17 March 2025

Ms. Elizabeth Wamsa
General Manager
PNGX Markets
Monian Tower, Office 2, Level 1,
Douglas Street, Port Moresby.
P.O Box 1531,
Port Moresby 121, Papua New Guinea

By Electronic Lodgement

Dear Ms. Wamsa,

RE: City Pharmacy Limited – Appendix 5C- Preliminary Financial Report FY24

In accordance with the PNGX Listing Rules, City Pharmacy Limited **(PNGX: CPL)** provides to PNGX for release to the market, its Appendix 5C Preliminary Financial Report for 31 December 2024.

Sincerely,

City Pharmacy Limited

Mohanraj Natarajan
General Manager – Finance and Administration

Enclosure

1. Appendix 5C

CPL GROUP

SINCE 1987

CITY PHARMACY LIMITED
AND SUBSIDIARY COMPANIES

APPENDIX 5C

PRELIMINARY FINANCIAL REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2024

1. REPORTING PERIOD

Reporting period-twelve months ended	31st December 2024
Previous corresponding period-twelve months ended	31st December 2023

2. THE DIRECTORS

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

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

3. CHAIRMAN'S STATEMENT

The completely senseless and unnecessary mass looting and subsequent fires of January 10th 2024, resulted in the loss of 3 stores in Port Moresby and a 12.7% drop in Group revenue to K501.7 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 the 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.

Profit after tax was a loss of K8.4M, which is below our mid-year estimate reflecting ongoing challenging trading and economic 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 in mid 2025.

Despite that annualised loss of K75m sales from the 3 Stop and Shop stores closed in January, we were able to open 2 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 the previous year.

Due to improvements in Working Capital Management, we were able to deliver 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.

4. PRELIMINARY FINANCIAL REPORT

Name of entity

CITY PHARMACY LIMITED

Company No:

1-11575	**31 DECEMBER 2024**

Results for announcement to the market

			2024 K'000	**2023 K'000**
Revenue from ordinary operations	↓	**12.7%**	**501,650**	**574,922**
Profit (loss) from ordinary operations after tax	↓	**224.0%**	**(8,607)**	**6,942**
Profit (loss) after tax attributable to shareholders	↓	**229.1%**	**(8,752)**	**6,779**

Dividends (distribution)	**Amount per security**
Final Dividend – 2023	N/A
Interim Dividend – 2024	N/A

Record date for determining entitlements to the interim dividends: Not Applicable

5. Overview

The CPL Group is Papua New Guinea's (PNG) largest retailing network compromising of six strong retail brands with City Pharmacy, Stop N Shop, Bon Cafe, Hardware Haus, Jacks of PNG and Prouds. The company operates more than 75 retail outlets right across Papua New Guinea.

City Pharmacy generates revenue primarily from its principal activities:
(1) Wholesale and retail of supermarket goods, bakery and pharmaceutical products;
(2) Supply, installation and maintenance of the medical laboratory equipment; and
(3) Wholesale and retail of hardware products.

In addition, the Group is also generating income from the joint ventures whose principal activities comprise the sale of:
(1) Retail clothing, and
(2) Duty free products.

Significant Events

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 inventory worth K15.63m for the Group and loss of fixed assets with written down value of K5.0 million.

The Group applied for the Business Recovery Support Program from the Department of Prime Minister and National Executive Council amounting to K47.9m, to aid us in recovering from the losses we suffered. As of 31 December 2024, the Group received financial assistance of K18.9m from the government to recover the losses incurred from the damaged inventory and debris cleaning (K16.2m), and wages support (K2.7m).

Going Concern

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.

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 at 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 K4.0m 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.

6. FINANCIAL SUMMARY

6.1 Consolidated Statement of Comprehensive Income

	2024 K'000	2023 K'000
Revenue from Contract with Customers	501,650	574,922
Cost of sales	(337,334)	(388,281)
Gross profit	**164,316**	**186,641**
Distribution expenses	(8,694)	(9,773)
Marketing expenses	(4,629)	(4,981)
Administration expenses	(129,261)	(129,190)
Finance expense	(15,646)	(12,446)
Finance income	1,667	1,762
Depreciation expense	(36,444)	(38,963)
Other income	5,724	7,794
Foreign exchange gains	1,158	3,458
Total Expenses	(186,125)	(182,339)
Share of profit from joint ventures	3,891	4,390
(Loss)/Profit before income tax expense	**(17,918)**	**8,692**
Income tax benefit/(expense)	9,572	(2,690)
(Loss)/Profit for the period after income tax	**(8,346)**	**6,002**
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	-	-
Total comprehensive (loss)/income for the period	**(8,607)**	**6,942**
(Loss)/Profit for the period is attributed to:		
Owners of the parent	(8,491)	5,839
Non-controlling interest	145	163
	(8,346)	**6,002**
Total Comprehensive (loss)/income for the period is attributed to:		
Owners of the parent	(8,752)	6,779
Non-controlling interest	145	163
	(8,607)	**6,942**
Earnings per share - basic and diluted (toea per share)	**(4.05)**	**2.91**

