2024 ANNUAL REPORT

TWENTY TWENTY-FOUR

CPL GROUP

SINCE 1987

There is nothing too small or too big for us.

We are constantly improving the quality of services,

in line with our mission and vision.

AT CPL, OUR CUSTOMERS ALWAYS COME FIRST.

CPL GROUP

SINCE 1987

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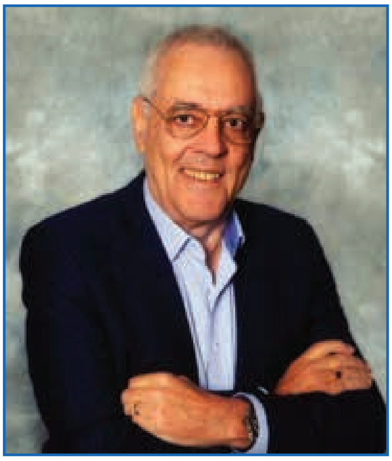
CHAIRMAN'S STATEMENT



I am pleased to present the CPL Group's annual financial results and performance for 2024. While the year brought unforeseen challenges, we remain confident in the Group's long-term strength and future.

The completely senseless and unnecessary mass looting and subsequent fires of 10th January 2024, resulted in the loss of three stores in Port Moresby and a 12.7% drop in Group revenue to K500.5 M.

Losses from the looting and fires totaled K47.9M and whilst we acknowledged a K18.9M payment from the PNG Government the shortfall combined with a general loss of confidence across the wider business community has resulted in difficult trading conditions and a loss of profitability. Insurance claims remain contested after initial rejection by the insurers.

We trust that lessons learnt will ensure that such incidents are not repeated. We continue to adjust our risk management strategy and business plans to avoid future losses whilst protecting the safety and security of our employees, customers and company assets.

Loss after tax of K8.8M which is slightly below our mid-year estimate of a break-even result reflecting ongoing challenging trading conditions.
We have commenced a strategic review of our Business Divisions to ensure same are fit for purpose and able to grow sustainably and profitably in the future. We expect the review to be completed and implemented mid 2025.

Despite that annualized loss of K75m sales from the three Stop and Shop stores closed in January we were able to open two new smaller shops in Gerehu and 8 mile. The retail sector remains extremely competitive and not always on a level playing field.
Three new pharmacy stores opened in 2024 taking our total presence to 36 operations across PNG. We complemented these divisions with seven new wellness clinics reflecting our commitment to improving health outcomes for the people of PNG.

The Hardware Division again delivered a profit despite increasing competition and challenging marketing in the Highlands where law and order issues hold back development opportunities. The lack of infrastructure development in PNG is also a concern.

Contributions from our Jacks and DFS associates remained consistent with previous year.
Due to improvements in Working Capital Management, we were able to deliver a positive cash flow, which increased on the previous period.
Despite a very challenging year the Board remains confident in the ability of the company to capitalize on market opportunities to deliver positive returns to shareholders.

In Closing

CPL Group remains optimistic about the long-term prospects of Papua New Guinea. We have a robust business model, a talented team, and a clear vision for the future. We are confident that CPL Group will continue to be a leading force in Papua New Guinea's economic landscape.
On behalf of the Board, I thank our dedicated employees, loyal customers, and valued shareholders for their continued support.

Stanley Thomas Joyce, CSM
CHAIRMAN
BOARD OF DIRECTORS
CPL GROUP

EXECUTIVE DIRECTOR'S **REPORT**

2024 was a year that profoundly tested the resolve, resilience, and adaptability of our organization. It stands as one of the most challenging periods in our trading history, marked by significant adversity and equally significant accomplishments.

The unrest that occurred on January 10th, 2024, in Port Moresby resulted in substantial losses to our business. We faced the devastating destruction of several retail locations, including Stop & Shop, City Pharmacy, Hardware Haus, and Jack's of PNG, all operating within the Stop & Shop Rainbow premises. These losses were undeniably severe; however, they also served as a catalyst for swift and decisive action by our leadership team.

Thanks to the unwavering commitment of our people, we witnessed remarkable progress in recovery and expansion throughout the year. Stop & Shop Badili resumed operations by February, and a brand-new store was launched at 8 Mile in June, followed by a reopening in Rainbow by August. City Pharmacy expanded its footprint with new outlets in 8 Mile and North Waigani in Port Moresby, as well as in Namatanai, New Ireland Province. Hardware Haus unveiled a new Home & Living concept store at Waigani Central in June, while Jack's of PNG opened a new branch at Brian Bell Plaza in Boroko by December.

These accomplishments are more than milestones, they are a testament to the extraordinary resilience and dedication of our people.

Across the wider business, our People & Culture Team continues to drive investment in both our people and processes. With the ongoing digital transformation of our HR infrastructure, we remain focused on identifying and nurturing talent through programs such as our Graduate Development Program. This initiative is essential in building the next generation of leaders within CPL Group.

Finance is actively working with all department to enhance internal process and bringing savings through strategic initiatives

Meanwhile, our IT Support Division has continued to enhance the security and reliability of our systems, working collaboratively with both local and international experts to ensure robust and secure operations across all departments.

CPL has initiated a strategic effort to enhance profitability in its retail operations by focusing on more efficient procurement practices and the acquisition of the latest, high-impact products. This initiative aims to strike a deliberate balance between cost control, strong supplier relationships, and value-driven innovation. By optimizing procurement processes, leveraging data analytics, and fostering collaborative supplier partnerships, CPL intends to reduce operational costs while accelerating access to cutting-edge products that align with evolving consumer demands. This approach supports both short-term margin improvement and long-term competitive advantage.

In Marketing, we've strengthened our focus on customer experience through enhancements to the Real Rewards Loyalty Program, which now has over 120,000 active members. Through more attractive redemption options, exclusive member benefits, and strategic third-party partnerships, we are working to ensure this program remains a key driver of customer engagement and loyalty.

These initiatives, and those in the pipeline in the forthcoming year, add to our renewed focus on bringing the business back to profitability.

Looking ahead to 2025, we are excited to launch 'Her Health Hub', a cervical cancer screening facility established by the CPL Foundation in collaboration with the Sir Brian Bell Foundation. This initiative will provide same-day services for women and girls in Port Moresby at an affordable cost of just K20—making vital healthcare more accessible to our communities.

Additionally, in Quarter 2 of 2025, we will open the first CPL Wellness and Medical Centre at Vision City. This state-of-the-art facility will offer an affordable and comprehensive range of health services including optometry, dental, radiology, and more, furthering our vision and mission to deliver quality, holistic healthcare to Papua New Guineans.

In closing.

As 2025 progresses, we remain optimistic about the opportunities ahead and firmly committed to our core purpose: delivering outstanding products and services to the communities we serve. Guided by our vision and mission, we continue to support the well-being of Papua New Guineans—helping them live better and healthier lives—while enhancing value and returns for our shareholders. Our dedication to impactful service and sustainable growth remains unwavering.

Mr Kee Lim
EXECUTIVE DIRECTOR
CPL GROUP

ABOUT MR. KEE LIM
Executive Director

Mr. Kee Lim brings several decades of extensive experience in both Papua New Guinea and internationally, having managed and advised businesses across a diverse range of industries including manufacturing, beverages, food, logistics, retail, and technology. He has played a key role in driving successful business turnarounds, delivering significant growth in both revenue and profitability.

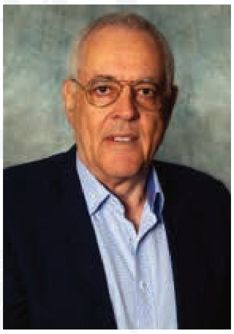
Mr. Lim holds a Bachelor of Engineering, a Master of Engineering Science, and a Master of Business and Technology from the University of New South Wales in Sydney, Australia.

Over the years, he has generously contributed his time and expertise to various boards and organizations. These include the Business Council of Papua New Guinea, the Manufacturing Council of PNG, the Diabetic Association of PNG, Intellectual Property PNG, the Malaysian Association, and the Foundation for Women's Cancer.

He was appointed Executive Director with CPL Group in August 2024 by the CPL Board of Directors.


COMPASSIONATE
CARE FOR YOUR FAMILY

BOARD OF DIRECTORS



MR. STANLEY THOMAS JOYCE, CSM
Board Chairman

Mr Joyce brings over 30 years of management and board experience to CPL Group. He sits as the Chairman of CPL Group and has his imprint in the food, beverage and manufacturing industries in Papua New Guinea and abroad.

His notable PNG business acumen includes leading the South Pacific Brewery Limited (SP) for 14 years as its Managing Director. He also spearheaded campaigns rallying public support for the SP PNG Hunters, SP Sports Awards and encouraging responsible alcohol consumption.

During his tenure, he also provided expertise support to the 2015 Pacific Games Authority, the PNG Business Council, PNG Manufacturer's Council, Mainland Holdings Limited and Solomon Breweries Limited. He is the honorary consul of the Netherlands, and has been honored by the Commonwealth with titles such as the Companion Star of the Order of Melanesia (CSM) and the Logohu Awards.

SIR MAHESH PATEL, OBE
CPL Group Founder, Non-Executive Director, Chairman –CPL Foundation Inc.

Sir Mahesh Patel, OBE, has been serving Papua New Guinea for nearly four decades, co-founding City Pharmacy retail chain in 1987, which has now grown into the CPL Group.

In addition to his business achievements, Sir Mahesh has made significant contributions to community service and charity projects. He has been involved in various initiatives, including raising funds for the Red Cross PNG, supporting the PNG Cancer Relief Society, and improving the maternity ward at the Port Moresby General Hospital.

Through the CPL Foundation, which he is Chairman, Sir Mahesh launched the 'Pride of PNG Women' Awards to empower women and has worked on campaigns to promote community health and safety. He has also supported education projects, such as paying school fees for underprivileged children and sponsoring financial literacy programs.

His dedication to community development and philanthropy has earned him numerous accolades, including the Order of the British Empire (OBE) in 2012 and a Knight Bachelor for his services to commerce, healthcare, and community service in PNG in 2020.

MS. MARY HANDEN
Independent Director, Chair of the People & Culture Sub-Committee.

Ms. Handen divides her time and expertise between her business and helping budding entrepreneurs and professionals develop oratory and financial literacy skills.

Her managerial and board experience includes Steamships Group of Companies, Transparency International PNG, Employees Federation of PNG, and the PNG Business Council.

Her community work focuses on social enterprises such as the Em Stret Holdings Youth Debates, PNG Fashion and Design Week Limited, and Pehi-Koko Waste Management Limited.

MR EDDIE RUHA

Independent Director, Chair of the Audit Sub-Committee.

Eddie Ruha is a Non-Executive Director of BSP Life PNG Limited and was the former Group Chief Financial Officer of Bank South Pacific Limited. He was appointed to Group Chief Financial Officer on 3 April 2017 and remained on the position until his retirement on 31 May 2020. Prior to that Mr Ruha was the Chief Financial Officer - PNG for BSP.

Previously he worked for Steamships Trading Company in PNG for 22 years, commencing in 1990, working in the Steamships Merchandising Division for eight years, before transferring to Head Office as Group Systems Accountant and then Group Accountant, General Manager Finance and then from 2008 to 2012 as Finance Director and Company Secretary.

Mr Ruha is a commerce graduate from Auckland University in New Zealand (1984), has a Master of Business Administration from Charles Stuart University (2000), and is a member of CPA Papua New Guinea and a member of the Chartered Accountants Australia and New Zealand as well as a member of the PNG Institute of Directors (MPNGID) and a graduate of the Australian Institute of Company Directors (GAICD).

MR. ARU CHELLAPPAN

Independent Director, Chair of the Renumeration Sub-Committee.

Mr Chellappan joined the CPL Group Board in September 2020. He is an accoun tant with over 35 years of working experience across different financial landscapes in North America, Australia and Asia.

Before joining CPL Group, his last role lasted for 17 years with the Siemens Health care Sdn Bhd, a health technology company based in Kuala Lumpur, Malaysia.

He is a Fellow of the Institute of the Chartered Accountants in Australia and a member of the Malaysia-Australia Business Council.

MS. EUNICE PARUA

Independent Director

Ms. Parua made history for Papua New Guinea as the youngest lawyer to make partner at a law firm: Leahy Lewin Lowing Sullivan Lawyers.
Her fledgling board experience began with the CPL Group as a Trainee Director in 2019.

She is also a board observer for growing banking group, Kina Bank. She is a full member of the PNG Law Society, and the Papua New Guinea Women Lawyers Association.

She is also the co-founder of Lawyers4Literacy, a rural literacy advocacy organization.

MS. STEPHANIE COPUS-CAMPBELL

Independent Director, Chair of the Risk Sub-Committee.

Stephanie Copus-Campbell has worked for over 25 years across Australia and the Asia Pacific to deliver positive social and economic impact. She is an expert in diversity and inclusion, risk and governance, family and sexual violence, and working across community, public, private and government stakeholders to deliver effective change toward shared objectives.

Stephanie is a director on the Femili PNG Board (providing domestic violence services), the PNG City Pharmacy Group Board and the CPL Foundation Board. She chairs the CPL Medical Centre Board, a subsidiary of CPL and was the previous board chair of the PNG Southern Highlands Provincial Health Authority Board.

Until 2022, Stephanie was Executive Director of the Oil Search Foundation, where she established a USD 100 million organisation focused on resource companies giving back to the community. As SHPHA board chair, she was responsible for health service delivery for one of PNG's largest provinces. Stephanie previously served as the head of Australia's development cooperation program for PNG, Fiji, and Tuvalu, and has executive experience working with CARE Australia and as a university lecturer.

Stephanie holds an MPhil degree from Cambridge University, and a bachelor's degree from the University of California where she graduated Summa Cum Laude. She is a graduate of the Australian Institute of Company Directors, a Member of the Order of Australia, and an active community volunteer. She currently serves as Australia's Ambassador for Gender Equality.

MS. FLARE NAMALIU

Executive Director

Flare Namaliu is an accomplished IT professional, with expertise in the areas of networking, cyber-security and cloud technology, spanning both the telecommunication and information technology domains.

She attained a Masters in Information & Communication Engineering from the Harbin Engineering University of China in 2018, and in 2023 attained her Executive Master of Business Administration (Exec. MBA) from the University of Papua New Guinea.

Flare joined City Pharmacy Limited (CPL) as a Trainee Director in January 2023, and was later made a full-time Executive Director in February 2025, bringing valuable expertise to navigate the digital landscape.

With extensive IT experience, Namaliu is poised to play a crucial role in CPL's growth, showcasing the company's commitment to inclusive leadership and technological evolution.

MR. MOHANRAJ NATARAJAN

Company Secretary, General Manager - Finance

Mohanraj Natarajan is a Chartered Accountant (India) and Certified Practicing Accountant (PNG) with over 14 years of experience in finance, accounting, and auditing across sectors including FMCG, manufacturing, telecommunications, and financial services.

He currently serves as General Manager – Finance & Administration and as a Company Secretary at CPL Group, where he oversees financial strategy, statutory compliance, commercial analysis, and process improvements. Before joining CPL, he held senior finance roles at Goodman Fielder International PNG Ltd . and led audit teams at KPMG Port Moresby.

Mohanraj is known for his strong leadership, analytical acumen, and ability to drive financial performance in complex business environments.

BOARD RISK APPETITE
STATEMENT

The CPL Board recognizes that risk is inherent in its business operations and is committed to managing risk in a proactive and effective manner. CPL's risk appetite is aligned with its strategic objectives and reflects its willingness to take on risks to achieve its goals while maintaining a prudent level of risk exposure.

CPL embraces a risk-aware culture that emphasizes the importance of identifying, evaluating, and mitigating risks at all levels of the organization. The Board and its management team are committed to understanding and managing risks effectively to achieve CPL's strategic objectives while protecting the interests of shareholders and stakeholders.

CPL's risk appetite is guided by the following principles:

- CPL seeks to achieve sustainable growth and profitability while maintaining a strong balance sheet and liquidityposition.
- CPL is committed to complying with all applicable laws and regulations, as well as ethical standards and best practices.
- CPL's company values are integral to delivering our mission and vision and influence how we identify and manage risk.

These principles outline CPL's approach to risk appetite levels and guide decision-making processes throughout the organization.

Minimal Appetite	Moderate Appetite	Open Appetite
Appetite for minimal or no risk with recognition of potential for limited benefit/reward.	Appetite for safe options that have a low degree of risk and have some potential for benefit/reward	Appetite to consider all potential options and chose the one most likely to result in successful delivery, whilst also providing an acceptable level of reward and value

RISK CATEGORY	CONTEXT	RISK APPETITE RATING	Risk Tolerance Levels	
People and safety	The Board supports a safe and healthy workforce that treats everyone fairly and prioritises a positive customer experience. The Board has minimal appetite for work practices, actions or inactions that compromise the wellbeing and safety of people including staff, contractors, and customers.	Minimal	The CPL Board will tolerate: • Minor unforeseen incidents or injuries that arise from time to time while undertaking normal activities. • Minor morale issues relating to improving workforce performance. • Minor staff grievances that can be dealt with through normal internal mechanisms. • Practices that are not in line with best practice if safety and duty of care is not compromised. • Minor morale and staff grievances due change within the organisation due to innovation or change management processes leading to more efficient and effective outcomes.	The CPL Board will not tolerate: • Actions or behaviors that are deliberate and willingly contravene our Values, Code of Conduct and WHS policies and procedures. • Actions which do not align to CPL values. • Practices that knowingly compromise staff wellbeing, workplace, or community safety (including discrimination, harassment or bullying). • Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to our employees, contractors, or customers. • Events that occur arising from untrained employees or failed internal processes.

