Report and Accounts.

Other information
The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do 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 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. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception;
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page ten, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 a Report of the Auditors 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 (UK) 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group's business, controls, legal and regulatory frameworks, laws and regulations and assessed the susceptibility of the company's financial statements to materialmisstatement from irregularities, including fraud and instances of non-compliance with laws and regulations.
- Based on this understanding we designed our audit procedures to detecting irregularities, including fraud. Testing undertaken included making enquiries on the management; journal entry testing; review of any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- An auditor conducting an audit in accordance with ISAs (UK) is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error and in our audit procedures described above. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).
- As part of an audit in accordance with ISAs (UK), 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- 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.
- 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Benjamin Bidnell

BENJAMIN BIDNELL
Senior Statutory Auditor

For and on behalf of
SHIPLEYS LLP
Chartered Accountants and Statutory Auditor
10 Orange Street, Haymarket, London, WC2H 7DQ
June 2023

23 June 2023
Date: ....

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $	2021 $
CONTINUING OPERATIONS			
Revenue	3	23,428,228	29,661,683
Cost of sales		(21,597,835)	(28,183,275)
GROSS PROFIT		1,830,393	1,478,408
Other operating income		15,290	164,455
Administrative expenses		(909,773)	(668,455)
Exceptional costs:			
- IPO costs		(371,168)	-
OPERATING PROFIT		564,742	974,408
Finance costs	5	(174,922)	(121,037)
Finance income	5	7,516	383
PROFIT BEFORE INCOME TAX	6	397,336	853,754
Income tax	7	(108,581)	(118,307)
PROFIT FOR THE YEAR		288,755	735,447
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		288,755	735,447
Profit attributable to:			
Owners of the parent		288,755	735,447
Total comprehensive income attributable to:			
Owners of the parent		288,755	735,447
Earnings per share expressed.			
in pence per share:	9		
Basic		1.44	-
Diluted		1.44	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Inventories	11	8,383,096	6,118,375
Trade and other receivables	12	5,603,426	4,858,803
Tax receivable		9,298	-
Cash and cash equivalents	13	1,827,447	2,467,428
		15,823,267	13,444,606
TOTAL ASSETS		15,823,267	13,444,606
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	135,919	1
Share premium	15	403,217	-
Capital reserve	15	4,767,431	4,767,431
Merger reserve	15	(44,525)	-
Foreign currency reserve	15	(17,723)	-
Retained earnings	15	1,586,813	1,365,099
TOTAL EQUITY		6,831,132	6,132,531
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	5,927,723	3,711,087
Financial liabilities - borrowings			
Interest bearing loans and borrowings	17	3,064,412	3,469,272
Tax payable		-	131,716
		8,992,135	7,312,075
TOTAL LIABILITIES		8,992,135	7,312,075
TOTAL EQUITY AND LIABILITIES		15,823,267	13,444,606

The financial statements were approved by the Board of Directors and authorised for issue on .... and were signed on its behalf by:

....

Peter Lai - Director

23 June 2023

COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 $	2021 $
ASSETS			
NON-CURRENT ASSETS			
Investments	10	39,460	-
CURRENT ASSETS			
Trade and other receivables	12	38,676	-
Cash and cash equivalents	13	2	-
		38,678	-
TOTAL ASSETS		78,138	-
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	135,919	-
Share premium	15	403,217	-
Other reserves	15	(22,789)	-
Retained earnings	15	(462,209)	-
TOTAL EQUITY		54,138	-
LIABILITIES			
Other payables		24,000	-
TOTAL EQUITY AND LIABILITIES		78,138	-

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was $395,168 (2021 - $Nil).

The financial statements were approved by the Board of Directors and authorised for issue on .... and were signed on its behalf by:

....

Peter Lai - Director

23 June 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital $	Retained earnings $	Share premium $
Balance at 1 January 2021	1	629,652	-
Changes in equity			
Total comprehensive income	-	735,447	-
Balance at 31 December 2021	1	1,365,099	-
Changes in equity			
Issue of share capital	135,918	-	403,217
Bonus issue	-	(67,041)	-
Total comprehensive income	-	288,755	-
Balance at 31 December 2022	135,919	1,586,813	403,217

	Capital reserve $	Merger reserve $	Foreign currency reserves $	Total equity $
Balance at 1 January 2021	4,767,431	-	-	5,397,084
Changes in equity				
Total comprehensive income	-	-	-	735,447
Balance at 31 December 2021	4,767,431	-	-	6,132,531
Changes in equity				
Issue of share capital	-	-	-	539,135
Bonus issue		-	-	(67,041)
Total comprehensive income	-	(44,525)	(17,723)	226,507
Balance at 31 December 2022	4,767,431	(44,525)	(17,723)	6,831,132

