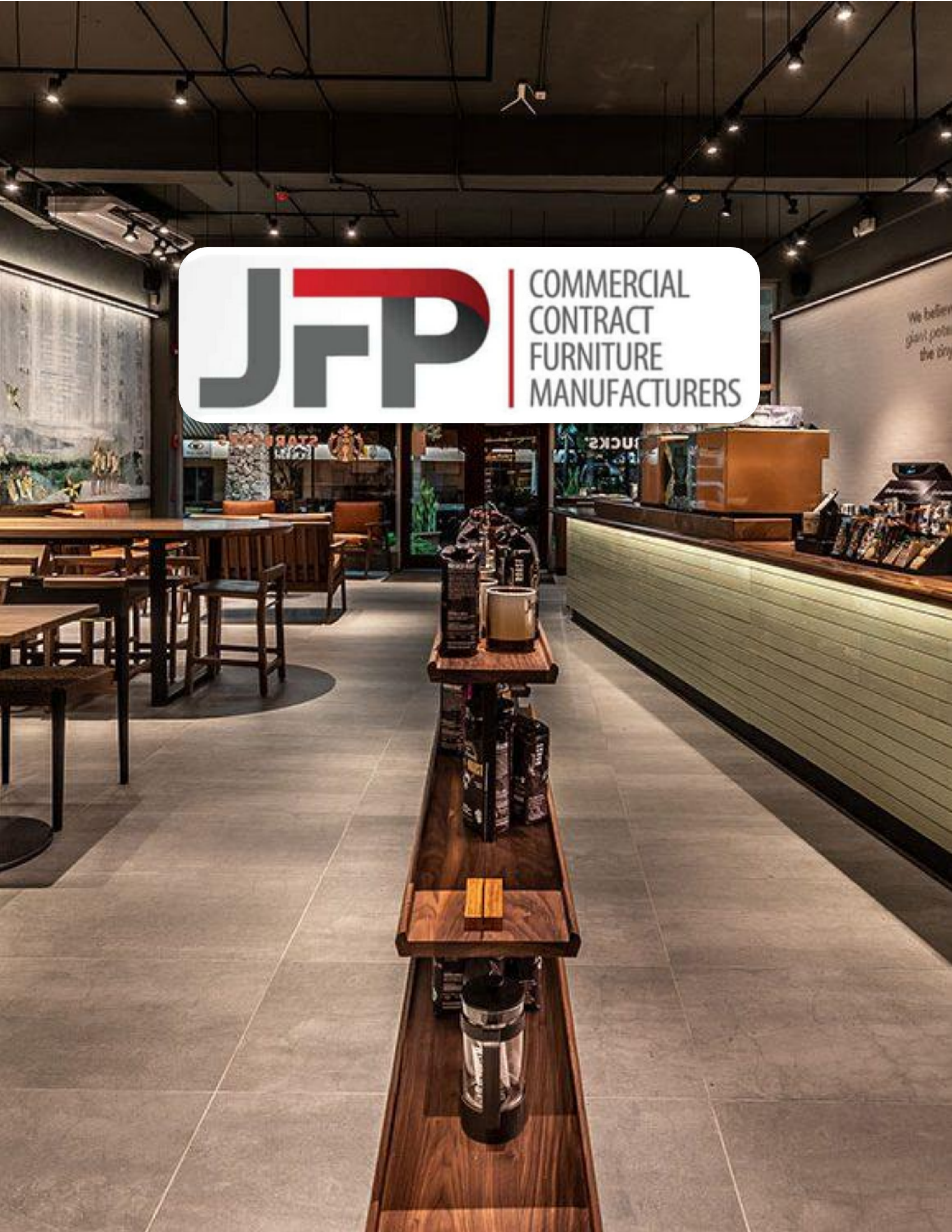
JFP

COMMERCIAL
CONTRACT
FURNITURE
MANUFACTURERS



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Independent Auditor's Report to the Members

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McKENLEY & ASSOCIATES
CHARTERED ACCOUNTANTS

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To the Members of
JFP Limited

Independent Auditor's Report

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of JFP Limited as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

What we have audited:

The Company's financial statements comprise:

- The statement of financial position as at 31 December 2024
- The statement of comprehensive income for the year then ended
- The statement of cash flows for the year then ended
- The statement of changes in equity for the year then ended
- The notes to the financial statements, which include a summary of significant accounting policies

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Audit scope

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Audit Committee members (those charged with Governance) but are not intended to represent all matters that were discussed with them. These matters are addressed in the context of our audit of the financial statements as a whole and informing our opinion thereon. We do not provide a separate opinion on these matters. During our work, we encountered no key audit matter that required disclosure.

Responsibilities of Management and the Board of Directors for the Financial Statements

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient 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 to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor’s Responsibility for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- We are not responsible for the direction, supervision, and performance of the Company. We remain solely responsible for our audit opinion.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosures 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.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report inclusive of the Director’s, Chairman of the Board and the Chief Executive Officer Reports but does not include the financial statements and the Auditor’s Report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wilfred McKenley.