RISK CATEGORY	CONTEXT	RISK APPETITE RATING	Risk Tolerance Levels	
Governance	The CPL Board is committed to good governance and meeting legislated and regulatory requirements in a consistent and fair manner and understand that failure to adhere to legal, regulatory, and financial crime requirements leads to financial and reputational damage. The Board has no appetite for significant breaches of legal obligations or contractual agreements that result infines, penalties or reputational damage.	Minimal	The CPL Board will tolerate: • Decisions made on merit in accordance with CPL's values that are not in line with professional advice. • Minor technical breaches that have been considered by the Board. • Temporary non-compliance due to unrealistic regulatory timeframes. • Risks which may give rise to isolated complaints that are incidental to normal business activities despite best efforts to avoid or mitigate. • Streamlined governance processes subject to effective controls remaining in place.	The CPL Board will not tolerate: • Corrupt or fraudulent conduct by Board directors, staff, or contractors. • Unreasonable delays when reporting, investigating or correcting any fraudulent, improper, unethical or corrupt conduct. • Any instances where CPL Board Directors or staff knowingly break the law, fail to comply with legal obligations or recklessly breach internal policies. • Material breaches of legislation or the Code of Conduct. • Failure to consider expert/ professional legal advice. • Unauthorized release of confidential information. • Any behavior which gives rise to extensive litigation and indictable offences. • Management/staff failure to comply with Board directions/decisions.
Reputation	As a publicly traded company, and a proud member of the PNG community, the CPL Board recognizes the importance of protecting its reputation. It does, however, understand that negative publicity may occur where there is competing priorities and interests in the Community. The Board has no appetite for significant impacts on CPL's reputation.	Minimal	• Moderate adverse local media and social media scrutiny or complaints relating to action which delivers longer term benefits to the community. • Isolated minor incidents, concerns and complaints that can be resolved by management.	• Improper, unethical, corrupt, unprofessional behavior or failure to exercise respect and duty of care in accordance with CPL values and policies. • Material breaches of the Code of Conduct. • Failure to uphold the probity of Board decision-making. • Any failure to avoid or appropriately manage conflicts of interest. • Failure to act in a fair, honest, transparent and accountable manner. • Decision-making that is not open, honest and transparent and reflects the long-term interests of the community. • Failure of Management to notify the Board of significant incidents that may impact CPL's reputation in less than 24hrs of the incident occurring. • Complaints that are not responded to in a prompt and professional manner.

RISK CATEGORY	CONTEXT	RISK APPETITE RATING	Risk Tolerance Levels	
Financial	CPL recognizes the financial risks involved in delivering a wide range of customer services, and capital projects. The Board has a cautious appetite for variation in financial performance if flong-term financial sustainability is not threatened. This includes market risks, credit risks, liquidity risks, and currency exchange rate risks. It will not pursue additional income generating or cost saving initiatives unless returns are probable.	Moderate	• Minor unforeseen and unavoidable budget variations of Budgetted EBITDA 4% favorable and 4% unfavorable. • Minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project. • Short Term (less than 12 months) negative performance from commercial business aspects if core business operations are not affected. • Minor losses, or capital outlays, attributable to new processes or innovation to improve services to meet community needs. • Calculated financial risks to deliver infrastructure, improve service delivery or promote ecological sustainability. • Minor cost impacts of the implementation of weighted scoring in procurement to benefit local competent suppliers. • Capital expenditure budget delivered within 5% variance in a single year and a 2% average over a 3-year period.	• Financial activities and/or investment practices that contravene legislated or policy requirements. • Failure to maintain or implement effective systems, processes and controls which adequately protect CPL from fraudulent activity. • Fraudulent or corrupt financial transactions. • Actions that have a significant negative impact on long term financial sustainability. • Available funds below target over a five-year period. • A three year average operating deficit.
Business Operations Continuity	CPL delivers a range of retail stores and health services in a competitive environment which contribute meeting a diverse range of stakeholder demand. Unscheduled system downtime or a cessation in business activities impacts our service to customers and stakeholders and impedes operational management and governance reporting, causing reputational damage, stress on staff and financial loss. The Board is open to creativity and innovation and is willing to take some level of risk to deliver efficiencies, enhance capabilities and provide a service to be proud of to our community. The Board maintains a low appetite for business discontinuity and devastating events such as fire.	Minimal	• Unforeseen interruptions of up to 24 hours to critical business functions from uncontrollable events where the Board responds and communicates promptly to impacted stakeholders. •Unforeseen interruptions of up to 7 days to less critical business functions from uncontrollable events where CPL responds and communicates promptly to impacted stakeholders. • Moderate impacts to operations due to implementation of new technology, innovation initiatives or projects.	• Failure to prevent, where prevention is possible, disruption to critical business functions • Failure to develop plans to respond to a disruption and ensure continuity of critical business functions. • Failure to escalate to the Board a critical business function outage within 2 hours. • Failure to significantly meet business commitments and community expectations. • Failure to demonstrate a commitment to delivering quality customer experiences. • Failure to document and follow policies and procedures that impairs the quality of operations or results in service interruptions.

RISK CATEGORY	CONTEXT	RISK APPETITE RATING	Risk Tolerance Levels	
Information, Communication Technology and Information Security	Our assets (including information) are vital in maintaining CPL's business practices and therefore the Board has a strong interest in safeguarding from both external and internal threats, misuse, modification, and unintended damage. CPL's aim is to protect our assets contained within our ICT systems and services. We will be successful through the application of appropriate internal controls, a cyber aware workforce, effective governance, timely remediation of identified control weaknesses, persistent review of the external threat landscape and consistent management of our third-party providers.	Minimal	Cyber Security • Some cyber threats which if they were successful would have a minor or limited impact upon CPL's business because they do not compromise the integrity, confidentiality or availability information or assets. • Timely remediation of identified cyber security control weaknesses.	Cyber Security • Cybersecurity threats that could have been prevented through judicious application of technical and behavioral controls. • An unprepared response in the event of an external cyber attack. • Significant threats to assets arising from external malicious attacks. • Misuse, inappropriate distribution or loss of sensitive or confidential staff or customer information due to the actions of staff or failure of systems.
		Moderate	ICT Systems and Services • Scheduled outages that are agreed to by the business owners and are regarded as part of normal business activities. • Implementation of new technologies which create new opportunities for business improvement and innovation of systems which also could involve some minor to moderate risk.	ICT Systems and Services Prolonged unplanned outages of critical CPL systems and business operations. • Failure to maintain systems and services which adequately protect data and information and maintain adequate audit trails. • A lack of diligence in relation to information security the procurement and implementation of ICT systems and services. • Data loss due to inappropriate data management processes. • Poor information governance processes. • Failure to maintain recovery plans in place and test plans on a regular basis.

RISK CATEGORY	CONTEXT	RISK APPETITE RATING	Risk Tolerance Levels	
Infrastructure And Capital Assets	The Board is committed to fit for purpose infrastructure and capital assets and is open to taking moderate levels of risk to enhance these productive resources.	Moderate	• Moderate financial and reputational impacts arising from the implementation of new of innovative technologies. • Moderate impacts leading to short term disruption to due to implementation of approaches which provide value for money provided stakeholders have been informed. • Moderate short-term financial impact on capital costs of projects where there are demonstrated long term sustainable gains. •Minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project.	• Failure of third-party contractors to provide services within budget and agreed timeframes. • Non-completion of a significant portion of new or renewal infrastructure projects beyond financial year (or scheduled completion period if project runs across multiple years). • Significant delays to projects that are considered within CPL's control. • Asset failure significantly earlier than the projected lifespan of the asset. • Failure to administer and manage contracts appropriately. • Significant foreseeable variations in contract price due to aspects of the project within the control of CPL. • Failure to escalate critical infrastructure damage or issue within 2 hours. • Failure to develop plans to respond to a disruption and ensure continuity of operational infrastructure. • Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to our Community, Customers, or Employees.

RISK CATEGORY	CONTEXT	RISK APPETITE RATING	Risk Tolerance Levels	
Environmental and Social	The Board recognises the importance of conserving and enhancing our environment and understands that sustainability considerations in all Board decisions is important. Similarly, the Board is proud to be part of the PNG community and will contribute to social development through targeted social investments. The Board has a cautious appetite for environmental and social impacts arising from normal business activities, however, is open to innovative practices for the betterment of the environment and community.	Minimal	• Environmental and social impacts offset by other activities resulting in net environmental and social benefits. • Minor environmental and/or social impacts from uncontrollable or unforeseen events. • Changes to procedures and practices to accommodate improved environmental and social outcomes.	• Decisions that do not appropriately consider the principles of ecological or social development. • Failure to minimize significant environmental and social impacts. • Decisions, activities and practices that result in long term or irrevocable environmental damage, threatens biodiversity, or is hazardous to human life. • Decisions, activities and practices that result in harm to individuals or the community. • Activities and practices that knowingly compromise the environment,/community that are reasonably foreseeable and preventable. • Failure to meet environmental commitments or legal requirements resulting in fines or penalties. • Decisions that do not appropriately consider the principles of social and sustainable development.

BAKED FRESH COUNTRY FRESH

OUR STORY

There is nothing too small or too big for us. We are constantly improving the quality of services, in line with our mission and vision.

1987

Sir Mahesh Patel with the late Alan Jarvis establishes the first City Pharmacy outlet in the Garden City Mall at Boroko with only four staff.

1992

City Pharmacy goes on to expand its operations by opening five pharmacy outlets in regional PNG.

1998

CPL Group makes history by becoming the first business house to commence operations in Buka following the Bougainville crisis.

2002

Exciting times ahead for CPL as CPL Group lists on the Port Moresby **Stock Exchange.**

2003

CPL Group launches its first customer loyalty program, Real Rewards.

2005

CPL Group acquires the Stop and Shop Supermarket chain from Steamships Trading Company.

2007

CPL launches the first women's empowerment program in PNG, the Pride of PNG Awards for Women, honouring ordinary Papua New Guinean women doing extraordinary work in their communities.

2009

CPL Group acquires Hardware Haus stores from Steamships Trading Company.

2011

CPL launches Bon Café coffee shops in PNG. The Bon Café outlets are launched at its Stop & Shop outlets in Port Moresby.

2012

Sir Mahesh Patel was Awarded OBE by the Queen, Most excellent order of the British Empire for his services to Business and Community.

CPL Group is named Private Sector Employer of the Year by the PNG Human Resources Institute.

2013

CPL is named Innovative Company of the Year by the PNG Institute of Directors.

CPL Group also acquires Sydney, Australia-based pharmaceutical wholesaler Cost Save Pty Ltd.

OUR STORY

2014

CPL opens new concept shopping complex, Waigani Central, in Port Moresby. It features a do-it yourself hardware concept store, its largest ever Stop N Shop supermarket and its second Paradise Cinema complex.

2015

CPL moves into fashion retailing and goes onto opening two Jacks of PNG stores in Port Moresby. CPL also opens two Prouds Duty Free stores at Jacksons International Airport.

2017

CPL Group's Gerehu Distribution Center is devastated by the fires. This affects the supply chain of the business greatly.

With the support of suppliers and communities, the company makes a swift recovery from the damages.

2018

Founder, Sir Mahesh Patel returned to the business as full-time CEO/MD which initiated the Business Transformation Program and board restructure.

Capital was raised thriough share placements aand rights issue, recapitalizing the company by 48m Kina.

2020

Sir Mahesh Patel, OBE is recognized in the Queen's Birthday awards as a Knight Bachelor for services to PNG.

2022

Mr Navin Raju is appointed new Chief Executive Officer.

ISO Accreditation: The Group is accredited to ISO 9001: 2015- Quality Management System and ISO 45001:2018- Occupational Health and Safety Management System Standards

2024

Civil Unrest in Port Moresby on January 10 sees the Group lose several retail stores from Stop & Shop, City Pharmacy, Hardware Haus and Jacks of PNG, with over K90M in losses.

Within the same year, the quick action of the CPL Leadership Team saw Stop & Shop Badili reopen by February, followed by a brand-new store location at 8 Mile in June, and a new location in Rainbow by August.

City Pharmacy opened new stores in 8 Mile and North Waigani, Port Moresby, and over in Namatanai in the New Ireland Province, while Hardware Haus opened a new Home & Living Store at Waigani Central in June, followed by Jack's of PNG at Brian Bell Plaza, Boroko by December.

Mr. Kee Lim is also appointed Executive Director, with the resignation of CEO Mr. Navin Raju.

BRANDS
PORTFOLIO

City Pharmacy is the pioneer retail brand for CPL Group, offering a range of health, beauty, baby and household products. It has grown to over 900 employees and is present in almost every major town, with just over 35 pharmacies located around Papua New Guinea. It is the largest Pharmacy chain in the country.

Stop & Shop is a key brand in CPL Group's retail portfolio, offering a diverse product range that caters to various demographics across Port Moresby and the National Capital District. Acquired from Steamships Trading Limited in 2005, the brand now operates six supermarkets and one express store, firmly establishing its presence in the nation's capital as the Supermarket of Choice for many.

The Brand also looks after Country Fresh Bakery, as the Group's own bakery brand. Through our Port Moresby-based Retail stores, CFB offers an array of baked options including breads, cakes, muffins, buns and many more.

Hardware Haus, formerly known as Steamships Hardware, has built a strong legacy as a trusted household name in building, maintenance, gardening, and leisure supplies. With 13 stores nationwide, it has become the go-to destination for construction and home improvement needs, offering a wide selection of quality tools, materials, and furniture.

Real Rewards is PNG's longest-running and largest customer loyalty program, operating for over two decades with a base of over 120,000 active members.

Available at Hardware Haus, Stop & Shop, Prouds, and City Pharmacy outlets nationwide, the program has allowed thousands of customers to redeem a wide range of family and home essentials.
Looking ahead, Real Rewards plans to evolve into a separate, revenue-generating product, complete with its own value-added service ecosystem.

Bon Café was the pioneer in Papua New Guinea to start a thriving coffee culture. The brand officially launched its first café in 2011 offering coffee, tea, and other beverages and treats to customers by well-trained baristas and staff. Today it has 13 outlets in mostly Stop and Shop and City Pharmacy outlets in Port Moresby, Madang, and Kundiawa in Simbu Province.

The strong partnership with PNG farmers extends beyond Stop & Shop supermarkets to **Fresh Express** ready to eat food outlets, where local produce adds value to quick, healthy and affordable meals. The menu includes sweet potato chips, stews, sandwiches, the popular chicken and chips and many more made fresh daily.

Jack's of PNG has successfully carved out a niche in Papua New Guinea's fashion market, offering quality clothing and accessories. Eight years since its launch, the brand now operates seven stores nationwide — with recent expansion into Kokopo, alongside existing outlets in Port Moresby, Madang, Mt Hagen, and Lae — catering to men's, women's, and children's fashion needs.

Launched in 2015 as a duty-free shop, **Prouds PNG** has evolved into a luxury retail brand in Papua New Guinea. It now operates four outlets in Port Moresby, located at Jackson's International Airport, Stop & Shop Waigani Central, Brian Bell Gordons Plaza and Vision City Mall, offering premium international brands to travelers and shoppers.

The Pharmacy Wholesalers Limited (PWL) is a distribution supply chain for pharmaceutical and health and beauty goods based in Australia. Acquired by CPL Group in 2013, it aims to extend the group's portfolio across the region.

Launched in August 2021, **CP Medical & Lab Supplies** is CPL Group's response to the growing demand for high-quality medical and laboratory supplies in Papua New Guinea and the Pacific region. Backed by a global network of over 1,000 suppliers, the brand recently expanded its reach with the launch of its dedicated website: www.cplmedlab.com.

Previously known as Nurse Stations, the **Wellness Clinics** now operate under the City Pharmacy vertical, providing essential and affordable healthcare services to communities. They also promote public awareness and education on topics such as family planning, mental health, and sexual health. The brand is set to expand with the launch of a new Medical Center at Vision City Mall in 2025.

PAPUA NEW GUINEA

OUR PRESENCE in PAPUA NEW GUINEA

CPL GROUP SINCE 1987

STORE LOCATIONS

City Pharmacy

Alotau
Boroko
Buka
Goroka
Kavieng
Namatanai
Kimbe 1
Kimbe 2
Kokopo 1
Kokopo 2
Lae Top Town
Eriku
Lae Market
Lihir
Madang Modilon Road
Madang Beckslea Plaza
Manus
Maprik
Mt. Hagen Central
Mt. Hagen Dobel
Mt. Hagen Paraka Street
Mt. Hagen Tininga
Kundiawa
Popondetta
Port Moresby General Hospital
Stop & Shop Badili
Stop & Shop Rainbow
Stop & Shop Waigani Central
North Waigani
Town Plaza
Vanimo
Vision City
8 Mile
Waigani Drive
Wewak

WAIGANI CENTRAL

Stop & Shop
City Pharmacy
Hardware Haus
Bon Cafe
Fresh Express
Jack's of PNG
Prouds PNG

Stop & Shop

Airways
Badili
Boroko
Rainbow
Town
8mile
Waigani Central

BON CAFÉ

City Pharmacy Kundiawa
Hardware Haus Madang
Hardware Haus Waigani Central
City Pharmacy Waigani Drive
CIty Pharmacy Vision City
Stop & Shop Waigani Central
Stop & Shop Town
Stop & Shop Boroko
Stop & Shop Badili
Stop & Shop Airways
Stop & Shop Rainbow

jack's of PNG

Kokopo
Lae
Mt. Hagen
Waigani Central
Water Front Harbour City
Vision City Mall
Brian Bell Plaza Boroko

HARDWARE HAUS

Goroka 1
Goroka 2
Kavieng
Kokopo
Lae
Madang
Maprik
Mt. Hagen 1
Mt. Hagen 2
Popondetta
Waigani Central
Wewak
Mitre Hardware Goroka
Mitre Hardware Mt. Hagen
Home & Living, Waigani Central

PROUDS

Jackson's International Airport
Brian Bell Gordons Plaza

Stop & Shop Waigani Central
Vision City Mall

CityPharmacy WELLNESS CLINIC

Alotau
Goroko
Kimbe
Kokopo
Lae 1
Lae 2
Maprik
Manus
Mt. Hagen Central
Mt. Hagen Dobel
Mt. Hagen Paraka Street
Mt. Hagen Tininga
Namatanai
Popondetta
Vanimo
Wewak
Town Plaza
Waigani Drive
Stop & Shop Waigani Central

CPL KEY ACHIEVEMENTS IN 2024

Rebuilding after January 10th 2024 Unrest

The unrest that occurred on January 10th, 2024, in Port Moresby resulted in substantial losses to CPL Group. The Company faced the devastating destruction of several retail locations, including Stop & Shop, City Pharmacy, Hardware Haus, and Jack's of PNG, all operating within the Stop & Shop Rainbow premises. These losses were undeniably severe, however they also served as a catalyst for swift and decisive action by our leadership team.

Thanks to the unwavering commitment of our people, CPL witnessed remarkable progress in recovery and expansion throughout the year.