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital $	Retained earnings $	Share premium $	Foreign currency reserves $	Total equity $
Changes in equity					
Issue of share capital	135,919	-	403,217	-	539,136
Total comprehensive income	-	(438,209)	-	(22,789)	(460,998)
Balance at 31 December 2022	135,919	(438,209)	403,217	(22,789)	78,138

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

CONSOLIDATED	Notes	2022 $	2021 $
Cash flows from operating activities			
Cash generated from operations	1	178,689	(1,219,610)
Tax paid		(249,595)	(50,844)
Net cash from operating activities		(70,906)	(1,270,454)
Cash flows from investing activities			
Interest received		7,516	383
Net cash from investing activities		7,516	383
Cash flows from financing activities			
(Repayment)/withdrawal of import loans		(404,860)	1,511,419
IPO share issue		(89,123)	-
IPO costs		(371,168)	-
Payment of finance costs		(174,922)	(121,037)
Amount withdrawn by directors		(53,209)	-
Share issue		516,691	1
Net cash from financing activities		(576,591)	1,390,383
(Decrease)/increase in cash and cash equivalents		(639,981)	120,312
Cash and cash equivalents at beginning of year	2	2,467,428	2,347,116
Cash and cash equivalents at end of year	2	1,827,447	2,467,428

COMPANY	Notes	2022 $	2021 $
Net cash from operating activities	1	(61,465)	-
Cash flows from financing activities			
IPO share issue		(89,123)	-
IPO costs		(371,168)	-
Share issue		521,758	-
Net cash from financing activities		61,467	-
(Decrease)/increase in cash and cash equivalents		2	-
Cash and cash equivalents at beginning of year	2	-	-
Cash and cash equivalents at end of year	2	2	-

NOTES TO THE CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2022	2021
	$	$
Group		
Profit before income tax	397,336	853,754
Foreign exchange	(17,721)	-
IPO costs	371,168	-
Finance costs	174,922	121,037
Finance income	(7,516)	(383)
	918,189	974,408
Increase in inventories	(2,264,721)	(200,422)
Increase in trade and other receivables	(691,415)	(3,292,742)
Increase in trade and other payables	2,216,636	1,299,146
Cash generated from operations	178,689	(1,219,610)

	2022	2021
Company		
Profit/(Loss) before income tax	(395,168)	-
Foreign exchange	(22,789)	-
IPO costs	371,168	-
	(46,789)	-
Increase in other payables	24,000	-
Increase in trade and other receivables	(38,676)	-
Cash generated from operations	(61,465)	-

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	$	$
Cash and cash equivalents		
Group	1,827,447	2,467,428
Company	2	-

Year ended 31 December 2021

	31.12.21	1.1.21
	$	$
Cash and cash equivalents o		
Group	2,467,428	120,312

1. STATUTORY INFORMATION

Majestic Corporation PLC is a public company, limited by shares, and incorporated and domiciled in the United Kingdom. The company has its listing on the AQSE Growth Market.

The address of its registered office and the principal place of business are located at Unit 15 Drome Road, Deeside Industrial Park, Deeside, Wales, CH5 2NY.

The financial statements are presented in United States Dollars.

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

On 8 March 2022, the Company acquired the entire shareholding of Majestic Corporation Limited via a share-for-share exchange. The insertion of the Company on top of the existing Majestic Corporation Group does not constitute a business combination under IFRS 3 Business Combinations. This transaction has been deemed to be an acquisition in line with guidance from the Interpretations Committee (IFRIC) and as such the consolidated accounts for the Group are treated as a continuation of the consolidated accounts of the Majestic Corporation Group.

Under the principles of continuation accounting the consolidated financial statement of the newly formed Group must reflect:

-The assets and liabilities of the Majestic Corporation Group at pre-combination carrying amounts;

-The retained earnings and other equity balances of the Majestic Corporation Group at pre-combination carrying amounts;

-The assets and liabilities of the Company at fair value;

-The share capital of the Company;

-The income statement for the current period including the results for the Majestic Corporation Group up to 8 March 2022 plus the results for the newly formed Group from 8 March onwards.