6.2 Consolidated Statement of Financial Position

	2024 K'000	2023 K'000
ASSETS		
Cash and cash equivalents	8,612	9,699
Trade and other receivables	60,947	55,642
Lease receivable	6,790	6,732
Income tax receivable	2,858	3,491
Inventories	130,278	156,941
Prepayments	5,136	8,826
Total Current Asset	**214,621**	**241,331**
Related party receivables	124	86
Lease receivable	13,632	17,717
Property, plant and equipment	97,589	105,113
Right of use asset	75,901	88,975
Investment in Subsidiaries	-	-
Investment in Joint Ventures	14,555	12,043
Deferred tax assets, net	24,674	14,624
Goodwill	4,825	4,825
Total Non-Current Asset	**231,300**	**243,383**
TOTAL ASSETS	**445,921**	**484,714**
LIABILITIES		
Borrowings	3,162	1,154
Bank overdraft	1,361	6,145
Trade and other payables	113,120	131,465
Lease Liabilities	35,922	25,979
Provisions	18,466	11,076
Total Current Liabilities	**172,031**	**175,819**
Borrowings	14,873	14,804
Other payables	527	628
Lease liabilities	87,305	112,450
Provisions	2,966	3,973
Total Non-Current Liabilities	**105,671**	**131,855**
TOTAL LIABILITES	**277,702**	**307,674**
NET ASSETS	**168,219**	**177,040**
SHAREHOLDERS' EQUITY		
Issued capital	70,867	70,867
Reserves	13,808	13,808
Other reserve	1,187	1,448
Retained earnings	80,530	89,235
Equity attributable to owners of the Parent	**166,392**	**175,358**
Non – controlling interest	1,827	1,682
TOTAL SHAREHOLDERS' EQUITY	**168,219**	**177,040**

6.3 Consolidated Statement of Changes in Equity

Group	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
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	-	(8,491)	-	-	(8,491)	145	(8,346)
Other comprehensive income:							
Translation difference	-	-	-	(261)	(261)	-	(261)
Revaluation reserve	-	-	-			-	
Total comprehensive income for the year	**-**	**(8,491)**		**(261)**	**(8,752)**	**145**	**(8,607)**
Dividends declared	-	(214)	-	-	(214)	-	(214)
Balance at 31 December 2024	**70,867**	**80,530**	**13,808**	**1,187**	**166,392**	**1,827**	**168,219**

6.4 Consolidated Statement of Cash Flows

	2024 K'000	2023 K'000
Operating Activities		
Cash receipts from customers	509,040	565,041
Cash paid to suppliers and employees	(462,472)	(521,866)
Cash receipts from lessees	4,027	2,657
Cash payments from low value and short-term leases	(102)	(9,708)
Cash generated from operations	50,493	36,124
Interest paid from borrowings	(1,865)	(2,040)
Interest paid from lease liabilities	(9,989)	(10,393)
Interest received	1,667	1,762
Income tax paid	156	(3,866)
Cash generated by operating activities	**40,462**	**21,587**
Investing Activities		
Dividend received	2,450	3,941
Proceeds from sale of equipment	412	6,826
Purchase of plant and equipment	(10,047)	(11,032)
Cash utilised by investing activities	**(7,185)**	**(265)**
Financing Activities		
Payment of borrowings	(4,067)	(2,667)
Repayment of lease liabilities	(26,129)	(18,775)
Receipt/(Payment) of rental bonds	(19)	-
Receipts/(Payment) from related parties	(5,296)	578
Dividend payment	(214)	(10,314)
Cash utilised by financing activities	**(35,725)**	**(31,178)**
Net decrease in Cash and cash equivalents	**(2,448)**	**(9,856)**
Cash and cash equivalents at beginning of the period	9,699	13,410
Cash and cash equivalents at end of the period	**7,251**	**3,554**

6.5 Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

	Dec 2024 K'000	Dec 2023 K'000
Cash on hand and at bank, term deposit	8,612	9,669
Bank overdraft	(1,361)	(6,145)
Total cash at end of period	7,251	3,554

7. OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS

7.1 Ratios	**December 2024 K'000**	**December 2023 K'000**
Profit (loss) before tax / revenue Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	(17,918) / 501,650 = (3.57%)	8,692 / 574,922 = 1.51%
Profit (loss) after tax /equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarity attributable) at the end of period	(8,491) / 166,392 = (5.1%)	5,839 / 175,358 = 3.33%

7.2 Earnings (Loss) Per security (EPS)	**December 2024**	**December 2023**
Calculated of the following in accordance with IAS 33: Earning per share		
(a) Basic EPS	(4.05t)	2.91t
(b) Diluted EPS (if materially different from (a)	(4.05t)	2.91t
(c) Weighted average number of ordinary shares outstanding during the period use in the calculation of the Basic EPS	206,277,911	206,277,911

8. Net Tangible Asset (NTA) Backing

Net tangible asset backing is determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interests etc.).

NTA Backing	December 2024	December 2023
Net tangible asset backing per ordinary security	K 0.79	K 0.83

9. Equity accounted associated entities and other material interests.

a) Investment in associated entities	December 2024	December 2023
Statutory carrying value of investment associated entities (SCV)	**14,555**	**12,043**
Share of associated entities retained profits and reserve not included (SCV)	-	-
Retained profits (losses)	-	-
Reserve	-	-
Equity carrying value of investments.	**14,555**	**12,043**

b) Material interest in entities which are not controlled entities.

Name of Entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to operational profit (loss) and extraordinary items after tax	
Equity accounted associated entities	December 2024	December 2023	December 2024	December 2023
Jacks Retail (PNG) Limited	50%	50%	2,062	2,934
DFS (PNG) Limited	50%	50%	1,829	1,456

c) Details of entities over which control has been gained or lost during the period.

Current Period
There were no changes in ownership on non-controlled entities during the period.

Previous Period
There were no changes in ownership on non-controlled entities during the period.

10. Segment Reporting

The report below provides information on the industry and geographical segments of the company for the current period.

Segments	**Retail K'000**	**Wholesale & Tender K'000**	**Total K'000**
Operating Revenue			
Sales to customer outside the economic entity	**448,166**	**53,484**	**501,650**
Segment result (including abnormal item where relevant)	(20,251)	2,333	(17,918)
Consolidated operating profit/(loss) before tax (before equity accounting)	(20,251)	2,333	(17,918)
Segment asset (includes revaluation of fixed assets)	429,324	16,597	445,921
Total assets	**429,324**	**16,597**	**445,921**

11. Dividends

	Record Date	Date Payable/Paid	Amount per security
Dividends declared in 2024	**N/A**	N/A	N/A
Dividends declared in 2023	30th March 2023	30th May 2023	K0.05 toea

Details of any dividend or distribution reinvestment plans in operation, the record date and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

		Amount per *security
	(Preliminary final report only) Final dividend: 2024 2023	 0.00 toea 0.00 toea
	(Half yearly and preliminary final reports) Interim Dividend: 2024 2023	 N/A N/A

Total dividend (distribution) per security (*interim plus final)*

	December 2024	December 2023
Ordinary securities	K Nil	K Nil
Preference securities	K Nil	K Nil

Preliminary Final Report – interim dividend (*distribution*) on all securities

	December 2024	December 2023
Ordinary securities	Nil	Nil
Preference securities	-	-
Total	Nil	Nil

The dividend or distribution plans shown below are in operation.

Not Applicable

The last date(s) for receipt of election notice for the dividend or distribution plans.

-

Any other discussion in relation to dividends (distribution)

Not Applicable

12. Annual Meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	City Pharmacy Ltd., Lamana Hotel NCD, Port Moresby
Date next	13 June 2025
Time	10:00 am
Approximate date the +annual report will be available	23 May 2025

Compliance statement

1 This report has been prepared under accounting policies which comply with International Financial Reporting Standards approved by the Accounting Standards Board pursuant to the Companies Act 1997.

2 This report does give a true and fair view of the matters disclosed.

3 This report is based on financial statements to which one of the following applies.
(Tick one)

☐	The financial statements have been audited.	☐	The financial statements have been subject to review.
√	The financial statements are in the process of being audited or subject to review.	☐	The financial statements have *not* yet been audited or reviewed.

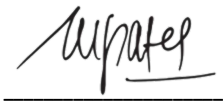
4 The entity has a formally constituted audit committee.

Signed in accordance with the resolution of the Directors.

For and behalf of the Board of Directors.

Director : Edward Ruha

Date: 17/03/2025



Director : Sir Mahesh Patel

Date: 17/03/2025