Stop & Shop Badili resumed operations by February, and a brand-new store was launched at 8 Mile in June, followed by a reopening in Rainbow by August.

City Pharmacy expanded its footprint with new outlets in 8 Mile and North Waigani in Port Moresby, as well as in Namatanai, New Ireland Province.

Hardware Haus unveiled a new Home & Living concept store at Waigani Central in June, while Jack's of PNG opened a new branch at Brian Bell Plaza in Boroko by December.

These accomplishments are more than milestones, they are a testament to the extraordinary resilience and dedication of our people.

Staff in front of the new Stop & Shop 8 Mile Store.

Kerema Open MP, Hon. Thomas Opa and CPL Group Founder, Sir. Mahesh Patel, OBE after signing the Kerema District MoU.

Expanding our Nationwide Footprint

While CPL focused on rebuilding our Port Moresby footprint following January 10, we were also expanding our future footprint outside of the Capital.

Several Key Memorandums of Understanding (MoU) were signed with districts to bring City Pharmacy services one step closer to communities. These MoU's were signed with;

- Koroba-Lake Kopiago District
- Tari-Pori District
- Kerema District

Work to commence on these projects will commence once formalities are completed with the respective Districts on-site, allowing CPL Group to proceed.

Partnering with USAID to launch CPL's Solid Waste Management 3R Pilot Program.

CPL also partnered with USAID's 'Clean Cities, Blue Oceans' program to launch the Solid Waste Management 3R (Reduce, Reuse, Recycle) Pilot Program. This initiative includes the inauguration of a material recovery facility funded by USAID, featuring compartments for biodegradables, residuals, cartons/boxes, and recyclables. The launch also involved the handover of Solid Waste Management/3R Guidelines to CPL The partnership, established in 2022, has enabled CPL employees to receive training in waste analysis, solid waste management, waste segregation, and occupational health and safety.

Officers from the CPL Foundation and USAID Country Representatives among partners and guests from NCDC, Steamships Group and CPL at the Facility Launch.

CPL Foundation's Pride of PNG Women Awards returns.

The CPL Foundation successfully returned the 13th Pride of Papua New Guinea Women Awards, a flagship event initiated in 2007 to recognize the vital role women play in building a brighter future for Papua New Guinea.

The Awards were launched on May 1, 2024, in Port Moresby by Sir Mahesh Patel, CPL Foundation Chairman and Group Founder, and Sir Bob Dadae, Governor General of Papua New Guinea and Patron of the Awards. The awards featured six categories: The Brave and Courageous Award, The Care and Compassion Award, The Woman Entrepreneur, The Community Spirit Award, The Sports Icon Award, and The Young Leader Award.

The event was on August 30th at the APEC Haus with various Corporate Houses and Dignitaries Present. All the Award winners are featured in the CPL Foundation Report in the following pages.

CPL Staff with Group Founder Sir Mahesh Patel and Board Director Mary Handen at the Awards Launch

REPORT 2024

PRIDE OF PNG WOMEN *Awards*

2024 PRIDE OF PNG WOMEN AWARDS

The Pride of PNG Women Awards is the flagship program of CPL Foundation Inc., launched in 2007 to recognize grassroots Papua New Guinean women who tirelessly and often silently transform their communities.

Originally part of City Pharmacy's corporate social responsibility, the Awards were founded in partnership with Post Courier, with the Governor General as Patron. Over its 17-year history, the Awards have honoured more than 70 exceptional women, showcasing their contributions to society across diverse categories.

A NEW CHAPTER IN 2024

In 2024, the Pride of PNG Women Awards embraced a new era, marked by several key milestones:

- **New Venue:** The ceremony was held outside of its traditional venue of Parliament's State Function Room.
- **Expanded Reach:** CPL Foundation Inc. sold tables, welcoming a larger audience of over 400 attendees.
- **Recognizing More Impact:** The event honoured three finalists in each of the six award categories.

CPL Foundation Inc. pledges its lifelong commitment to supporting every Pride of PNG Women Awards winner—past, present, and future—by providing ongoing assistance and resources to help them amplify their community projects and initiatives. This enduring support ensures that their impact continues to inspire and uplift communities across Papua New Guinea.

2024 PRIDE OF PNG WOMEN AWARD WINNERS

The Brave and Courageous Award – Miriam Wesuf

Miriam Wesuf, from Imane Village, Markham District, Morobe Province, is a compassionate community leader known for her unwavering support for those in need. Her home, affectionately called "Angau Hospital," serves as a refuge where she provides shelter, food, and care to the sick.

She also assists pregnant women, personally helping them cross rivers to access medical care. Her selfless dedication has touched countless lives.

The Care and Compassion Award – Somerville Kanaba Hasu

From Oro and East Sepik Provinces, Somerville Kanaba Hasu is the co-founder of the Oro Women in Disability Advocacy Network and the President of the Women in Disability Network.

Despite her own disability, she is a tireless advocate for marginalized communities, particularly persons with disabilities, youths, and women. She uses her own resources to train troubled youths and promote disability rights in remote areas.

Her vision includes establishing a Disability Multi-Resource Centre to empower women across all 22 provinces.

The Woman Entrepreneur Award – Deborah Yalu

Co-founder of PNG Solardry Limited, Deborah Yalu has transformed agro-processing in Morobe Province, collaborating with 773 local farmers to convert raw coffee, cocoa, coconut, and spices into 27 finished products.

Her business prioritizes eco-friendly solar drying technology and sustainability.

Overcoming startup challenges, Deborah is advancing toward HACCP accreditation and expanding her training programs to uplift farmers nationwide.

The Sports Icon Award – Toea Wisil

Known as the "Pacific Sprint Queen," Toea Wisil from Banz, Western Highlands Province, boasts a 20-year career in athletics. She began her journey in 2003, running barefoot at the PNG Mini Games.

Since then, she has earned 70 medals, becoming the most medalled athlete in Oceania Championship history.

Her remarkable achievements, including breaking the 100m record at the 2019 Pacific Games, have made her a powerful role model for aspiring athletes across the Pacific.

The Young Leader Award – Getta Kambar

Representing Simbu, Eastern Highlands, and Gulf Provinces, Getta Kambar is the Media and Business Development Manager for Bernice FC in the Women's National Soccer League.

She shines in sports, academia, and mentoring, leading initiatives like a book drive and spelling bee project for Runungu Primary School in Simbu Province, with support from the Kokoda Track Foundation.

She is also committed to expanding Bernice FC, empowering young women through football.

The Community Spirit Award – Julie Lorugagi

An educator from Buin, Autonomous Region of Bougainville, Julie Lorugagi teaches math and English at Pariro Primary School.

Her dedication to education is evident in her innovative teaching methods, early morning preparations, and passionate commitment to helping students thrive.

Her work ensures students receive engaging and meaningful learning experiences.

CPL REBELS NETBALL CLUB

Since 1995, CPL Group has proudly supported the CPL Rebels Netball Club, a community-focused initiative that empowers women and girls through sports. The club not only promotes physical fitness but also fosters leader ship, teamwork, and confidence among its players.

In 2024, CPL Foundation Inc. (CPLF) deepened its commitment to the CPL Rebels Netball Club. This included funding for equipment and administrative costs, such as:

- **Team registration fees and venue hire for training sessions**
- **Bus hire to ensure safe and accessible transport for players**
- **Support for fundraising programs and provision of tents for events**

Additionally, Jack's of PNG contributed by providing the Rebels with brand-new uniform kits for the 2024 season, ensuring the team was well-equipped to perform at their best.

Through this sponsorship, 90 women and girls had the opportunity to participate in netball, gaining valuable skills, confidence, and lifelong opportunities. The impact of this support was evident when six players were selected to represent the Port Moresby Netball Association (POMNA) at the National Netball Championships, showcasing the talent and dedication nurtured by the CPL Rebels program.

The Rebels' U17 and U21 teams also had an outstanding season, with the U17 team securing 1st place and the U21 team achieving 2nd place in the POMNA league.

Looking Ahead

In 2025, City Pharmacy will take over the sponsorship of the CPL Rebels Netball Club, building on the legacy of support established by CPLF. This transition ensures the continued success and growth of the team, providing more opportunities for women and girls to thrive both on and off the court.

Impact Story

BUK BILONG PIKININI
TATANA LIBRARY LEARNING CENTRE

CPL Group is a proud Diamond Sponsor of Buk Bilong Pikinini (BbP) and has supported the Tatana Library Learning Centre (LLC) since 2014. Our partnership focuses on sponsoring Tatana LLC and leveraging our brands to support BbP activities, including Literacy Week, Handwashing Day, and the annual charity golf tournament.

In 2023, CPL Foundation Inc. (CPLF) signed a 5-year Memorandum of Understanding (MOU), committing to cover the annual operational costs of Tatana LLC through 2027. This long-term commitment of over K500,000 (approximately K100,000 per year) ensures the ongoing success of the initiative.

In 2024, CPL Foundation met the annual operating costs of Tatana LLC and collaborated with City Pharmacy Wellness Clinic during National Literacy Week, where our Wellness Clinic doctor and nurse conducted health checkups for students on Health and Hygiene Day.

Additionally, City Pharmacy signed a sales agreement with Buk Bilong Pikinini to sell BbP books in City Pharmacy outlets, expanding access to educational resources for Papua New Guinean children.

CPL Group and CPLF remains committed to supporting literacy initiatives and providing meaningful opportunities for young learners through our partnership with Buk Bilong Pikinini.

Impact Story

Helen Haraga and Baru Vagi, both now thriving in secondary school, are proud examples of the lasting impact of early education at Tatana LLC. They were among the first students to attend the school, and now, years later, they are excelling in high school, demonstrating the strong foundation laid during their early years. Helen, 17, was just 6 years old when she began her education at Tatana LLC in 2014. She fondly recalls learning English, singing, coloring, and participating in fun activities.

At just 6 years old, Helen was one of the first students at BbP Tatatana Island Library Learning Centre when it opened in 2014. Eleven years later, she is thriving in High School, with aspirations of becoming a fashion model.

"My dream is to become a pilot. One day I want to help my community by making it a better place for children to learn, just like Tatana LLC helped me."

Baru, 15, attended Tatana LLC from 2015 to 2016 at the age of 5. He remembers his time at the school fondly. He enjoyed reading books, learning about colors, and playing puzzle games. One memorable moment was reading aloud in front of a visiting SP Hunters player, an experience that boosted his confidence and pride.

Both Helen and Baru credit their time at Tatana LLC for giving them strong literacy skills, particularly in reading, writing, and English. These early lessons have been key to their success in secondary school. Helen, now in Grade 11, credits her English skills for helping her perform well in school. Baru, now in Grade 8, feels his reading and writing foundation has supported his academic progress, especially in dictations and assignments.

Helen aspires to become a model, and Baru dreams of becoming a pilot. Both hope to give back to their community in the future, just as Tatana LLC and the CPL Foundation supported them on their educational journey.

BUSINESS MENTORING PROGRAM

In 2024, CPL Foundation Inc. launched its Business Mentoring Program in partnership with Australian Business Volunteers to provide tailored guidance and support to women entrepreneurs in Papua New Guinea. This six-month pilot program combines personalized mentorship, in-person training workshops, and ongoing business support to help participants refine their business strategies, develop new skills, and build valuable networks.

The program kicked off with a four-day in-person training workshop in November 2024, followed by a remote mentoring phase from November 2024 to April 2025. This structure ensures that mentees receive consistent support as they apply new knowledge to their businesses. The program will conclude with a final in-person engagement in April 2025, celebrating the successful completion of the initiative.

Meet the Mentees

Sarah Artango – Pearl Cosmetics Limited

Sarah Artango is the visionary founder of Pearl Cosmetics Limited, a company dedicated to creating inclusive skincare solutions in Papua New Guinea. What began as a kitchen experiment in 2009, sharing natural, hypoallergenic products with friends and family, has blossomed into a thriving business that champions skincare education.

Sarah launched Pearl Body Scrub in 2009, educating the PNG market on the benefits of exfoliation and consistent skincare routines. In 2022, she formally incorporated Pearl Cosmetics and, in 2023, launched her product line on City Pharmacy shelves.

Anne-Shirley Korave – QueenPads PNG

Anne-Shirley Korave is the founder of QueenPads, a social enterprise focused on providing sustainable menstrual health solutions through awareness programs and the sale of reusable menstrual products. Sparked by her personal struggle to afford disposable sanitary pads, Anne-Shirley began creating reusable pads in 2018.

The positive response led her to formally establish QueenPads, and in 2022, the business launched its products in selected City Pharmacy stores. In 2024, QueenPads achieved a milestone export to the Solomon Islands.

Meriba-May Igara – Boss Crew PNG

Meriba-May Igara is the founder of Boss Crew PNG, a business that brings Papua New Guinea's unique wildlife to life through plush toys. Her products are designed to be cherished companions for both children and collectors, while promoting awareness of PNG's wildlife. Boss Crew PNG offers six distinct plush toy designs, with a portion of profits supporting the Tenkile Conservation Alliance.

The Poro Adventures range was officially launched on City Pharmacy shelves on March 8, 2023, coinciding with International Women's Day.

Deborah Salle – PNG Language Services

Deborah Salle is the founder of PNG Language Services (PNGLS), a translation, interpretation, and language tutoring business based in Port Moresby. Her business specialises in Tok Pisin, Hiri Motu, Kuanua, and Enga, and provides linguistic services to clients including diplomats, international volunteers, international NGOs, and international language service providers. In 2020, when plans to study abroad and advance her linguistics training fell through, Deborah decided to forge ahead by building her own business.

Now in its fifth year, PNGLS offers professional language services alongside a structured Tok Pisin curriculum, a Conversational Tok Pisin course, and an English Enhancement Course. Through the program, Deborah developed a Translation Training Program—an idea she once found daunting. With the support of her mentor, she brought it to life with confidence and structure.

Nadya Parascos – Dare2Create Events & Dance Theatre Services

Nadya Parascos owns Dare2Create (D2C), a creative arts business based in Port Moresby. Known in the city's vibrant creative scene, Nadya transitioned to full-time entrepreneurship in 2021, formally registering D2C in 2022. D2C specializes in theatrical storytelling, concept entertainment, and event performances, catering to corporate organizations and event production houses.

Nadya's business was the official entertainment provider for the 2024 Pride of PNG Women Awards. For Nadya, the Business Model Canvas was a game-changing tool, helping her define her business, identify growth opportunities, and plan for her first dance theatre production. Balancing new motherhood with entrepreneurship, Nadya found the program invaluable

Kazieh Taganny – Niugini Naturals

Kazieh Taganny is the co-owner of Niugini Naturals, a handmade haircare business founded in 2022. The brand was born from a personal journey of embracing natural haircare, creating affordable and effective products for Melanesian women. Niugini Naturals has achieved significant growth, partnering with a Port Moresby salon where their products often outsell international brands.

Kazieh's participation in the mentoring program reinforced her business direction and helped her set achievable goals.

BUSINESS MENTORING PROGRAM PARTNERS:

CPL foundation

ABV Australian Business Volunteers

SCHOOL FURNITURE PROJECT

In 2024, CPL Foundation Inc. partnered with Swire Shipping to launch a school furniture donation project focused on improving learning environments in Papua New Guinea. This initiative addresses community-based needs in the education sector, providing upcycled school furniture to schools in need.

Under the partnership, CPL Foundation Inc. takes the lead in identifying schools with the greatest needs, ensuring the furniture donations have a meaningful impact on local communities. And Swire Shipping is responsible for sourcing furniture donations from Australian schools and providing pro bono shipping services to deliver the items to Papua New Guinea.

FIRST DONATION: Arawa Primary School

The first school furniture donation took place on 3 May 2024 at Arawa Primary School in the Autonomous Region of Bougainville. The project, supported by the Autonomous Region of Bougainville Government, Steamships, Consort Shipping, and East West Transport, provided desks, chairs, and shelves to the school.

This donation significantly enhanced the learning environment for both students and teachers, creating a positive and productive space. The school, previously limited by overcrowding and inadequate resources, can now increase student admissions, offering more children the opportunity to learn in a comfortable setting.

Gabriel Samo, School Board Chairman of Arawa Primary School, shared his gratitude: *"I am truly happy that this project has reached us. We have been neglected for so long. Arawa Primary School is one of those schools that have always missed out on Government funding. Donations like the desks received will be used by our students. We have had to turn away students because of lack of space at the school and desks for students. Now, with the donations, we can open to more admissions of students."*

LOOKING AHEAD: 2025 and Beyond

Building on the success of this first donation, the School Furniture Project will continue in 2025, with a second donation planned for a school in Morobe Province. The partnership between CPL Foundation Inc. and Swire Shipping remains committed to creating better learning environments and supporting education across Papua New Guinea.

SCHOOL LIBRARY BOOKS PROJECT

In 2024, CPL Foundation Inc. partnered with Swire Shipping, EastWest Transport, and the Australian Partnerships for Improving Education (PIE) program to deliver two shipments of school reading books from Singapore to government schools in Central, Enga, West Sepik provinces, and the Autonomous Region of Bougainville. This initiative is part of PIE's Classroom Initiative to support literacy and education for young students in Papua New Guinea. These resources aim to nurture a love of reading, boost literacy skills, and align with CPL Foundation's mission to empower communities through education.

CPL Foundation Inc. facilitated the importation process, managed local logistics, and coordinated the handover of donated books and school supplies to PIE.

Mrs. Mary Kasokason, Provincial Education Adviser for Central Province, shared her thoughts on the initiative:

"These books and resources will not only enhance literacy but will inspire a lifelong love of reading for children in the early grades."

While further shipments under the School Library Books Project may not be planned, CPL Foundation Inc. remains dedicated to supporting literacy initiatives and promoting education in Papua New Guinea. The Foundation will continue to seek opportunities to contribute to community development through meaningful educational projects.

SMALL GRANT SCHEME

Since 2023, CPL Foundation Inc. (CPLF) has operated its Small Grant Scheme, an initiative designed specifically to empower CPL employees and contractors to lead community development projects in their own communities. The scheme aligns with Papua New Guinea's development agenda and focuses on Women's Wellbeing, Health, Gender-Based Violence, Gender Equity, Education, and Youth Empowerment, demonstrating CPLF's commitment to sustainable development and community impact.