The year ended 31 December 2022 consolidated financial statements of the Group are the first set of consolidated financial statements for the newly formed Group. The prior period has been presented as a continuation of the former Majestic Corporation Limited Group on a consistent basis as if the group reorganisation had taken place at the start of the earliest period presented, being 1 January 2021. The prior period comparatives are those of the former Majestic Corporation Limited Group since no substantive economic changes have occurred. The consolidated reserves of the Group have been adjusted in the current period following the share-for-share exchange to reflect the share capital of the Company with the difference giving rise to a merger reserve.

Basis of consolidation
The Group financial statements consolidate the results of Majestic Corporation Plc and its subsidiary undertaking for the year ended 31 December 2022.

The consolidated reserves of the Group have been adjusted in the current period following the share-for-share exchange to reflect the share capital of the Company with the difference giving rise to a merger reserve.

The financial statements of subsidiaries are prepared for the same reporting years using consistent accounting policies. All intercompany transactions and balances, including unrealised profits arising from intra-group transactions, have been eliminated on consolidation.

2. ACCOUNTING POLICIES - continued

Adoption of new and revised standards
In 2022, the Company has applied the revised IFRSs issued by the IASB that are first effective for accounting periods beginning on or after 1 January 2022 and are relevant to the Company's financial statements, including:

- Annual Improvements to IFRSs 2018-2020

- Narrow-scope amendments to IFRS 3, IAS 16 and IAS 37

- Amendment to IFRS 16, Covid-19-Related Rent Concessions beyond 2021

- Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The application of the new and revised IFRSs has no material effects on the Company's financial performance and positions

Revenue recognition
Revenue from the sales of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location. Follow delivery, the customer has full discretion over the usage of the goods, has the primary responsibility when on selling the goods and bears the risks in relation to the goods. A receivable is recognised by the Company once the customers has issued an analysis report to confirm shipment has been accepted as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The risk and reward of the inventory was transferred upon the issuance of analysis report from customers.

Interest income is recognised as other income as it accrues using the effective interest method.

Tolling charges are expensed as incurred.

Cash and cash equivalents
Cash and cash equivalents include demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments
Trade and other receivables
Trade and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

Trade and other payables
Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Inventories
Inventories are stated at the lower of cost and net realisable value. In arriving at net realisable value an allowance has been made for deterioration and obsolescence.

Goods in transit
The risk and reward of the inventory transfers to customers once they have issued an analysis report confirming shipment has been accepted.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Foreign currencies

Foreign currency transactions during the period are translated into United States Dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into

United States Dollars at the market rates of exchange ruling at the reporting date. Exchange gains and losses on foreign currency translation are dealt with in the statement of income and retained earnings.

3. REVENUE

Turnover represents the amounts received and receivables for goods sold to the customers.
Turnover and other income recognised during the year are as follows:

Turnover	2022	2021
	$	$
Sales Income	23,428,228	29,661,683

Other income	2022	2021
	$	$
Interest income	7,516	383
Exchange gain	-	164,455
Government income	15,290	-
	22,806	164,838

Geographical distribution of sales income		
Japan	18,742,582	23,729,346
China and Malaysia	4,685,646	5,932,337
	23,428,228	29,661,683

4. EMPLOYEES AND DIRECTORS

	2022	2021
	$	$
Wages and salaries	148,834	143,201

The average number of employees during the year was as follows:

	2022	2021
Office and management	6	6

	2022	2021
	$	$
Directors' remuneration	114,898	79,734

5. NET FINANCE COSTS

	2022	2021
	$	$
Finance income:		
Deposit account interest	7,516	383
Finance costs:		
Bank loan interest	119,637	45,009
Arrangement fees	55,285	76,028
	174,922	121,037
Net finance costs	167,406	120,654

6. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	2022	2021
	$	$
Cost of inventories recognised as expense	21,597,835	28,183,275
Foreign exchange differences	151,498	(164,455)
Stock loss	-	83,687
Audit and other professional fees	51,301	12,857

Note
In 2022, audit fee of $24,000 paid to Shipleys LLP for the audit of the group financial statements.
Shipleys LLP did not provide any other services other than stated above.
Paid to Hong Kong auditors for the audit of the subsidiary in accordance with Hong Kong regulations 2022 - $24,500 and $12,857 (2021).