The program encourages CPL staff and contractors to take on leadership roles, supports initiatives that enhance livelihoods—particularly for women and girls—addresses key development challenges, promotes positive behavioral change, and extends the Foundation's reach and influence within local communities.

In 2024, the Small Grant Scheme delivered over K16,000 worth of support to projects led by CPL employees and contractors in Central, Southern Highlands, and Madang Provinces. The provided materials and supplies helped improve water access, enhance healthcare, and support local development initiatives.

LOOKING AHEAD: 2025 and Beyond

In 2025, CPL Foundation Inc. will continue its commitment to the Small Grant Scheme, focusing on ensuring compliance and providing robust support to successful applicants from the second round of 2024. With four projects planned—one in each region—the Foundation aims to maintain transparency, uphold reporting standards, and maximize the impact of the grants awarded.

The Small Grant Scheme remains a key initiative in the Foundation's strategy to foster sustainable community growth and empower CPL staff and contractors as local change-makers.

SPONSORSHIP REQUESTS

In 2024, CPL Foundation Inc. received numerous sponsorship requests, demonstrating the widespread need for support across various community initiatives in Papua New Guinea. While the Foundation's primary focus remains on health, education, and economic empowerment for women and girls, it also considers supporting initiatives that align with its core values.

SUPPORTING THE ARTS: UPNG Theatre Arts Division

The University of Papua New Guinea (UPNG) Theatre Arts Division was the sole recipient of a sponsorship from CPL Foundation Inc. in 2024. The Foundation provided over K5,000 worth of materials, including plywood, paint, floodlights, and other production essentials to support the all-female production team for their stage production, *The Fall of Aming.*

Through this support, CPL Foundation Inc. became a major sponsor of the production. The donation enabled the students to enhance their set design and bring their vision to life, contributing to the students' academic journey, as their major thesis depends on the performance.

Pauline Philothrese Auro, Production Manager of The Fall of Aming, expressed her gratitude for the Foundation’s support:

“This support is a blessing for us. We have written to several organizations seeking help with our production, and CPL Foundation’s response has been consistent. Their support will have an impact on our future as aspiring performers and professionals in the performing arts.”

LOOKING AHEAD:

CPL Foundation Inc. remains open to considering sponsorship requests that reflect its mission and values, offering support to initiatives that bring positive change and enrich communities across Papua New Guinea.

COMING IN 2025

Her Health Hub

In 2024, CPL Foundation Inc. partnered with the Sir Brian Bell Foundation to deliver an affordable cervical cancer screening service, piloting in Port Moresby. The service will be provided at the former CPL Wellness Clinic at Badili, under the name Her Health Hub, and will offer education sessions, self-collection, GeneXpert testing, diagnosis, treatment, counselling, and referrals to women aged 30 – 59.
Her Health Hub has been acknowledged by both the National Department of Health and the NCD Provincial Health Authority. Construction at the clinic site is well underway, with recruitment and training of clinic staff in progress. The Kirby Institute and Western Highlands Provincial Health Authority, through their Well Women’s Clinic, are providing technical support and expertise. Priscillar Napolean, former Executive Manager at PNG Cancer Foundation, has been engaged to lead this project.

The pilot Her Health Hub will open in 2025, with plans to expand and roll out additional clinics across the country to improve access to early cervical cancer detection and prevention.

Health & Nutrition Show

In 2024, CPL Foundation Inc. partnered with Pidgin Productions to produce a multiplatform health and nutrition show aimed at improving public health outcomes by raising awareness, promoting healthy behaviours, and preventing disease.

Dr. Pamela Toliman, Senior Research Fellow and Deputy Head of the Surveillance and Outbreaks Unit at the PNG Institute of Medical Research, has been engaged as an expert in nutrition and the host for the show.

Three episodes of the five-episode Season 1 were filmed in 2024, with the remaining episodes set to be completed in 2025. The initial episodes focused on key topics such as how an urban family makes decisions on food based on budget and modern food choices.

Season 2 is also planned for 2025. Once all episodes are ready, CPLF will launch the show across multiple platforms to reach a broad audience and continue promoting better health and nutrition practices.

Undergoing Realignment

1. Family Planning Project
2. CyberSawe
3. Menstrual Health & Hygiene

Managed outside the Foundation

1. Solid Waste Management Project
2. Water Harvest Project


Stop & Shop
NETBALL SIZE 5
Stop & Shop

CPL GROUP

FINANCIAL REPORT

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

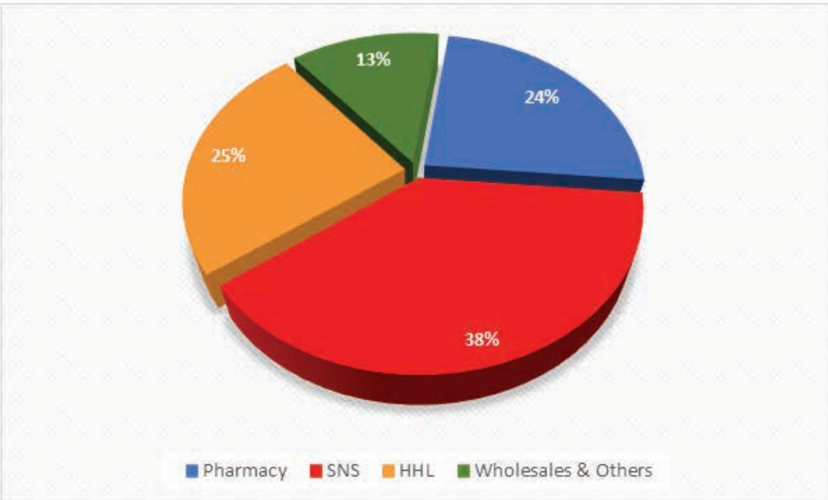
FINANCIAL
PERFORMANCE

	2020	2021	2022	2023	2024
Revenue	581,429	579,633	606,082	574,922	500,548
Comprehensive Profit (Loss)	15,528	13,721	17,746	6,942	9,021
Cash generated from operations	47,757	25,638	40,918	21,587	36,713
Net cash inflow before financing	21,766	5,990	27,405	21,322	29,529
Gearing ratio	25%	29%	34%	46%	43%
Interest Cover	2.05	2.09	2.13	1.81	-0.28
Divendends per Share (toea)	3.00	4.00	5.00	-	-
Earning per Share (toea)	7.05	6.90	7.53	2.91	4.32

Gearing Ratio = Net Debt/ (Equity + Net Debt)
Interest cover=earnings before interest and tax /net finance charge

REVENUE PERFORMANCE BY BRAND OVER 5-YEAR PERIOD (2020 - 2024)

2024 REVENUE PER BRAND



CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CONTENTS

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024

City Pharmacy Limited is a registered company under the Papua New Guinea Companies Act 1997 and is incorporated and domiciled in Papua New Guinea.

Registered Office	Allotment 33, Section 38 Waigani Drive National Capital District Papua New Guinea Telephone: +675 312 0000
Directors	Stanley Thomas Joyce, Chairman Sir Mahesh Patel, OBE Siang Kee Lim (appointed 15 August 2024) Mary Handen Aru Chellappan Eunice Parua Edward Hamilton Ruha Stephanie Jane Copus Campbell Flare Namaliu (appointed 18 February 2025)
Secretary	Aru Chellappan (Interim Board Administrator) Mohanraj Natarajan (appointed 9 May 2024)
Auditors	Ernst & Young Level 4, Credit House Cuthbertson St. PO Box 1380, Port Moresby 121 NCD, Papua New Guinea
Bankers	Westpac Bank PNG Limited BSP Financial Group Limited Kina Bank Limited
Stock Exchange	PNGX Markets Limited (listing code: CPL)
Brokers	JMP Securities Kina Securities
Share Register	PNG Registries Limited

I am pleased to present the CPL Group's annual financial results and performance for 2024. While the year brought unforeseen challenges, we remain confident in the Group's long-term strength and future.

The completely senseless and unnecessary mass looting and subsequent fires of 10th January 2024, resulted in the loss of three stores in Port Moresby and a 12.7% drop in Group revenue to K500.5 M.

Losses from the looting and fires totalled K47.9M and whilst we acknowledged a K18.9M payment from the PNG Government the shortfall combined with a general loss of confidence across the wider business community has resulted in difficult trading conditions and a loss of profitability. Insurance claims remain contested after initial rejection by the insurers.

We trust that lessons learnt will ensure that such incidents are not repeated. We continue to adjust our risk management strategy and business plans to avoid future losses whilst protecting the safety and security of our employees, customers and company assets.

Loss after tax of K8.8M which is slightly below our mid-year estimate of a break even result reflecting ongoing challenging trading conditions.

We have commenced a strategic review of our Business Divisions to ensure same are fit for purpose and able to grow sustainably and profitably in the future. We expect the review to be completed and implemented mid 2025.

Despite that annualised loss of K75m sales from the three Stop and Shop stores closed in January we were able to open two new smaller shops in Gerehu and 8 mile. The retail sector remains extremely competitive and not always on a level playing field.

Three new pharmacy stores opened in 2024 taking our total presence to 36 operations across PNG. We complemented this divisions with seven new wellness clinics reflecting our commitment to improving health outcomes for the people of PNG.

Hardware division again delivered a profit despite increasing competition and challenging marketing in the Highlands where law and order issues hold back development opportunities. The lack of infrastructure development in PNG is also a concern.

Contributions from our Jacks and DFS associates remained consistent with previous year.

Due to improvements in Working Capital Management we were able to deliver a positive cash flow which increased on previous period.

Despite a very challenging year the Board remains confident in the ability of the company to capitalise on market opportunities to deliver positive returns to shareholders.

In Closing

CPL Group remains optimistic about the long-term prospects of Papua New Guinea. We have a robust business model, a talented team, and a clear vision for the future. We are confident that CPL Group will continue to be a leading force in Papua New Guinea's economic landscape. On behalf of the Board, I thank our dedicated employees, loyal customers, and valued shareholders for their continued support.

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

This report given by the Directors is in respect of the City Pharmacy Limited and Subsidiary Companies (the "Group") consisting of City Pharmacy Limited (the "Company") and the entities it controlled at the end of, or during the financial year ended 31 December 2024.

The Directors
The persons who have been Directors of the Company at any time during or since the year end of the financial period and up to the date of this report are:

Stanley Thomas Joyce	Chairman
Sir Mahesh Patel, OBE	Non-executive Director
Siang Kee Lim (appointed 15 August 2024)	Executive Director
Mary Handen	Independent Director
Aru Chellappan	Independent Director
Eunice Parua	Independent Director
Edward Hamilton Ruha	Independent Director
Stephanie Jane Copus Campbell	Independent Director
Flare Namaliu (appointed 18 February 2025)	Executive Director

Board Committees
The Company has various Board Committees that focus on critical areas, providing relevant information to assist in overall decision making and corporate governance. The following are the Board Committees and the respective chairs and members:

People & Culture Committee	
Mary Handen	Chairperson
Aru Chellappan	Member
Stephanie Jane Copus Campbell	Member
Audit Committee	
Edward Hamilton Ruha	Chairperson
Aru Chellappan	Member
Risk Committee	
Stephanie Jane Copus Campbell	Chairperson
Eunice Parua	Member
Flare Namaliu	Member

Company Secretary
Mohanraj Natarajan (appointed 9 May 2024)

Principal activities
City Pharmacy Limited operates primarily in Papua New Guinea with 70 stores and approximately 2,100 employees at year end. The principal activities of the Group during the year were:

- Wholesale and retail of supermarket goods, bakery and pharmaceutical products;
- Supply, installation, and maintenance of medical laboratory equipment; and
- Wholesale and retail of hardware products.

The Group also participates in Joint Ventures whose principal activities comprise of:

- Retail clothing; and
- Duty free products.

Results and review of operations
The net amount of consolidated loss for the financial period after income tax expense attributable to members of the Company and its controlled entities was K8.8m (2023 income: K6.0m). For the Parent Company, net loss after income tax was K9.8m (2023 profit: K3.7m).

A review of the operations of the Group during the financial period and the results of those operation are set out in the Chairman's Report on page 3.

Independent audit report
The financial statements have been audited by Ernst & Young and should be read in conjunction with the independent audit report on pages 57 to 60. Auditors' remuneration is disclosed in Note 22 of the financial statements.

Dividends
There were no dividends declared in 2024 (2023 dividends declared and paid: K10.3m).

Significant changes in state of affairs
During the financial period, there were no significant changes in the state of affairs of the Group other than those referred to in the financial statements or notes thereto.

Directors' interest in shares
Particulars of the Directors' relevant interests in shares in the Group as at 31 December 2024 are disclosed in Note 19.

Meetings of directors
The table below sets out the number of Board meetings held during the financial period ended 31 December 2024 and the number of meetings attended by each Director.

There were four meetings held during the year ended 31 December 2024.

Directors	Board Meetings attended
Stanley Thomas Joyce	4
Sir Mahesh Patel, OBE	4
Mary Handen	3
Aru Chellappan	4
Eunice Parua	4
Edward Hamilton Ruha	4
Stephanie Jane Copus Campbell	4
Siang Kee Lim	1

Directors' remuneration
Disclosure has been made in Note 19.

Remuneration above K100,000 per annum
Disclosure has been made in Note 19.

For and on behalf of the Board of Directors

Director: ______________________ Director: ______________________

Date: 04/04/2025 Date: 04/04/2025

DIRECTORS' DECLARATION

The Directors declare that:

a) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Papua New Guinea Companies Act 1997, including compliance with International Financial Reporting Standards and give a true and fair view of the financial position, performance and cash flows of the Group.

Signed in accordance with the resolution of the Directors.

For and on behalf of the board of directors

Director: ____________________ Director: ____________________

Date: 04/04/2025 Date: 04/04/2025

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

		Consolidated		Parent Company	
		2024	**2023**	**2024**	**2023**
		K'000	**K'000**	**K'000**	**K'000**
Revenue from Contract with Customers	4	500,548	574,922	358,274	429,906
Cost of sales		(336,181)	(388,281)	(234,319)	(282,218)
Gross profit		**164,367**	**186,641**	**123,955**	**147,688**
Distribution expenses	5(a)	(8,694)	(9,773)	(5,195)	(5,208)
Marketing expenses	5(b)	(3,527)	(4,981)	(2,777)	(3,255)
Administration expenses		(129,262)	(129,190)	(107,533)	(109,071)
Finance expense		(15,602)	(12,446)	(11,063)	(9,254)
Finance income		1,667	1,762	757	870
Depreciation expense		(36,440)	(38,963)	(25,852)	(29,974)
Other income		4,571	7,794	2,773	6,106
Foreign exchange gains		1,158	3,458	1,871	3,122
Total Expenses		(186,129)	(182,339)	(147,019)	(146,664)
Share of profit from joint ventures	12	3,891	4,390	3,891	4,390
(Loss)/Profit before income tax expense		**(17,871)**	**8,692**	**(19,173)**	**5,414**
Income tax benefit/(expense)	6(a)	9,111	(2,690)	9,326	(1,675)
(Loss)/ Profit for the period after income tax		**(8,760)**	**6,002**	**(9,847)**	**3,739**
Other comprehensive income for the period that may be reclassified to profit and loss in subsequent period (net of tax):					
Exchange differences on translating foreign operation		(261)	940	-	-
Other comprehensive income for the period that will not be reclassified to profit and loss in subsequent period (net of tax):					
Revaluation Reserve		-	-	-	3,000
Total comprehensive (loss)/income for the period		**(9,021)**	**6,942**	**(9,847)**	**3,739**
(Loss)/Profit for the period is attributed to:					
Owners of the parent		(8,905)	5,839	(9,847)	3,739
Non-controlling interest		145	163	-	-
		(8,760)	**6,002**	**(9,847)**	**3,739**
Total Comprehensive (loss)/income for the period is attributed to:					
Owners of the parent		(9,166)	6,779	(9,847)	3,739
Non-controlling interest		145	163	-	-
		(9,021)	**6,942**	**(9,847)**	**3,739**
Earnings per share - basic and diluted (toea per share)	**18**	**(4.32)**	**2.83**		

This statement is to be read in conjunction with the notes to and forming part of the Consolidated Financial Statements set out on pages 12 to 56.

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Consolidated		Parent Company	
		2024	2023	2024	2023
		K'000	K'000	K'000	K'000
ASSETS					
Cash and cash equivalents	8	8,612	9,699	4,930	6,819
Trade and other receivables	9	60,947	55,642	54,092	44,118
Lease receivable	16	6,790	6,732	4,309	5,017
Income tax receivable		3,062	3,491	1,586	1,658
Inventories	10	130,278	156,941	83,483	108,345
Prepayments		5,136	8,826	4,439	6,955
Total Current Asset		**214,825**	**241,331**	**152,839**	**172,912**
Related party receivables		124	86	780	4,898
Lease receivable	16	13,632	17,717	7,411	8,774
Property, plant and equipment	11	97,589	105,113	82,564	88,937
Right of use asset	16	75,866	88,975	55,784	61,014
Investment in Subsidiaries	12(a)	-	-	17,901	17,901
Investment in Joint Ventures	12(b)	14,555	12,043	14,555	12,043
Deferred tax assets, net	6(b)	24,008	14,624	19,768	10,371
Goodwill	13	4,825	4,825	3,431	3,431
Total Non-Current Asset		**230,599**	**243,383**	**202,194**	**207,369**
TOTAL ASSETS		**445,424**	**484,714**	**355,033**	**380,281**
LIABILITIES					
Bank overdraft	14(a)	1,361	6,145	1,361	3,769
Borrowings	14(b)	18,035	1,154	18,035	1,154
Trade and other payables	15	113,118	131,465	83,951	98,457
Lease Liabilities	16	35,741	25,979	28,304	16,578
Provisions	17	18,466	11,076	16,814	9,737
Total Current Liabilities		**186,721**	**175,819**	**148,465**	**129,695**
Borrowings	14(b)	-	14,804	-	14,804
Other payables	15	527	628	54	73
Lease liabilities	16	87,405	112,450	62,031	80,550
Provisions	17	2,966	3,973	2,712	3,541
Total Non-Current Liabilities		**90,898**	**131,855**	**64,797**	**98,968**
TOTAL LIABILITES		**277,619**	**307,674**	**213,262**	**228,663**
NET ASSETS		**167,805**	**177,040**	**141,771**	**151,618**
SHAREHOLDERS' EQUITY					
Issued capital	18	70,867	70,867	70,867	70,867
Reserves	18	13,808	13,808	11,813	11,813
Other reserve	18	1,187	1,448	-	-
Retained earnings	18	80,330	89,235	59,091	68,938
Equity attributable to owners of the Parent		**166,192**	**175,358**	**141,771**	**151,618**
Non – controlling interest		1,613	1,682	-	-
TOTAL SHAREHOLDERS' EQUITY		**167,805**	**177,040**	**141,771**	**151,618**

This statement is to be read in conjunction with the notes to and forming part of the Consolidated Financial Statements set out on pages 12 to 56.

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share Capital K'000	Retained Earnings K'000	Revaluation Reserve K'000	Translation Reserve K'000	Attributable to owners of the parent K'000	Non-Controlling Interest K'000	Total K'000
Group							
Balance at 01 January 2023	**70,867**	**93,710**	**13,808**	**508**	**178,893**	**1,518**	**180,411**
Profit for the period	-	5,839	-	-	5,839	164	6,003
Other comprehensive income:							
Translation differences	-	-	-	940	940	-	940
Total comprehensive income for the year	**-**	**5,839**		**940**	**6,779**	**164**	**6,943**
Dividends declared	-	(10,314)	-	-	(10,314)	-	(10,314)
Balance at 31 December 2023	**70,867**	**89,235**	**13,808**	**1,448**	**175,358**	**1,682**	**177,040**
Profit for the Period	-	(8,905)	-	-	(8,905)	145	(8,760)
Other comprehensive income:							
Translation difference	-	-	-	(261)	(261)	-	(261)
Revaluation reserve	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**(8,905)**	**-**	**(261)**	**(9,166)**	**145**	**(9,021)**
Dividends declared through subsidiary	-	-	-	-		(214)	(214)
Balance at 31 December 2024	**70,867**	**80,330**	**13,808**	**1,187**	**166,192**	**1,613**	**167,805**

This statement is to be read in conjunction with the notes to and forming part of the Consolidated Financial Statements set out on pages 12 to 56.

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share Capital K'000	Retained Earnings (Note 18) K'000	Revaluation Reserve (Note 18) K'000	Total K'000
Parent				
Balance at 01 January 2023	**70,867**	**75,513**	**11,813**	**158,193**
Profit for the period	-	3,739	-	3,739
Revaluation reserve	-	-		
Total comprehensive income for the year	**-**	**3,739**	**-**	**3,739**
Dividends declared	-	(10,314)	-	(10,314)
Balance at 31 December 2023	**70,867**	**68,938**	**11,813**	**151,618**
Profit for the period	-	(9,847)	-	(9,847)
Revaluation reserve	-	-	-	-
Total comprehensive income for the year	**-**	**(9,847)**	**-**	**(9,847)**
Dividends declared	-	-	-	-
Balance at 31 December 2024	**70,867**	**59,091**	**11,813**	**141,771**

This statement is to be read in conjunction with the notes to and forming part of Consolidated Financial Statements set out on pages 12 to 56.

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Consolidated		Parent Company	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
Operating Activities				
Cash receipts from customers	507,938	565,041	347,229	415,987
Cash paid to suppliers and employees	(461,371)	(521,866)	(322,964)	(392,851)
Cash receipts from lessees	4,027	2,657	2,072	1,160
Cash payments from low value and short-term leases	(102)	(9,708)	264	(7,397)
Cash generated from operations	50,492	36,124	26,601	16,899
Interest paid from borrowings	(5,657)	(2,040)	(3,843)	(1,632)
Interest paid from lease liabilities	(9,945)	(10,393)	(7,220)	(7,622)
Interest received	1,667	1,762	757	870
Income tax paid	156	(3,866)	-	(3,009)
Cash generated by operating activities	**36,713**	**21,587**	**16,295**	**5,506**
Investing Activities				
Dividend received	2,450	3,941	2,450	3,941
Proceeds from sale of equipment	413	6,826	28	8,664
Purchase of plant and equipment	(10,047)	(11,032)	(9,137)	(9,169)
Cash utilised by investing activities	**(7,184)**	**(265)**	**(6,659)**	**3,436**
Financing Activities				
Payment of borrowings	(4,067)	(2,667)	(1,691)	(2,667)
Repayment of lease liabilities	(26,173)	(18,775)	(16,650)	(11,454)
Receipt/(Payment) of rental bonds	(19)	-	(19)	-
Receipts/(Payment) from related parties	(1,504)	578	5,474	10,659
Dividend payment	(214)	(10,314)	-	(10,314)
Cash utilised by financing activities	**(31,977)**	**(31,178)**	**(12,886)**	**(13,776)**
Net decrease in Cash and cash equivalents	**(2,448)**	**(9,856)**	**(3,250)**	**(4,834)**
Cash and cash equivalents at beginning of the period	9,699	13,410	6,819	7,884
Cash and cash equivalents at end of the period	**7,251**	**3,554**	**3,569**	**3,050**

Composed of:

Cash and Cash Equivalents	8,612	9,699	4,930	6,819
Bank Overdraft	(1,361)	(6,145)	(1,361)	(3,769)
	7,251	**3,554**	**3,569**	**3,050**

This statement is to be read in conjunction with the notes to and forming part of the Consolidated Financial Statements set out on pages 12 to 56.

1 GENERAL INFORMATION

The Group is Papua New Guinea's largest retailing network. It has now established within the Group and through joint ventures, six strong retail brands namely City Pharmacy, Stop & Shop, Boncafe, Hardware Haus, Jacks of PNG and Prouds. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

The principal activities of the Company and its subsidiaries (the Group) are described in Note 19.

As at 31 December 2024, the Group has a combined retail operation of 70 stores (2023: 75 stores) and 12 wellness clinics nationwide and employs 2,163 employees (2023: 2,568 employees) of which 96 percent (2023: 96 percent) are Papua New Guinean citizens.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 04 April 2025.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for land that have been measured at fair value, as explained in the accounting policies. The consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements are presented in Papua New Guinea Kina (“PGK”) and all values are rounded to the nearest thousand (K’000), except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

2.2 Basis of consolidation *continued*

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Investment in subsidiaries

Parent Company accounts for investments in subsidiaries are initially recognised at cost, subsequently tested for impairment when there are indicators.

2.3 Going Concern

This financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

In February 2023, the Company received the Internal Revenue Commission's (IRC) notice of completion of the Goods and Services Tax (GST) Audit and Final Position Paper for the period January 2016 to August 2019. The IRC has calculated a GST Liability of K11.22 million plus penalties of K51.6m (total amount claimed K62.8m). The Directors have reviewed the IRC's Final Position Paper and taken external tax and legal advice. The Company has assessed the matters raised by the IRC and accepted that K2.6 million of the K62.8 million claimed is owning by it. This amount relates to voluntary disclosures made by the Company to the IRC was recorded as a liability in the Company's prior year financial statements.

2.2 Going Concern *continued*

In September 2024, the Company received an objection determination letter from IRC in relation to the above matter. In its objection determination, the IRC substantially reiterated its position in respect of GST liabilities and penalties due. The IRC advised the Company of its option to appeal the determination being to make an application to the Tax Review Tribunal or file an appeal in the National Court, within 60 days of the objection determination notice and subject to payment of 50% of disputed amount and 50% accrued additional tax.

The Company appealed the 50% deposit requirement at national court on 05 October 2024, and the judgement on the same was delivered on 22 November 2024. The judgement was not in company's favour, consequently based on legal advice, the judgement is being appealed by the Company in the Supreme court.

The Company remains of the position that the IRC has erred in its interpretation of applicable GST legislation and regulation. However, based on the latest developments, the Company updated its best estimate of the expenditure required to settle the dispute and increased the GST provision to K12.1m as of 31 December 2024. The Company continues to actively engage with the IRC and its external tax and legal advisors, however the outcome of the legal proceedings and potential financial impacts are unknown. This was considered by the Company when updating the GST provision as at 31 December.

As of 31 December 2024, the Company has a cash balance of K4.9m and undrawn financing facilities of K11.8m.

The Directors at the date of signing of this report have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate based upon:

- Legal and tax advice that the Directors have received supports the Company's identification from GST purposes and associated GST treatment of medical supplies.
- The Company expects to receive additional government relief funds amounting K4m as a result of the from the 10 January 2024 civil unrest. .
- The Company has the ability to reduce expenditure and manage the timing of cash flows to meet the committed obligations of the business as and when they fall due.

Notwithstanding the above, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

2.3 Summary of accounting policies

a) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Foreign Currency

The Group's consolidated financial statements are presented in Papua New Guinea Kina ("PGK"), which is also the Company's functional and presentation currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

2.3 Summary of accounting policies *continued*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance
consideration.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into PGK at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

c) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

Tender and Wholesale
Revenue from tender and wholesale is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the asset at the customer's location. The normal credit term is 30 to 90 days upon delivery.

Retail Sales
Revenue from the sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

2.3 Summary of accounting policies *continued*

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transactions price need to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

i) Non-cash consideration

The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of goods. The Group estimates the fair value of the non-cash consideration by reference to its market price. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the goods.

- *Loyalty points programme*

  The Group operates a loyalty points programme, *Real Rewards*, which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can be redeemed for free products, subject to a minimum number of points being obtained. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

  Consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed or expire. Revenue is recognised upon redemption of products by the customer based on a proportionate basis.

  When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points and taking into account breakage. The Group updates its estimates of the points that will be redeemed on a monthly basis and any adjustments to the accruals balance is charged against revenue.

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- *Contract liabilities*

  A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer). Amount recognised is included under "Trade and other payables" line item in balance sheet.

d) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.3 Summary of accounting policies *continued*

e) Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

f) Trade receivables (Wholesale Customers)

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are non-interest bearing and are generally on credit terms of 30 to 90 days.

g) Inventories

Inventory for resale and consumable materials are valued at the lower of purchase cost, which is based on invoice prices and includes expenditure incurred in acquiring the goods and bringing them to their existing condition, and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course completion and the estimated costs necessary to make the sale.

h) Property, Plant and Equipment

Buildings, plant and equipment are measured at cost, net of accumulated depreciation and accumulated impairment losses, if any, except for land. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria were met.

Land is measured at fair value less impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Office equipment	5 years
Motor Vehicles	3 – 5 years
Fixtures, fittings and equipment	5 – 10 years

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss.

A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. However, this could be reversed if there has been a change in the estimates used to determine the recoverable amount. This reversal is only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no revaluation deficit had been recognised.

2.3 Summary of accounting policies *continued*

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

i) Taxes

Income tax in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period presented comprises of current and deferred tax.

Current tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is measured at the rates that are expected to apply in the period in which the liability is settled or asset realised, based on tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Good and Services Tax (GST)
Revenue, expenses and assets are recognised net of GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense or cost of the asset.

Receivables and payables are stated with the amount of GST excluded. The net amounts of GST recoverable from or payable to the taxation authorities are included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

2.3 Summary of accounting policies *continued*

j) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

An impairment loss in respect of goodwill is not reversed.

k) Employee Provision

A provision is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and leave fares when it is probable that settlement will be required, and they are capable of being measured reliably. Provisions recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Provision is classified as non-current when the Group has an unconditional right to defer settlement of the liability, or the liability is not due for at least 12 months after the reporting period.

l) Financial Instruments

Classification
Financial instruments include financial assets and liabilities. Financial assets that are classified as debt instruments at amortised cost include trade and other receivables. Financial liabilities that are not at fair value through profit or loss include, accounts payables and accrued expenses.

2.3 Summary of accounting policies *continued*

The classification of financial assets at initial recognition depends on the financial asset's contract cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost. Trade receivables that do not contain a significant financing component or for which the Group has applied the requirements that are measured at the transaction price determined under IFRS 15.

Recognition and Measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised costs (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost includes trade receivables and related party receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.3 Summary of accounting policies *continued*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

- *Financial assets*
  The Group always recognises lifetime expected credit loss (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

  For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the impairment for that financial instrument at an amount equal to 12-month ECL.

  Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities
Financial liabilities are classified, at initial recognition, as either financial liabilities 'at FVTPL' or other financial liabilities at amortised cost. Subsequently, all financial liabilities are classified as either FVTPL or other financial liabilities at amortised cost.

The Group's financial liabilities are trade and other payables, related party payables, bank overdraft and borrowings and are measure at amortised cost.

Derecognition of Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.3 Summary of accounting policies *continued*

m) Investment in associates and joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

Parent company accounts investment in associates and joint ventures same as above policy.

n) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

The asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal ("FVLCTD") and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets of continuing operations excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.3 Summary of accounting policies *continued*

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

o) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs. Accordingly, the lease liability calculations do not take into account any future increments in rental payments unless the increments are contractually fixed.

2.3 Summary of accounting policies *continued*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Sub-leases

The Group as the original lessee derecognises the right-of-use asset on the head lease at the date of initial application and continues to account for the original lease liability in accordance with the lessee accounting model. The Group, as the sublessor, recognises a net investment (or Lease Receivable) in the sublease. After the date of initial application, the difference is included in the profit or loss for the period.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below K17,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

p) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset In the or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.3 Summary of accounting policies *continued*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

q) Provision (general)

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

r) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as offset against the expense item for which it is intended to compensate.

2.4 Accounting, judgments, estimate and assumptions

a) Estimation of useful life of assets

Estimates of remaining useful lives require significant management judgement and are reviewed at least annually. Where useful lives are changed, the net written-down value of the asset is depreciated or amortised from the date of the change in accordance with the revised useful life. Depreciation recognised in prior financial years is not changed. Reasonably possible changes in estimated useful lives are unlikely to have a material impact as the change is assessed for specific assets. Refer also to note 2.3(h), Property, Plant and Equipment.

b) Stock obsolescence

Due to the nature of the business environment and operations, a provision for stock shrinkage has been made based on past experience. Refer to note 9, Inventories.

c) Estimated credit losses

The Group uses a provision matrix to calculate ECLs for trade receivables, lease receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. Refer to Note 8, Trade and Other receivables.

d) Impairment of non-financial assets

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, the Group uses income approach which converts future amounts (e.g. cash flows or income and expenses) to a single current (ie discounted) amount. The fair value measurement using income approach reflects current market expectations about those future amounts.

In particular, significant judgements and estimates are made in relation to the following:

- *Forecast future cash flows*
  These are based on the Group's latest Board approved internal five-year forecasts and reflect management's best estimate of income, expenses, capital expenditure and cash flows for each asset or CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the Group operates.

2.4 Accounting, judgments, estimate and assumptions *continued*

- *Discount rates*
  Estimated future cash flows are discounted to their present value using discount rates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

- *Expected long-term growth rates*
  Cash flows beyond the five-year period are extrapolated using estimated long-term growth rates. The growth rates are based on historical performance as well as expected long-term market operating conditions specific to each industry.

  The judgements and estimates used in assessing impairment are best estimates based on current and forecast market conditions and are subject to change in the event of shifting economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes to impairment recognised in future years.

e) Leases - Determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of property, plant and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on operations if a replacement is not readily available.

f) Leases - Determining the incremental borrowing rate (IBR)
If the Parent Company and its Subsidiaries cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Parent Company and its Subsidiaries would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company and its Subsidiaries 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Parent Company and its Subsidiaries estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates. The Parent has estimated the IBR using observable inputs (such as market interest rates in Papua New Guinea) when available and is required to make certain entity-specific estimates.

2.4 Accounting, judgments, estimate and assumptions *continued*

g) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has K8,344k (2023: K1,404k) of tax losses carried forward. These losses relate to the Company at loss position in 2024 while a subsidiary that have history of losses and may be used to offset future taxable income. The Group has determined that deferred tax assets on the tax losses carried forward has been recognised only up to the extent of the probable future taxable income. This is reassessed at each reporting period end. Further details on taxes disclosed in Note 6.

h) Fair value of Land

The Group carries its Land at fair value, with changes in fair value being recognised in other comprehensive income. The fair value of the freehold land was determined based on the income stream approach supplemented by market comparable approach that reflects recent transaction prices for similar properties/other methods adjusted for specific market factors such as nature, location and condition of the property. Significant judgment were also made on certain valuation assumptions due to limited observable data.

The key assumptions used to determine the fair value of the land are provided in Note 11.

i) GST Provision

The Company has recognised a GST provision 31 December 2024. The background to this provision is described in detail in Notes 2.3 and 17. In measuring the provision, the Company has had to use judgement to determine its best estimate of the amount required to settle the dispute at period end. In updating its best estimate, the Company considered recent correspondence with the IRC and feedback from its legal and taxation advisors.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company has adopted all the new and revised and Interpretations issued by the International Accounting Standards Board (IASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 January 2024.

Description	Effective for annual periods beginning on or after
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16, Lease liability in a Sale and Leaseback	1 January 2024
Disclosures: Supplier Finance Agreements – Amendment to IAS 7 and IFRS7	1 January 2024

The Group considered the impact of the foregoing new and amended accounting standards and interpretations and noted no significant impact on the Group's financial statements and disclosures.

3.1 New and revised International Accounting Standards Board and Interpretations on issue but not yet effective

The Group will adopt, where applicable, the following standards, amendments to existing standards and interpretations when these become effective:

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's financial statements.