7. INCOME TAX

Analysis of tax expense

	2022	2021
	$	$
Current tax:		
Tax	108,581	118,307
Total tax expense in consolidated statement of comprehensive income	108,581	118,307

Factors affecting the tax expense
There is no UK tax provided for the company. Hong Kong subsidiary profits tax has been provided at the rate of 8.25% on the assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million during the year. For the year of assessment 2022/23, 100% of tax payable would be waived, subject to a ceiling of HK$6,000. Taxation is reconciled to profit before taxation in the statement of profit or loss and other comprehensive income as follows::

	2022	2021
	$	$
Profit before income tax	397,336	853,754
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	75,494	162,213
Effects of:		
Difference in overseas tax rate	(19,813)	(21,344)
Tax effect of tax reduction due to two-tiered rates	(21,063)	(21,214)
Tax effect of tax rebate	(766)	(1,285)
Tax effect of non-deductible expenses for tax purpose	75,082	-
Tax effect of non-taxable income for tax purpose	(353)	(63)
Tax expense	108,581	118,307

There is no UK tax provided for the company. Hong Kong subsidiary profits tax has been provided at the rate of 8.25% on the assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million during the year. For the year of assessment 2022/23, 100% of tax payable would be waived, subject to a ceiling of HK$6,000.

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was $395,168 (2021 - $Nil).

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings $	2022 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	288,755	20,000,000	1.44
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	288,755	20,000,000	1.44

	Earnings $	2021 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	288,755	-	-
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	288,755	-	-

10. INVESTMENTS

Company

	Unlisted investments $
COST	
Additions	39,460
At 31 December 2022	39,460
NET BOOK VALUE	
At 31 December 2022	39,460

At the reporting date the Company had the following investments in subsidiary whose registered office is situated at 1203, CC Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong.

Subsidiary	Country of incorporation	Class of shares	Percentage of shares held
Majestic Corporation Limited	Hong Kong	Ordinary	100%

11. INVENTORIES

Inventories comprise entirely of stock in trade.

	2022 $	2021 $
Inventory in warehouse	2,695,214	2,481,953
Inventory in transit	5,687,882	3,636,422
	8,383,096	6,118,375

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 $	2021 $	2022 $	2021 $
Current:				
Trade debtors	1,669,301	1,282,190	-	-
Amounts owed by group undertakings	-	139,599	38,676	-
Other debtors	1,163,131	1,393,646	-	-
Directors' loan accounts	53,209	-	-	-
Prepayments and accrued income	2,717,785	2,043,368	-	-
	5,603,426	4,858,803	38,676	-

The ageing analysis of the trade receivables, based on invoice dates, is as follows:

	2022 $	2021 $
Within one month	215,252	1,280,970
1 - 3 months	1,454,049	1,220
Over 3 months	-	-
	1,669,301	1,282,190

Trade receivables disclosed above include amounts which are past due at the end of the reporting period against which the Group has not recognized an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are recovered subsequent to the reporting date. The Group does not hold any collateral or other credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Bank accounts	1,827,447	2,467,428	2	-

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 $	2021 $
20,000,000	Ordinary	£0.005	135,919	1

On 18 February 2021, Majestic Corporation Plc was incorporated and issued share capital of 6,555,422 at £0.005 per ordinary share to the shareholders of Majestic Corporation Limited as consideration for the Company's acquisition of the entire shareholding of Majestic Corporation Limited via a share-for-share exchange.

On 18 February 2022, one for one bonus issue for each existing £0.005 ordinary share was distributed. The bonus issue increased the ordinary shares of £0.005 each in issue from 6,555,822 shares to 13,111,644 shares.

On 21 February 2022, a bonus issue for each existing £0.005 ordinary share was distributed. The bonus issue increased the ordinary shares of £0.005 each in issue from 13,111,644 shares to 18,523,150 shares.

On 21 February 2022, 1,476,850 ordinary shares of £0.005 were allotted and fully paid for cash at a premium of £0.245 per share.

15. RESERVES

Group

	Retained earnings $	Share premium $	Capital reserve $
At 1 January 2022	1,365,099	-	4,767,431
Profit for the year	288,755		
Bonus share issue	(67,041)	-	-
Cash share issue	-	492,340	-
IPO Costs	-	(89,123)	-

Group

	Merger reserve $	Foreign currency reserve $	Totals $
At 1 January 2022	-	-	6,132,530
Profit for the year			288,755
Bonus share issue	-	-	(67,041)
Cash share issue	-	-	492,340
IPO Costs	-	-	(89,123)
Foreign currency reserve	-	(17,723)	(17,723)
Merger reserve	(44,525)	-	(44,525)

Company

	Retained earnings $	Share premium $	Other reserves $	Totals $
Profit for the year	(395,168)	-	-	(395,168)
Bonus share issue	(67,041)	-	-	(67,041)
Cash share issue	-	492,340	-	492,340
IPO Costs	-	(89,123)	-	(89,123)
Foreign currency reserve	-	-	(22,789)	(22,789)

Nature and purpose of reserves

Foreign currency reserve
Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into US dollar are accounted for by entries made directly to the foreign currency translation reserve.