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) *continued*

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company’s equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Consolidated		Parent Company	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
Contract with Customers (point in time)	**500,548**	**574,922**	**358,274**	**429,906**

5 OTHER OPERATING EXPENSES

a) Distribution expenses

	Consolidated		Parent Company	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
Freight and handling	**8,694**	**9,773**	**5,195**	**5,208**

b) Marketing expenses

	Consolidated		Parent Company	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
Advertising and promotions	1,864	2,323	1,242	1,188
Other marketing expenses	1,663	2,658	1,535	2,067
Total	**3,527**	**4,981**	**2,777**	**3,255**

6 INCOME TAX BENEFIT/(EXPENSE)

	Consolidated		Parent Company	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
(a) Income tax benefit/(expense)				
Current tax	(264)	(2,726)	(72)	(2,275)
Deferred tax	9,375	36	9,398	600
Income tax benefit/(expense)	**9,111**	**(2,690)**	**9,326**	**(1,675)**
The prima facie for the period is reconciled to the tax expense as follows:				
Accounting (loss)/profit before tax	(17,871)	8,692	(19,173)	5,414
Tax for the period at 30%	5,361	(2,608)	5,752	(1,624)
Share of profit from joint ventures	1,167	1,317	1,167	1,317
Adjustments in respect of current income tax of previous years	2,805	(1,317)	2,468	(1,296)
Non-deductible expenses	(222)	(82)	(61)	(72)
Income tax benefit/(expense)	**9,111**	**(2,690)**	**9,326**	**(1,675)**

6 INCOME TAX EXPENSE *continued*

	Consolidated		Parent Company	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
(b) Deferred taxes				
Deferred tax assets (liabilities)				
Expected credit loss	1,033	951	355	140
Provision for inventory losses	1,878	1,725	901	835
Provision for employee benefits	2,382	3,103	1,985	2,562
Lease liability – net	7,543	6,987	6,335	6,182
Others	(72)	115	238	334
Fixed assets	3,109	(6)	3,109	(6)
Prepaid revenue, net	308	496	295	556
Unrealised foreign exchange gain	(517)	(151)	(569)	(232)
Carryover losses	8,344	1,404	7,119	-
Net Deferred tax assets	**24,008**	**14,624**	**19,768**	**10,371**

(c) Carry forward losses

HHL

Year	Losses K'000	Utilised in 2022 K'000	Utilised in 2023 K'000	Utilised in 2024 K'000	Unutilised K'000	Expiry
2017	24,777	(5,399)	(2,679)	(289)	-	2024
2018	4,085	-	-		4,085	2025
Unutilized Revenue Losses (gross)	**4,085**				**4,085**	

CPL

Year	Losses K'000	Expiry
2024	23,728	2031
Unutilized Revenue Losses (gross)	**23,728**	

The HHL utilised K0.29m (2023: K2.7m) revenue losses in 2024 to offset taxable profits for the year.

As at 31 December 2024, the Group's deferred tax assets arising from carry forward revenue losses amounted to K8.34m. The Group has determined that deferred tax assets on the tax losses carried forward would be recognised to the extent of the probable future taxable income.

7 SEGMENT INFORMATION

Reportable segments are based on internal reports on the business units of the Group that are regularly reviewed by the Key Management composed of Chief Executive Officer and Heads of Department/Segment in order to allocate resources to the segment and assess its performance.

The Group has two reportable segments. These business units offer different products and services and are managed separately because they require different technology and marketing strategies.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below. The impact of IFRS 16 adjustments is presented as this is viewed by the Key Management when monitoring the business.

7 SEGMENT INFORMATION *continued*

2024	Retail	Wholesale and Tender	Total Segment	Elimination	Consolidated
	K'000	K'000	K'000	K'000	K'000
Revenue					
External customer	447,064	53,484	500,548	-	500,548
Inter-segment	-	9,749	9,749	(9,749)	-
Total revenue	447,064	63,233	510,297	(9,749)	500,548
Cost of sales	(294,340)	(51,590)	(345,930)	9,749	(336,181)
Share of profit from joint ventures	3,475	416	3,891	-	3,891
Distribution Expense	(7,765)	(929)	(8,694)	-	(8,694)
Marketing expense	(3,150)	(377)	(3,527)	-	(3,527)
Finance Cost/expenses	(3,990)	(1,416)	(5,406)	-	(5,406)
Depreciation and amortisation	(9,408)	(3,047)	(12,455)	-	(12,455)
Finance income	10,223	790	11,013	-	11,013
Material non-cash transaction (GST provision)	(6,897)	(825)	(7,722)	-	(7,722)
Other operating expense	(144,922)	(13,968)	(158,890)	-	(158,890)
Profit before income tax	(9,710)	(7,713)	(17,423)	-	(17,423)
Income tax expense	9,156	(45)	9,111	-	9,111
Segment profit before impact of IFRS 16 impact	(554)	(7,758)	(8,312)	-	(8,312)
IFRS 16 Impact:					
Amortisation – ROU	(23,138)	(847)	(23,985)	-	(23,985)
Interest expense	(9,945)	(251)	(10,196)	-	(10,196)
Rent expense	36,369	982	37,351	-	37,351
Interest Income	1,636	-	1,636	-	1,636
Rent Income	(5,662)	-	(5,662)	-	(5,662)
Other Income	408	-	408	-	408
Total Net Profit	(886)	(7,874)	(8,760)	-	(8,760)

2023	Retail	Wholesale and Tender	Total Segment	Elimination	Consolidated
	K'000	K'000	K'000	K'000	K'000
Revenue					
External customer	519,020	55,902	574,922	-	574,922
Inter-segment	-	11,332	11,332	(11,332)	-
Total revenue	519,020	67,234	586,254	(11,332)	574,922
Cost of sales	(344,117)	(55,496)	(399,613)	11,332	(388,281)
Share of profit from joint ventures	3,963	427	4,390	-	4,390
Distribution Expense	(8,823)	(950)	(9,773)	-	(9,773)
Marketing expense	(4,497)	(484)	(4,981)	-	(4,981)
Finance Cost/expenses	(843)	(907)	(1,750)	-	(1,750)
Depreciation and amortisation	(14,130)	(2,942)	(17,072)	-	(17,072)
Finance income	11,906	929	12,835	-	12,835
Other operating expense	(145,664)	(13,169)	(158,833)	-	(158,833)
Profit before income tax	16,816	(5,359)	11,457	-	11,457
Income tax expense	(2,427)	(263)	(2,690)	-	(2,690)
Segment profit before impact of IFRS 16 impact	14,389	(5,622)	8,767	-	8,767
IFRS 16 Impact:					
Amortisation – ROU	(21,044)	(847)	(21,891)	-	(21,891)
Interest expense	(10,393)	(303)	(10,696)	-	(10,696)
Rent expense	32,157	944	33,101	-	33,101
Interest Income	1,756	-	1,756	-	1,756
Rent Income	(5,035)	-	(5,035)	-	(5,035)
Total Net Profit	11,830	(5,828)	6,002	-	6,002

7 SEGMENT INFORMATION *continued*

Segment profit before impact of IFRS 16 impact is calculated adjusting the following

- *Profit or loss IFRS 16 related amortisation and accretion including ROU amortisation, Interest accretions on lease liability and lease receivable*
- *Adding back rental expense and rental income recorded during the year.*

Revenue from external customers

Consolidated	For the years ended 31 December 2024			2023		
	Retail	Wholesale and Tender	Total	Retail	Wholesale and Tender	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Geographical markets						
Papua New Guinea	437,315	43,304	480,619	507,688	47,080	554,768
Australia	-	4,017	4,017	-	3,892	3,892
Others	-	15,912	15,912	-	16,262	16,262
Total revenue	**437,315**	**63,233**	**500,548**	**507,688**	**67,234**	**574,922**

Parent Company	For the years ended 31 December 2024			2023		
	Retail	Wholesale and Tender	Total	Retail	Wholesale and Tender	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Geographical markets						
Papua New Guinea	324,973	30,588	355,561	399,852	30,054	429,906
Fiji	-	2,700	2,700		2,280	2,280
Others	-	13	13		242	242
Total revenue	**324,973**	**33,301**	**358,274**	**399,852**	**32,576**	**429,906**

The following table presents assets and liabilities information for the Group's operating segments as at 31 December 2024 and 2023, respectively:

	Retail	Wholesale and Tender	Total
	K'000	K'000	K'000
Assets			
31 December 2024	428,827	16,597	445,424
31 December 2023	465,075	19,639	484,714
Liabilities			
31 December 2024	271,837	5,782	277,619
31 December 2023	299,359	8,315	307,674

Non-current operating assets

	2024	2023
	K'000	K'000
Papua New Guinea	173,855	193,269
Australia	4,425	5,644
	178,280	**198,913**

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, and intangible assets.

8 CASH AND CASH EQUIVALENTS

	Consolidated 2024	Consolidated 2023	Parent 2024	Parent 2023
	K'000	K'000	K'000	K'000
Cash and cash equivalents	8,612	9,699	4,930	6,819
	8,612	**9,699**	**4,930**	**6,819**

9 TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Current				
Trade receivables	29,481	32,683	23,361	21,143
Related party receivables (trade)	2,140	1,109	2,725	1,534
	31,621	33,792	26,086	22,677
Less: Expected credit losses	(3,448)	(3,173)	(1,184)	(467)
Total trade and related party receivables	28,173	30,619	24,902	22,210
Other receivables	32,774	25,023	29,190	21,908
Net current receivables	**60,947**	**55,642**	**54,092**	**44,118**

Breakdown of other receivables is as follows:

	Consolidated		Parent	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Insurance Claims	821	228	605	228
Employee loans	173	138	167	94
GST receivable	19,938	18,748	18,038	16,849
Government relief	4,000	-	4,000	-
Various deposits	3,316	2,952	2,870	2,529
Dividend receivable	-	1,072	-	1,072
Other	4,526	1,885	3,510	1,136
Total Other Receivables	**32,774**	**25,023**	**29,190**	**21,908**

The general credit period on sales of goods is 30 to 90 days for wholesale customers. No interest is charged on outstanding trade receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Civil Unrest and Government Assistance

In January 2024, a significant business disruption occurred due to nationwide civil unrest. Four (4) supermarkets were severely affected, with two suffering complete burn-down and one sustaining major damage, resulting to losses in inventory and fixed assets (refer to Notes 10 and 11).

The Group applied for the Business Recovery Support Program with the Department of Prime Minister and National Executive Council to aid us in recovering from the losses we suffered. As of 31 December 2024, we received confirmation from the government that they will provide further financial assistance to the Group to recover the losses incurred from the damaged fixed assets (refer to Note 11).

9 TRADE AND OTHER RECEIVABLES *continued*

Consolidated	**Not past due K'000**	**Past due not impaired K'000**	**Impaired K'000**	**Total K'000**
2024				
Balance as at 31 December 2024	15,259	12,914	3,448	31,621
Expected Credit Losses	-	-	(3,448)	(3,448)
Total trade and related party receivables	**15,259**	**12,914**	**-**	**28,173**
2023				
Balance as at 31 December 2023	15,258	15,361	3,173	33,792
Expected Credit Losses	-	-	(3,173)	(3,173)
Total trade and related party receivables	**15,258**	**15,361**	**-**	**30,619**

Parent Company	**Not past due K'000**	**Past due not impaired K'000**	**Impaired K'000**	**Total K'000**
2024				
Balance as at 31 December 2024	11,209	13,693	1,184	26,086
Expected Credit Losses			(1,184)	(1,184)
Total trade and related party receivables	**11,209**	**13,693**	**-**	**24,902**
2023				
Balance as at 31 December 2023	9,970	12,240	467	22,677
Expected Credit Losses	-	-	(467)	(467)
Total trade and related party receivables	**9,970**	**12,240**	**-**	**22,210**

Roll-forward of expected credit losses:

	Consolidated		**Parent**	
	2024 K'000	**2023 K'000**	**2024 K'000**	**2023 K'000**
Balance at the beginning of the year	3,173	2,438	467	79
Impairment recognised on receivable	275	735	717	388
Reversals recognised on receivables	-	-		-
Balance at the end of the year	**3,448**	**3,173**	**1,184**	**467**

10 INVENTORIES

	Consolidated		**Parent Company**	
	2024	**2023**	**2024**	**2023**
	K'000	**K'000**	**K'000**	**K'000**
Inventory for resale	136,558	162,711	86,487	111,128
Provision for inventory obsolescence	(6,280)	(5,770)	(3,004)	(2,783)
Total	**130,278**	**156,941**	**83,483**	**108,345**

These inventories are carried at lower of cost and net realisable value. Due to the nature of the business environment and operations, a provision for stock obsolescence has been made based on past experience. During 2024, K2.4m (2023: K0.8m) was recognised as an expense for inventories carried at net realizable value. This is recognised in cost of sales. The carrying value of the inventory is below the selling price less costs necessary to sell the inventory as at 31 December 2024 and 2023.

10 INVENTORIES *continued*

Civil Unrest and Government Assistance

Losses sustained during the January 10 civil unrest resulted to loss of inventory worth K15.63m for the Group (K14m for the Parent Company).

The Group applied for the Business Recovery Support Program with the Department of Prime Minister and National Executive Council to aid us in recovering from the losses we sustained. In August 2024, K15.63m was received from the government to recover the losses incurred from the damaged inventory.

11 PROPERTY, PLANT AND EQUIPMENT

Group	Land at valuation K'000	Buildings at cost K'000	Motor Vehicles at cost K'000	Leasehold Improvement, Office equipment and Furniture & Fixtures at cost K'000	Total K'000
Cost or Valuation					
At 01 January 2024	24,297	48,453	25,343	102,097	200,190
Additions	-	96	1,219	8,463	9,778
Disposals	-	-	(611)	(29,220)	(29,831)
Work in progress	-	-	-	268	268
Transfers	-	-	-	-	-
At 31 December 2024	**24,297**	**48,549**	**25,951**	**81,608**	**180,405**
Accumulated Depreciation					
At 01 January 2024	-	4,498	18,756	71,822	95,076
Charge for the period	-	2,442	2,740	7,275	12,457
Disposals	-	-	(519)	(24,198)	(24,717)
Transfers	-	(55)	107	(52)	-
At 31 December 2024	**-**	**6,885**	**21,084**	**54,847**	**82,816**
Net Carrying Value					
At 31 December 2024	**24,297**	**41,664**	**4,868**	**26,761**	**97,589**
At 01 January 2024	**24,297**	**43,955**	**6,587**	**30,275**	**105,114**

11 PROPERTY, PLANT AND EQUIPMENT *continued*

Group	Land at valuation K'000	Buildings at cost K'000	Motor Vehicles at cost K'000	Leasehold Improvement, Office equipment and Furniture & Fixtures at cost K'000	Total K'000
Cost or Valuation					
At 01 January 2023	18,500	51,496	22,797,	105,165	181,943
Additions	-	2,628	3,044	5,135	14,501
Disposals	-	-	(536)	(8,080)	(1,335)
Work in progress	-	-	-	225	254
Transfers		170	37	(207)	-
Revaluation		-			
At 31 December 2023	**18,500**	**54,294**	**25,342**	**102,238**	**200,374**
Accumulated Depreciation					
At 01 January 2024	-	1,620	15,540	69,329	86,489
Charge for the period	-	2,096	3,232	11,766	17,094
Disposals	-	-	(471)	(7,851)	(8,322)
Transfers		774	472	(1,246)	-
At 31 December 2023	**-**	**4490**	**18,773**	**71,998**	**95,261**
Net Carrying Value					
At 31 December 2023	**18,500**	**49,804**	**6,569**	**30,240**	**105,113**
At 01 January 2023	**18,500**	**49,876**	**7,257**	**35,836**	**111,469**

Parent Company	Land and Buildings at valuation K'000	Buildings at cost K'000	Motor Vehicles At cost K'000	Leasehold Improvement, Office equipment and Furniture & Fixtures at cost K'000	Total K'000
Cost or Valuation					
At 01 January 2024	13,000	48,249	17,717	88,356	167,322
Additions	-	8	944	7,930	8,882
Disposals	-	-	(610)	(28,741)	(29,351)
Work in progress	-	-	-	254	254
Revaluation	-	-	-	-	-
At 31 December 2024	**13,000**	**48,257**	**18,051**	**67,799**	**147,107**
Accumulated Depreciation					
At 01 January 2024	-	4,349	12,784	61,252	78,385
Charge for the period	-	2,419	2,024	6,339	10,782
Disposals	-	-	(539)	(24,085)	(24,624)
Reclassification	-	(55)	107	(52)	-
At 31 December 2024	**-**	**6,713**	**14,376**	**43,454**	**64,543**
Net Carrying Value					
At 31 December 2024	**13,000**	**41,544**	**3,674**	**24,345**	**82,564**
At 01 January 2024	**13,000**	**43,900**	**4,933**	**27,104**	**88,937**

11 PROPERTY, PLANT AND EQUIPMENT *continued*

Parent Company	Land and Buildings at valuation K'000	Buildings at cost K'000	Motor Vehicles At cost K'000	Leasehold Improvement, Office equipment and Furniture & Fixtures at cost K'000	Total K'000
Cost or Valuation					
At 01 January 2023	13,000	45,699	15,863	92,207	166,769
Additions	-	2,550	2,390	4,198	9,138
Disposals	-	-	(536)	(8,080)	(8,616)
Work in progress		-	-	-	
At 31 December 2023	-		-	31	31
	13,000	**48,249**	**17717**	**88,356**	**167,322**
Accumulated Depreciation					
At 01 January 2023		1,620	10,300	59,559	71,479
Charge for the period	-	2,093	2,579	10,468	15,140
Disposals	-		(471)	(7,763)	(8,234)
At 31 December 2023	-	636	376	(1,012)	-
	-	**4,349**	**12,784**	**61,252**	**78,385**
Net Carrying Value					
At 31 December 2023	**13,000**	**43,900**	**4,933**	**27,104**	**88,937**
At 01 January 2023	**13,000**	**44,079**	**5,563**	**32,468**	**95,290**

Fair Value measurement of Land
The Group's and Parent's freehold land are stated at their revalued amounts being the fair value at the date of revaluation. In 2022, according to CJ Valuers Limited, an independent valuer who is not related to the Group and who valued the land, there was an increase in the freehold land value amounted to K2.6 million (Parent Company: K3.0 million). As at 2024, the independent valuer confirmed there are no changes in the market that will significantly change the value of the land.

The Valuer is a member of the Institute of Valuers and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties/other methods. In determining the fair value, a capitalisation rate of 11% was used along with a market rent of between K550 to K750 per square metre.

Impairment
There are no indications that the assets may be impaired as at 31 December 2024 (2023: K Nil).

11 PROPERTY, PLANT AND EQUIPMENT *continued*

Losses during the Civil Unrest and Government Assistance

In January 2024, a significant business disruption occurred due to nationwide civil unrest. Four supermarkets were severely affected, with two suffering complete burn-down and one sustaining major damage. This event resulted to loss of fixed assets with written down value of K5.0 million (K4.6 million for the Parent Company).

In an effort to recover from losses incurred, the Group applied for the Business Recovery Support Program with the Department of Prime Minister and National Executive Council. The Government has provided positive feedback, allocating K4 million as of December 31, 2024, to support the replacement of damaged fixed assets.

12 INVESTMENTS

	Note	Consolidated		Parent Company	
		2024	2023	2024	2023
Non-Current		K'000	K'000	K'000	K'000
Investment in Subsidiaries - at cost	**12(a)**		-	17,901	17,901
Joint Ventures – Equity method	**12(b)**	14,555	12,043	14,555	12,043
Total		**14,555**	**12,043**	**32,456**	**29,944**

		Country	Ownership	2024	2023
				K'000	K'000
12(a) Subsidiary Companies					
Pharmacy Wholesales Pty Limited		Australia	80%	2,105	2,105
Hardware Haus Limited		PNG	100%	15,796	15,796
Paradise Cinemas (PNG) Limited		PNG	100%	-	-
City Property Limited	**19**	PNG	100%	-	-
Real Rewards Limited	**19**	PNG	100%	-	-
				17,901	**17,901**
12(b) Joint Ventures					
Jacks Retail (PNG) Limited		PNG	50%	8,599	7,916
DFS (PNG) Limited		PNG	50%	5,956	4,128
-				**14,555**	**12,043**

In January 31, 2023, City Pharmacy Limited (CPL) acquired the remaining 1,200,000 shares and 7,295,000 shares of Paradise Cinemas PNG Limited (previously a joint venture) from Damodar Brothers (Films) Limited and PNG FM Limited, respectively for total consideration of K2.00. The acquisition increased the shares of CPL in Paradise Cinemas PNG Limited from 46.2% to 100%. As a result, CPL now exercises control over Paradise Cinemas PNG Limited, which is now a subsidiary of CPL.

12 INVESTMENTS *continued*

Summarised statement of financial position of joint ventures, based on its IFRS Financial Statements, and reconciliation with the carrying amount of the investment in the consolidated financial statement:

Jacks Retail (PNG) Limited*

	2024 K'000	2023 K'000
Current assets	28,609	21,980
Non-current assets	16,269	16,915
Current liabilities	(18,210)	(22,900)
Non-current liabilities	(9,470)	(164)
Net assets	17,198	15,831
Total Revenue	48,832	47,698
Total Profit (including net asset gains)	4,123	5,835
Group's share of Profit	2,062	2,918
Carrying amount of the investment (50%)	**8,599**	**7,916**

**Jack Retail (PNG) Limited declared dividends amounting to K2.76 (50%: K 1.38m) (2023: K 7.05), which is accounted for as a deduction in Investment.*

DFS PNG Limited

	2024 K'000	2023 K'000
Current assets	16,432	12,855
Non-current assets	6,093	9,182
Current liabilities	(7,270)	(7,914)
Non-current liabilities	(3,343)	(5,868)
Net assets	11,912	8,254
Total Revenue	19,019	16,649
Total Profit (including net asset gains)	3,658	2,213
Group's share of Profit / (Loss)	1,829	1,107
Carrying amount of the investment (50%)	**5,956**	**4,127**

**DFS (PNG) Limited did not declare any dividends in 2024 (2023: 50% K1.07m).*

13 GOODWILL

	Consolidated		Parent Company	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
Carrying value	4,825	4,825	3,431	3,431

As part of the purchase of the supermarket operations in 2005, K3,431k of goodwill was recognised. Also, the Group recognised K1,394k of goodwill in relation to the business combination with Pharmacy Wholesalers Pty. Limited.

For impairment testing purposes, goodwill has been allocated to the group of cash-generating units according to the level at which Directors and management monitors and controls the goodwill:

	2024	2023
	K'000	K'000
City Pharmacy Limited	3,431	3,431
Pharmacy Wholesalers Pty. Ltd.	1,394	1,394
Carrying value	**4,825**	**4,825**

City Pharmacy Limited
The recoverable amount of this cash generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 17% per annum (2023: 17%).

Cash flow projections during the budget period are based on the same expected gross margin and inventory price inflation throughout the budget period. The terminal growth rate used beyond that five-year period is 5% (2023: 5%) which is the projected long-term average growth rate.

The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Pharmacy Wholesalers Limited
The recoverable amount of this cash generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 15.5% per annum (2023: 15.5%).

Cash flow projections during the budget period are based on the same expected gross margin and inventories price inflation throughout the budget period. The terminal growth rate used beyond that five-year period is 4% (2023: 4%) which is the projected long-term average growth rate.

The Directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

14 INTEREST BEARING LOANS AND BORROWINGS

	Note	Consolidated		Parent	
		2024 K'000	2023 K'000	2024 K'000	2023 K'000
Current					
Bank overdraft	14(a)	1,361	6,145	1,361	3,769
Bank Loans	14(b),14(c)	18,035	1,154	18,035	1,154
Non-Current					
Bank Loans	14(b),14(c)	-	14,804	-	14,804
Total loans and borrowings		**19,396**	**22,103**	**19,396**	**19,727**

Bank facilities and security:

a) In 2011, the Company entered into a multi - option facility with Westpac Bank (PNG) Limited that includes loans, overdraft and assistance for documentary letters of credit to finance import payments into PNG. The loan is secured by the following:
1. Various Registered Mortgage Deeds;
2. Fixed and floating charge over all Company assets and undertakings;
3. Carrying value of motor vehicles as security over leases;
4. Deed of Cross Guarantee; and
5. Master Lease Agreement.

Revolving overdraft facility has an interest rate of 6.45% per annum.

b) In August 2020, the City Pharmacy Facility Agreement with Westpac was amended via the Fifth Deed of Amendment and Restatement. Under the Deed, the Company entered into a K22m facility to complete the construction of the Gerehu warehouse. The facility is to be repaid within 5 years of drawdown, the first year being interest only (5.95% per annum) and the succeeding 4 years to be principal and interest. The facility is secured by the following assets:
- Interlocking guarantee between CPL and HHL supported by:
  - First ranking fixed and floating charge over the current and future assets and undertakings of the Obligors; and
  - First ranking registered mortgages over the two (2) commercial properties plus all improvements thereon, properties being:
    1. Lot 18 Section 342 Uduka Street Hohola; and
    2. Allotment 2, Sec 163, Orion Rd, Taraka, Lae

c) In October 2024, City Pharmacy entered into a K3.5m facility to assist in the capital expenditures planned to rebuild the damaged stores and fit-out new shops. The facility is to be repaid within 5 years of the drawdown, at an interest rate of 6.45% per annum.

d) Debt covenants

The loan agreement requires the Company to maintain certain covenants and ratios as follows:

Covenant	Assessment
a) Tangible net worth greater than K115 million or 90% of the previous year's consolidated tangible net worth	Group's TNW is K138.97M (90% previous year's consolidated TNW is K141.83M)
b) Fixed charge cover ratio of the Group is not less than 1.20:1	CPL is at 2.16 ratio
c) Fixed charge cover ratio of HHL is not less than 1.25:1	HHL is at 2.11 ratio
d) Gearing ratio of the Group is not more than 1.5:1	Group is at 0.44 ratio

The Company has not complied with covenant (a) as above due to significant assets write-off because of civil unrest and as a result the loan has been classified as a current liability.

14 INTEREST BEARING LOANS AND BORROWINGS *continued*

e) At 31 December 2024, the Group had available K11.8m (2022: K19.92m) of undrawn committed borrowing facilities.

15 TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Current				
Trade payables	82,244	106,569	62,215	76,763
Related party payables	-	-	5,138	5,688
Other payables	30,874	24,896	16,598	16,006
	113,118	**131,465**	**83,951**	**98,457**
Non-current				
Security bond	527	628	54	73
Total payables	**113,645**	**132,093**	**84,005**	**98,530**

Breakdown of other payables is as follows:

	Consolidated		Parent	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Contract liability	14,393	10,904	2,402	5,351
Withholding taxes	3,158	3,681	3,159	3,648
Accruals	10,242	8,437	8,284	5,486
Wages payable	204	154	171	163
Other accruals	2,877	1,720	2,582	1,358
Total other payables	**30,874**	**24,896**	**16,598**	**16,006**

Contract liabilities are recorded when consideration is received in advance of the delivery of goods or services. Reductions in the contract liability will be recorded upon satisfaction of the performance obligations.

Contract liabilities primarily relate to deferred revenue consisting of advanced payments from customer from hardware products and unredeemed loyalty points.

16 LEASES

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

Consolidated	Right-of-use assets - Buildings	Lease liabilities	Lease receivable
	K'000	K'000	K'000
As at 1 January 2023	**96,771**	**143,456**	**27,105**
Additions	14,097	16,434	621
Sub-lease	-	-	-
Modification	-	-	-
Depreciation	(21,893)	-	-
Lease termination			
Interest expense	-	10,696	-
Interest income	-	-	1,755
Collections from sublessee	-	-	(5,032)
Payment of lessee	-	(32,157)	-
As at 31 December 2023	**88,975**	**138,429**	**24,449**
Additions	13,167	13,167	-
Sub-lease	-	-	-
Modification	-		-
Depreciation	(24,408)		-
Lease termination	(1,868)	(2,277)	-
Interest expense	-	10,196	-
Interest income	-		1,635
Collections from sublessee	-		-
Payment of lessee	-	(36,369)	(5,662)
As at 31 December 2024	**75,886**	**123,146**	**20,422**

Parent	Right-of-use assets – Buildings	Lease liabilities	Lease receivable
	K'000	K'000	K'000
As at 1 January 2023	**68,156**	**101,238**	**14,951**
Additions	7,692	10,029	621
Sublease	-	-	-
Modification	-	-	-
Depreciation	(14,834)	-	-
Lease termination	-	-	-
Interest expense	-	7,621	-
Interest income	-	-	870
Collections from sublessee	-	-	(2,651)
Payment of lessee	-	(21,760)	-
As at 31 December 2023	**61,014**	**97,128**	**13,791**
Additions	12,134	12,134	-
Sublease	-	-	-
Modification	-	-	-
Depreciation	(15,496)	-	-
Lease termination	(1,868)	(2,276)	-
Interest expense	-	7,220	-
Interest income	-	-	757
Collections from sublessee	-	-	-
Payment of lessee/sublessee	-	(23,871)	(2,828)
As at 31 December 2024	**55,784**	**90,335**	**11,720**

16 LEASES *continued*

The following are amounts recognised in profit or loss:

Consolidated	2024 K'000	2023 K'000
Depreciation expense of right-of-use assets	(24,408)	(21,893)
Interest expense on lease liabilities	(10,196)	(10,696)
Interest income on lease receivables	1,636	1,755
Gain from lease termination	408	-
Expense relating to leases of low-value assets	100	(9,708)
Total amount recognised in profit or loss	**(32,461)**	**(40,542)**

Parent	2024 K'000	2023 K'000
Depreciation expense of right-of-use assets	(15,496)	(14,834)
Interest expense on lease liabilities	(7,220)	(7,621)
Interest income on lease receivables	757	870
Gain from lease termination	409	-
Expense relating to leases of low-value assets	(264)	(7,397)
Total amount recognised in profit or loss	**(21,815)**	**(28,982)**

The Group has accounted for its sub-lease arrangements as finance leases.

Refer to Note 7 for a reconciliation demonstrating the impact of IFRS 16 between Segment profit and Net profit.

(a) Classification of lease receivable and liability

	Consolidated		Parent	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Lease receivables				
Current	6,790	6,732	4,309	5,017
Non-current	13,632	17,717	7,411	8,774
Total lease receivables	**20,422**	**24,449**	**11,720**	**13,791**
Lease liabilities				
Current	35,741	25,979	28,304	16,578
Non-current	87,405	112,450	62,031	80,550
Total lease liabilities	**123,146**	**138,429**	**90,335**	**97,128**

17 PROVISIONS

	Consolidated		Parent	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Provision (Refer to 17a)	12,165	4,443	12,165	4,443
Employee provisions				
Wages Payable	897	261	747	295
Annual Leave	2,879	3,042	2,114	2,449
Employee bonus	261	1,075	(44)	558
Long service leave	2,264	2,255	1,832	1,992
Total Current Provisions	**18,466**	**11,076**	**16,814**	**9,737**
Non-current Provision				
Long service leave	**2,966**	**3,973**	**2,712**	**3,541**

17 PROVISIONS *continued*

17(a) In February 2023, the Company received the Internal Revenue Commission's (IRC) notice of completion of the Goods and Services Tax Audit and Final Position Paper for the period January 2016 to August 2019. The IRC has calculated a GST Liability of K11.2 million plus penalties. The Directors have reviewed the IRC's Final Position Paper, taken external tax advice and reviewed the processing of GST in the general ledger. As a result, the Directors have recognised a GST liability of K4.4m in the financial statements as at 31 December 2023 in relation to voluntary disclosures by the Company.

In September 2024, the Company received an objection determination letter from IRC in relation to the above matter. In its objection determination, the IRC substantially reiterated its position in respect of GST liabilities and penalties due. The Company remains of the position that the IRC has erred in its interpretation of applicable GST legislation and regulation. However, based on the latest developments, the Company updated its best estimate of the expenditure required to settle the dispute and increased the GST provision to K12.1m as of 31 December 2024. The Company continues to actively engage with the IRC and its external tax and legal advisors, however the outcome of the legal proceedings and potential financial impacts are unknown.

18 EQUITY

Share capital
In accordance with the provisions of the Companies Act 1997, the share capital does not have a par value. The Board of Directors of the Group, in line with the provisions of the constitution, may issue shares at its discretion.

The total number of shares issued as at 31 December 2024 is 206,277,911 (2023: 206,277,911).

Earnings per Share
Basic EPS is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic EPS calculations:

	Consolidated	
	2024	**2023**
	K'000	**K'000**
Profit (loss) attributable for basic and diluted earnings	(8,905)	5,839
Weighted average number of shares for basic and diluted EPS	206,278	206,278
Earnings (loss) per share - basic and diluted (toea per share)	**(4.32)**	**2.83**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

The Group and Parent Company's revaluation reserve amounted to K13.81m for both year-ended 31 December 2024 and 2023. The property revaluation reserve arises on the revaluation of land and buildings. When the revalued land and buildings are sold, the portion of the property revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the property revaluation reserve will not be reclassified subsequently to profit or loss.

18 EQUITY *continued*

Foreign currency translation reserve

	Consolidated	
	2024	2023
	K'000	K'000
Balance at beginning of year	1,448	508
Exchange differences arising on translating the foreign operations	(261)	940
Balance at end of year	**1,187**	**1,448**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (PNG Kina) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations) are reclassified upon disposal of foreign operations.

Retained earnings and dividend on equity instruments

	Consolidated		Parent	
	2024	2023	2024	2023
	K'000	K'000	K'000	K'000
Retained earnings	80,330	89,235	59,091	68,938
Balance at beginning of year	89,235	93,710	68,938	75,513
Profit attributable to the owners of the Company	(8,905)	5,839	(9,847)	3,739
Dividends declared	-	(10,314)	-	(10,314)
Balance at end of year	**80,330**	**89,235**	**59,091**	**68,938**

Dividends declared and paid
There were no dividends declared in 2024 (2023: 5.00 toea per share).

Dividends declared and paid through subsidiary
There were dividends declared and paid to Non-Controlling interest from Pharmacy Wholesalers Limited, subsidiary, amounting to PGK 214k (2023: nil).

19 RELATED PARTY TRANSACTIONS

Related parties are considered to be enterprises or individuals with whom the Company and the Group is especially related because either they or the Company are in a position to significantly influence the outcome of transactions entered into with the Company and the Group, by virtue of being able to control, dominate or participate in a fiduciary capacity in decision making functions or processes. A number of transactions are entered into with these related parties in the normal course of business. These transactions are carried out on commercial terms and market rates.

a) Transactions with Subsidiaries and Joint Ventures

- The Company provides administration assistance to Hardware Haus Limited (HHL), a wholly owned subsidiary. Management fees billed to HHL for the year is K 1.2m (2023: K1.2m). The Company also has commercial transactions with HHL. The Company's total sales to HHL in 2024 is K578k (2023: K175k) while purchases is K3.2m (2023: K2.1m). As at 31 December 2023, the Company has receivable from HHL of K4.6m (2023: K9.2m) while payable of K1.1m (2023: 2.8m).

- The Company has transactions with Pharmacy Wholesalers Pty. Ltd. 'PWL', a subsidiary, based on commercial arrangements. The Company's purchases from PWL in 2024 is K10.5m (2023: K11.3m). The Company has a payable to Pharmacy Wholesalers of K4.0m (2023: K3.9m).

- The Company provides administration assistance to Paradise Cinema (PNG) Limited, a wholly owned subsidiary. As at 31 December 2024, the Company has a receivable from Paradise Cinema of K647k (2023: K272k).

- The Company provides administration assistance to Jack's of PNG Limited, a joint venture. Management fees billed to Jack's for 2024 is K100k (2023: K100k). There are also commercial transactions between the Company and Jack's. The Company's purchases from Jack's during the year is K 510k (2023: K282k). As at 31 December 2024, the Company has receivable from Jack's of K459k (2023: 317k) while payable of K135k (2023: payable K305k).

- The Company provides administration assistance to DFS (PNG) Limited, a joint venture. There are also commercial transactions between the Company and DFS. The Company's total sales to DFS in 2023 is K85k (2023: K63k), while purchases from DFS is K 400k (2023: K838k). As at 31 December 2024, CPL has receivable from DFS of K559k (2023: K573k) while payable of K103k (2023: K76k).

19 RELATED PARTY TRANSACTIONS *continued*

b) Remuneration of the Directors and key management officers

The total remuneration paid to Directors and key management for 2024 is K6.7m (2023: K8.68m) and consisted of fixed directors' fees, salaries and fees and non-monetary benefits (i.e. accommodation and motor vehicle), as follows:

	2024 K'000	2023 K'000
Short-term employment benefits	6,713	8,683

In the current year, the Company does not have post-employment benefits, other long-term benefits and termination benefits for its directors and employee.