Merger reserve
Included within the Merger Reserve is an amount of $44,525 arising on the share-for-share acquisition of Majestic Corporation Limited by Majestic Corporation Plc, the group reorganisation had taken place in February 2022.
The share-for-share exchange to reflect the share capital of the Company with the difference giving rise to a merger reserve. The reserve was created in accordance with IFRS 3 'Business Combinations'. Since the shareholders of Majestic Corporation Limited became the shareholders of the enlarged group, the acquisition is accounted for as though there is a continuation of the legal subsidiary's financial statements.

16. TRADE AND OTHER PAYABLES

	Group 2022	Group 2021
	$	$
Current:		
Trade creditors	4,556,187	1,701,752
Other creditors	1,285,073	1,971,093
Accruals and deferred income	86,463	38,242
	5,927,723	3,711,087

The ageing analysis of the trade payables, based on invoice dates, is as follows:

	2022	2021
	$	$
Within one month	413,533	472,974
1 - 3 months	1,207,323	813,090
Over 3 months	915	68,088
Deposit received - not due	2,934,416	347,600
	4,556,187	1,701,752

17. RELATED PARTY TRANSACTIONS AND BALANCES

The Company had the following material transactions with related parties:
Transactions were made on terms an arm's length basis and on normal commercial terms

Name of related party	Nature of transactions	2022	2021
		$	$
MC Asset Malaysia Sdn. Bhd.	Tolling fee	951,111	1,835,000
Majestic Global Corporation	Goods and services	2,108,322	1,424,946
Telecycle Europe Limited	Goods and services	321,403	484,038

Amount due from director/related companies of the group are as follows:

Name of director/companies	Nature of transactions	31,12,2022	31,12,2021	Maximum amount outstanding during the year
		$	$	
Lai Yu Pok Peter (Director)	Loan	53,209	-	53,209
Konbatas Corporation Limited	Loan	280,790	183,308	280,790
Majestic Global Corporation	Goods and services	629,732	1,210,338	1,210,338
Telecycle Europe Limited	Goods and services	252,609	-	252,609
Related companies Total		1,163,131	1,393,646	

Amount to related companies of the group are as follows:

Name of companies	Nature of transactions	31,12,2022	31,12,2021	Maximum amount outstanding during the year
		$	$	
MC Asset Malaysia Sdn. Bhd.	Tolling fee	1,285,073	1,942,084	1,942,084
Telecycle Europe Limited	Goods and services	-	29,029	29,029
Related companies Total		1,285,073	1,971,093	

17. RELATED PARTY TRANSACTIONS AND BALANCES - continued

For all the related companies, Lai Yu Pok Peter holds their directorships. The amounts are unsecured, interest free and receivable on demand, and no bad or provisions for doubtful debts related to the amounts of outstanding balances recognised during the period.

18. FINANCIAL LIABILITIES - BORROWINGS

IMPORT LOANS
The Group has obtained credit facilities from its bankers as secured by guarantees of the director and a related company together with fixed deposit of the Company. The loans are interest bearing at LIBOR+1.45% and repayable in 120 days from the drawdown date which has multiple repayment dates. During the year, the company has drawn a new facility under the SME Financing Guarantee Scheme of HKMC Insurance Limited. It is secured by guarantees of the director, a related company and HKMC Insurance Limited. It is interest bearing at LIBOR+2.5% and repayable in 180 days from the drawdown date which has multiple repayment dates.

19. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate, foreign currency and equity price risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

a. Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. In order to minimise credit risk, credit approvals and monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

b. Liquidity risk
Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly

at close to its fair value. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Company's short, medium, and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

c. Equity price risk
The Company's director is of the opinion that the Group has no significant equity price risk.

d. Internet rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company draws loans to maintain stable cashflow. The loans are interest bearing at LIBOR+1.45% and LIBOR+2.5%. 5% is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The Company's sensitivity to a 5% increase and decrease in LIBOR is as follow:

	2022	2021
5% increase effect on profit for the year	(4,402)	(279)
5% decrease effect on profit for the year	4,402	279

19. FINANCIAL RISK MANAGEMENT - continued

e .Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company undertakes most of the transactions denominated in United States Dollar with few transactions denominated in Euro. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The Company's sensitivity to a 5% increase and decrease in Euro against United States Dollar is as follow:

	2022	2021
5% increase effect on profit for the year	(64,398)	(164,111)
5% decrease effect on profit for the year	64,398	164,111