Remuneration of Directors

	2024 K'000	2023 K'000
Stanley Thomas Joyce	200	200
Sir Mahesh Patel, OBE	150	150
Siang Kee Lim (appointed 15 August 2024)	588	-
Mary Handen	100	100
Aru Chellappan	100	100
Eunice Parua	100	100
Edward Hamilton Ruha	100	100
Stephanie Jane Copus Campbell	100	100
Flaire Namaliu (appointed 18 February 2025)	35	-

Interest Register

Name of Director	Interest/Position	Name of entity/ individual
Stanley Thomas Joyce	Chairman	South Pacific Brewery Limited
	Director	NGIP Agmark Limited
	Chairman	Mainland Holdings Limited
	Chairman	Westpac Bank PNG Limited
Sir Mahesh Patel, OBE	Shareholder	Manu Nominees Pty. Limited, Australia
	Director/Shareholder	Amar Business Holding Pte Ltd, Singapore
	Director	Hardware Haus Ltd.
	Director	Jacks's of PNG, Ltd.
	Director	DFS (PNG) Ltd.
	Related to Director	U.S. All American ENT. Inc., USA
Mary Handen	Director/Shareholder	KBS Network Limited
	Director/Shareholder	Jedjays Limited
Eunice Parua	Director	LLLS Services Limited
	Director	First Investment Finance Limited
	Member	PNG Law Society Council
Siang Kee Lim	Director	Fairdeal management Limited
	Director	Business Council of PNG
Flare Namaliu	Proprietor	Digital Transformative Partner

19 RELATED PARTY TRANSACTIONS *continued*

Shareholdings of Directors and Related Parties

Related Party	No. of Shares in the Company	% Holding
Sir Mahesh Patel & Lady Usha Patel	25,148,051	12.19%
Amar Business Holdings Pte Limited, Singapore	21,280,712	10.32%
Sir Mahesh Patel	9,842,395	4.77%
Ajay Patel	5,096,319	2.47%
Nikhil Patel	4,864,219	2.36%
Manu Nominees Pty. Limited, Australia	3,000,000	1.45%

Remuneration of employees

Below table shows number of employees with remuneration above K100k.

K'000	2024	2023	K'000	2024	2023	K'000	2024	2023	K'000	2024	2023
100 - 110	7	13	431 - 440	2	-	761 - 770	-	-	1091 - 1100	-	-
111 - 120	5	32	441 - 450	-	1	771 - 780	-	-	1101 - 1110	-	-
121 - 130	17	12	451 - 460	1	1	781 - 790	-	-	1111 - 1120	-	-
131 - 140	3	4	461 - 470	-	1	791 - 800	-	1	1121 - 1130	-	-
141 - 150	5	7	471 - 480	-	-	801 - 810	-	-	1131 - 1140	-	-
151 - 160	2	4	481 - 490	-	-	811 - 820	-	-	1141 - 1150	-	-
161 - 170	3	6	491 - 500	-	-	821 - 830	-	-	1151 - 1160	-	-
171 - 180	4	4	501 - 510	-	-	831 - 840	-	-	1161 - 1170	-	-
181 - 190	6	5	511 - 520	-	-	841 - 850	-	-	1171 - 1180	-	-
191 - 200	7	2	521 - 530	-	-	851 - 860	-	-	1181 - 1190	-	-
201 - 210	4	3	531 - 540	-	-	861 - 870	-	-	1191 - 1200	-	-
211 - 220	3	2	541 - 550	-	1	871 - 880	-	-	1201 - 1210	-	-
221 - 230	1	1	551 - 560	-	-	881 - 890	-	-	1211 - 1220	-	-
231 - 240	2	1	561 - 570	-	-	891 - 900	-	-	1221 - 1230	-	-
241 - 250	3	3	571 - 580	1	1	901 - 910	-	-	1231 - 1240	-	-
251 - 260	-	1	581 - 590	-	-	911 - 920	-	1	1241 - 1250	-	-
261 - 270	1	1	591 - 600	1	-	921 - 930	1	-	1251 - 1260	-	-
271 - 280	1	-	601 - 610	-	-	931 - 940	-	-	1261 - 1270	-	-
281 - 290	1	1	611 - 620	-	-	941 - 950	-	1	1271 - 1280	-	-
291 - 300	1	2	621 - 630	-	-	951 - 960	-	-	1281 - 1290	-	-
301 - 310	2	2	631 - 640	1	-	961 - 970	-	-	1291 - 1300	-	-
311 - 320	-	-	641 - 650	-	1	971 - 980	-	-	1301 - 1310	-	-
321 - 330	1	1	651 - 660	-	-	981 - 990	-	-	1311 - 1320	-	-
331 - 340	1	-	661 - 670	-	-	991 - 1000	-	-	1321 - 1330	-	-
341 - 350	-	2	671 - 680	-	-	1001 - 1010	-	-	1331 - 1340	-	-
351 - 360	-	2	681 - 690	-	-	1011 - 1020	-	-	1341 - 1350	-	-
361 - 370	1	2	691 - 700	-	-	1021 - 1030	-	-	1351 - 1360	-	-
371 - 380	1	4	701 - 710	-	-	1031 - 1040	-	-	1361 - 1370	-	-
381 - 390	3	2	711 - 720	-	-	1041 - 1050	-	-	1371 - 1380	-	-
391 - 400	1	1	721 - 730	-	-	1051 - 1060	-	-	1381 - 1390	-	-
401 - 410	2	-	731 - 740	-	1	1061 - 1070	-	-	1391 - 1400	-	1
411 - 420	-	1	741 - 750	-	-	1071 - 1080	-	-			
421 - 430	-	-	751 - 760	1	-	1081 - 1090	-	-	Total	96	132

20 FINANCIAL INFORMATION

The Group's activities expose it to a variety of financial risks, including the effects of changes in market prices and interest rates. The Group monitors these financial risks and seeks to minimize the potential adverse effects on the financial performance of the Group. The Group does not use any derivative financial instruments to hedge these exposures.

a) Fair Value

The face values for financial assets and liabilities approximate their fair values.

b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit. The maximum exposure to credit risk is represented by the gross amount before ECL of each financial asset in the balance sheet.

	Consolidated		**Parent**	
	2024 K'000	**2023 K'000**	**2024 K'000**	**2023 K'000**
Cash at bank	8,612	9,699	4,930	6,819
Trade receivables	31,621	33,792	26,086	22,677
Related party receivables	124	86	780	4,898
Lease receivable	20,422	24,449	11,720	13,791
	60,779	**74,329**	**43,516**	**59,713**

Management expects all accountable parties to meet its obligations.

c) Foreign exchange risk

The Group's foreign currency risk arises on account of transactions with suppliers. Due to current BPNG regulations, management is unable to fully mitigate against foreign exchange fluctuations, and foreign currency is only available upon providing the appropriate documents to the bank.

d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Group	**On demand**	**0-3 Months**	**3 Months – 1 Year**	**Due more than a year**
2024	**K'000**	**K'000**	**K'000**	**K'000**
Trade payables	113,118	-	-	-
Bank overdraft	1,361	-	-	-
Borrowings	18,035	-	-	-
Lease liabilities	-	12,657	24,030	114,423
	132,514	**12,657**	**24,030**	**114,423**

20 FINANCIAL INFORMATION *continued*

Group	On demand	0-3 Months	3 Months – 1 Year	Due more than a year
2023	K'000	K'000	K'000	K'000
Trade payables	106,569	-	-	-
Bank overdraft	6,145	-	-	-
Borrowings	-	-	2,174	17,092
Lease liabilities	-	8,927	26,530	134,079
	112,714	**8,927**	**28,704**	**151,171**

Parent Company	On demand	0-3 Months	3 Months – 1 Year	Due more than a year
2024	K'000	K'000	K'000	K'000
Trade and related party payables	83,951	-	-	-
Bank overdraft	1,361	-	-	-
Borrowings	18,035	-	-	-
Lease liabilities	-	8,410	15,410	89,478
	103,347	**8,410**	**15,410**	**89,478**

Parent Company	On demand	0-3 Months	3 Months – 1 Year	Due more than a year
2023	K'000	K'000	K'000	K'000
Trade and related party payables	98,457	-	-	-
Bank overdraft	3,769	-	-	-
Borrowings	-	-	2,174	17,092
Lease liabilities	-	6,019	17,683	100,480
	102,2260	**6,019**	**19,857**	**117,572**

The Group regularly reviews its short, medium and long-term funding requirements. The policy requires that sufficient committed funds are available to meet medium term requirements, with flexibility and headroom in the event a strategic opportunity should arise.

e) Interest risk

The Group monitors the interest rate exposure on a regular basis and has no current exposure to variable interest rates on its financial assets and liabilities. However, the Group is restricted in its ability to mitigate the risks associated with interest rate movements.

f) Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the long term, however, permanent changes in foreign exchange and interest rates would have a material impact on consolidated earnings.

At 31 December 2024 and 2023, a general increase of one percentage point in interest rates or one percentage point in the value of the Kina against other foreign currencies would not have a significant impact on the Group's profit.

20 FINANCIAL INFORMATION *continued*

g) Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, lease liability, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

The Group's policy is to keep the gearing ratio between 20% and 40%. The Company's gearing ratio increased at year-end 2023 due to several significant challenges encountered throughout the year. These challenges included disruptions to the banking system, global economic downturns and major internal IT outage resulting in data loss and business interruption. These events impacted the Company's financial performance and contributed to the higher gearing ratio. The civil unrest that occurred on January 10th, 2024 (as detailed in Note 23) is expected to further impact the gearing ratio in the short term. The Company anticipates the ratio exceeding 40% at least until the half-year of 2024. Despite these challenges, the Company remains confident in its ability to meet all financial covenants.

Gearing Ratio

As at year end, the ratio was as follows:

	Consolidated	
	2024	**2023**
	K'000	**K'000**
Interest-bearing loans and borrowings	19,396	22,103
Trade and other payables	113,646	132,093
Less: cash and short-term deposits	(8,612)	(9,699)
Net debt	**124,430**	**144,497**
Equity (i)	166,192	175,358
Capital and net debt	**290,622**	**319,855**
Gearing ratio	**43%**	**45%**

(i) Equity includes all capital and reserves of the Group that are managed as capital.

To achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

21 COMMITMENTS AND CONTINGENCIES

Commitments

Future financial charges is K3,396 (2023: K3,308k) in relation to the bank loans from the Westpac Bank PNG Limited.

Contingencies

a) The Company has a credit facility of K19,750k (2023: K19,750k) for Multi - Option Facilities which includes documentary letters of credit from Westpac Bank PNG Limited.

b) The Company has guaranteed the Hardware Haus Limited multi-option and fully drawn loan facilities from Westpac Bank PNG Limited. The guarantee is supported by a mortgage of the Company property.

22 REMUNERATION OF AUDITOR

	Consolidated		Parent	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Financial statement audits	519	525	299	263
	519	**525**	**299**	**263**

23 SUBSEQUENT EVENTS

The Directors are of the opinion that no material or unusual items, transactions, or events took place between the financial year's end and this report's date that would significantly affect the Group's operations or its financial affairs.

Ernst & Young
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Cuthbertson St, Port Moresby
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National Capital District Papua New Guinea

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Independent auditor's report to the members of City Pharmacy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of City Pharmacy Limited (the Company) and its subsidiaries (collectively the Group), which comprises:

- ► The Group consolidated and Company statements of financial position as at 31 December 2024;
- ► The Group consolidated and Company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- ► Notes to the financial statements, including material accounting policy information; and
- ► The director's declaration.

In our opinion, the accompanying financial report is in accordance with the Companies Act 1997, including:

a. Giving a true and fair view of the Company's and the Group's financial position as at 31 December 2024 and of their financial performance for the year ended on that date; and

b. Complying with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Group in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Papua New Guinea. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 2.3 of the financial statements, which describes the principal conditions that raise doubt about the Company's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial report section of our report, including i n relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

Inventory Existence

Why significant	How our audit addressed the key audit matter
At 31 December 2024, the Group held inventories of PGK130,282,061 which represents 30%of the Group’s total assets as disclosed in Note 10. As one of the most significant balances on the Consolidated statement of financial position, the Group’s inventory verification process is extensive and occurs routinely throughout the financial year. The inventory is held at multiple locations around Papua New Guinea and Australia at retail stores and warehouses. Due to the size of the inventory balance and the dispersed nature of the inventory, this was considered a key audit matter. The Group accounts for inventories in accordance with the policy disclosed in Note 2.4g.	Our audit procedures included the following: ▶ Assessed the effectiveness of key controls relevant to the conduct of physical stocktakes, the review and investigation of stocktake variances, and the approval of adjustments made to stock quantities. ▶ We attended 30 stocktakes conducted at stores and warehouses across Papua New Guinea and Australia during the year and at or around 31 December 2024. ▶ For stocktakes at the retail stores and warehouses, we observed compliance with the stocktake instructions (including the suspension of inventory movements during the stocktake process) and selected a sample of items to re-count to assess the accuracy of the counts performed by the Group. ▶ Where stocktakes were completed prior to or after the balance sheet date, we performed an inventory movement analysis and on a sample basis obtained evidence of changes in inventory quantities between stock-take date and year end. ▶ We performed analytical procedures over inventory loss and gross margin for the 2024 financial year and assessed cumulatively whether our audit procedures provided any contrary evidence as to the existence of the Group’s inventory. We also assessed the adequacy and appropriateness of the disclosures included in the Notes to the financial statements.

Information other than the financial report and auditor’s report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company’s 2024 annual report, but does not include the financial report and our auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Accounting Standards and the Companies Act 1997 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the International Auditing Standards 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 this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, 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 or the Group's 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 or Group'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 report 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 Company or the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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 Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter 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.

Report on other legal and regulatory requirements

The Papua New Guinea Companies Act 1997 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

a) In our opinion proper accounting records have been kept by the Company, so far as appears from our examination of those records; and

b) we have obtained all the information and explanations we have required.

Ernst & Young

Matthew Savage
Partner
Registered under the Accountants Act 1996
Port Moresby

04 April 2025

City Pharmacy Limited is listed on Port Moresby Stock Exchange (PNGX) in a compliance listing 20 February 2002.

Top Shareholding

Shareholder	No. of Shares	Percentage
National Superannuation Fund	34,579,566	16.76%
Mahesh Patel & Usha Patel	25,148,051	12.19%
Nambawan Super Limited	23,660,343	11.47%
Amar Business Holdings Pte. Ltd.	21,280,712	10.32%
Almana Holdings Pte. Ltd.	17,000,000	8.24%
New World Limited	13,887,857	6.73%
Mrl Capital Limited	10,325,510	5.01%
Mahesh Patel	9,842,395	4.77%
Ajay Patel	5,096,319	2.47%
Nikhil Patel	4,864,219	2.36%
Rolex Investments Limited	4,134,241	2.00%
Manu Nominees Pty Limited	3,000,000	1.45%
Real Genius Investments	2,737,773	1.33%
Capital Nominees Limited	2,718,059	1.32%
Even Stronger Investments Limited	2,700,269	1.31%
Comrade Trustee Services Limited	2,576,921	1.25%
Mineral Resources Star Mountains Limited	2,500,000	1.21%
Mineral Resources Ok Tedi No 2 Limited	2,500,000	1.21%
RMP Capital Partners Pte. Ltd.	2,061,317	1.00%
Credit Corporation (PNG) Limited	1,890,912	0.92%
Others*	13,773,447	6.68%
Total	206,277,911	100.00%

*729 other shareholders hold less than 1,000,000 shares in total

Shareholding Bands

Shareholders	No. of Shareholders	No. of Shares
1 - 1000	167	103,053
1,001 - 5,000	447	1,080,238
5,001 - 10,000	45	314,286
10,001 - 100,000	46	1,332,134
100,001 and above	48	203,448,200
Total	**753**	**206,277,911**

CITY PHARMACY LIMITED AND SUBSIDIARY COMPANIES
STOCK EXCHANGE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2024

	2020	2021	2022	2023	2024
Statement of Comprehensive Income					
Turnover	592,779	579,633	606,082	574,922	500,548
Operating Profit/(loss) before tax	12,977	15,669	16,431	8,692	-17,871
Operating Profit/(loss) after tax attributable to the Group	14,543	14,237	15,539	6,002	-8,760
Dividends proposed	6,188	8,251	10,314	-	-
Shares on issue (number)	206,277,911	206,277,911	206,277,911	206,277,911	206,277,911
Dividends proposed per share (Kina)	3 toea	4 toea	5 toea	0 toea	0 toea

Amounts in PGK'000

	2020	2021	2022	2023	2024
Statement of Financial Position					
Shareholders' Funds	162,533	169,776	178,893	175,358	166,192
Inventories	85,667	103,198	113,831	156,941	130,278
Other assets	360,313	360,278	326,319	327,773	315,146
Borrowings	12,457	21,125	18,625	15,958	18,035
Other liabilities	269,973	271,435	241,114	291716	259,584
Current Ratio	1.7	1.58	1.46	1.37	1.15
Debt to Net worth	8%	12%	10%	9%	11%
Net asset backing per Share (Kina)	0.77	0.80	0.85	0.83	0.79
Net Profit Margin	2.45%	2.46%	2.56%	1.04%	-1.75%
Net Profit to Equity	8.95%	8.39%	8.69%	3.42%	-5.27%
Earnings per Share (Toea)	7.05	6.9	7.53	2.83	-4.32

Corporate Governance Statement

The Board of Directors conducts the affairs of the Company in accordance with best practices to achieve a high standard of governance. It sets the strategic decision of the Company and continually review management performance. Transparent reporting procedures are in place for all Company activities.

Composition of the Board

The Board is made up of 1 non-executive director, 2 executive directors and 6 independent directors. One-third (1/3) of the directors retire on a rotational basis in accordance with the Company's constitution (para. 38(4)). Retiring directors may be eligible for re-election by the shareholders at the Company's Annual General Meeting. The Chairman is responsible for reviewing the Board's membership following consultation with existing Board members.

Staff Appointment and Remuneration

Officers and staff remuneration is handled by the Remuneration Committee, headed by Mr. Aru Chellappan and Ms. Mary Handen. Company performance is assessed to determine the compensation of senior management staff and the directors themselves.

Risk Management

The Risk Committee oversees the risk management policies and practices of the Group, led by Ms. Stephanie Copus-Campbell, and supported by Ms. Eunice Parua and Ms. Flare Namaliu. The Committee ensures that there are policies in place to identify, measure and mitigate the risks faced by the Group, and that these policies are in line with the Company's risk appetite.

Financial Reporting, Internal Control and Compliance

The Audit Committee, led by Mr. Edward Ruha and supported by Mr. Aru Chellappan, plays a critical role in safeguarding the Group's financial stability. They achieve this by overseeing the financial reporting process, ensuring the effectiveness of internal controls, and guaranteeing the Group's compliance with relevant rules and regulations.

Access to Professional Advice

Directors are entitled to seek independent legal advice on their duties at the Company's expense, provided that they seek prior approval of the Chairman.

2024 ANNUAL REPORT

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