McKenley & Associates

Chartered Accountants
Kingston Jamaica
18 March 2025

JFP Limited
Statement of Financial Position
31 December 2024

	Note	2024 $	2023 $
Non-current assets:			
Property, plant and equipment	9	82,704,498	78,087,635
Right-of-use assets	10	104,938,560	120,110,400
Investments	11	7,658,560	9,448,000
Deferred tax asset	12	12,239,125	12,239,125
Current assets:			
Inventories	13	95,952,651	116,654,207
Receivables	14	175,501,011	147,347,976
Taxation recoverable		1,950,183	1,950,183
Related party balances		1,662,948	8,305,111
Directors' current accounts	15	27,256	21,161,384
Cash and cash equivalents	16	37,911,011	46,915,795
		313,005,060	342,334,656
Current liabilities:			
Payables	17	312,167,525	245,624,907
Short term loans	18	19,364,116	-
Current portion - finance lease obligations	10	26,712,040	34,535,002
Current portion of long-term loans	18	5,043,832	3,818,605
		363,287,513	283,978,514
Net current (liabilities) / assets		(50,282,454)	58,356,142
		157,258,289	278,241,302
Shareholders' equity:			
Share capital	19	121,274,271	121,274,271
Fair Value Reserve	20	(2,741,440)	(952,000)
(Accumulated deficit) / retained earnings		(93,723,796)	13,096,311
		24,809,035	133,418,582
Non-current liabilities			
Long term loans	18	29,459,605	28,492,558
Lease liability	10	102,989,649	116,330,162
		157,258,289	278,241,302

Approved and signed on behalf of the Board of Directors on March 18,2025 by:

……………………………………… Director

……………………………………… Director

JFP Limited
Statement of Comprehensive Income
Year Ended 31 December 2024

	Note	2024 $	2023 $
Revenue	3	407,487,668	411,154,058
Cost of sales: direct expenses		(261,476,860)	(197,455,043)
Gross Profit		146,010,808	213,699,015
Other income, net	4	1,416,482	1,592,747
		147,427,290	215,291,762
Administrative expenses	5	229,646,088	241,419,746
Selling and distribution expenses	5	15,576,024	9,351,576
		245,222,112	250,771,322
Operating loss		(97,794,822)	(35,479,561)
Finance income	6	14,383	12,919
Finance costs	6	(19,305,132)	(22,545,823)
		(19,290,749)	(22,532,904)
Operating loss before taxation		(117,085,571)	(58,012,465)
Taxation	8	-	-
Net loss:		(117,085,571)	(58,012,465)
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss on the re-measurements of financial assets at FVOCI.			
Fair value movement in investment	20	(1,789,440)	(952,0000)
Items that will not be subsequently reclassified to profit or loss, Interest waived by the Tax Authority.		10,265,465	-
Net loss being total comprehensive loss for the year		(108,609,546	(58,964,465)

-

		$	$
Earnings per share	22	(0.105)	(0.053)

JFP Limited
Statement of Cash Flows
Year Ended 31 December 2024

	2024 $	2023 $
Cash flows from operating activities:		
Net loss	(117,085,571)	(58,012,465)
Items not affecting cash resources:		
Depreciation	9,529,724	7,844,730
Amortization of leases	15,171,840	15,171,840
Interest income	(14,383)	(12,919)
Reversal of interest – Prior year adjustment	10,265,464	-
Loss on disposal of assets	-	56,947
Interest expense	16,931,788	14,009,003
	(65,201,135)	(20,942,865)
Changes in operating assets and liabilities:		
Inventories	20,701,555	(23,853,597)
Receivables	(28,153,035)	18,722,811
Payables	66,542,619	72,670,874
Related party balances	6,642,164	(6,115,573)
Directors current accounts	21,134,128	(9,625,838)
Taxation payable	-	(1,128,709)
	86,867,430	50,669,969
Cash provided by operating activities	21,666,295	29,727,104
Cash flows from investing activities		
Purchase of property, plant, and equipment	(14,146,588)	(39,584,126)
Interest received	14,383	12,919
Cash used in investing activities	(14,132,204)	(39,571,207)
Cash flows from financing activities		
Interest paid	(16,931,788)	(14,009,003)
Finance Leas payments	(21,163,476)	(4,016,949)
Loan proceeds	19,364,116	32,906,901
Other loan proceeds / (repayments)	2,192,273	(595,738)
Cash (used in) / provided by financing activities	(16,538,875)	14,285,212
Net (decrease) / increase in cash and cash equivalents	(9,004,784)	4,441,109
Net cash and cash equivalents at beginning of year	46,915,795	42,474,686
Net cash and cash equivalents at end of the year	37,911,011	46,915,795

JFP Limited
Statement of Changes in Equity
Year ended 31 December 2024

	Number of Shares	Share Capital $	Fair Value Reserve $	Retained Earnings $	Total $
Balance at 31 December 2022	1,120,000,000	121,274,271	-	71,108,776	192,383,04
Total comprehensive loss	-	-	-	(58,964,465)	(58,964,46
Movement in fair value of investment			(952,000)	952,000	-
Balance at 31 December 2023	1,120,000,000	121,274,121	(952,000)	13,096,311	133,418,58
Net loss	-	-	-	(117,085,571	(117,085,5
Other comprehensive Income:					
Movement in fair value investment	-	-	(1,789,440)	-	(1,789,440)
Prior year adjustment – interest waived	-	-	-	10,265,465	10,265,465
Balance at 31 December 2024	1,120,000,000	121,274,271	(2,741,440)	(93,723,795)	24,809,036

1. IDENTIFICATION AND PRINCIPAL ACTIVITY

The Company is incorporated and domiciled in Jamaica and its registered office and principal place of business is located at 155 Spanish Town Road, Kingston, Jamaica. The principal activities are the manufacturing and distribution of custom-built commercial furnishings and the financial statements are stated in Jamaica dollars, which is the functional currency of the Company.

Effective 3 December 2021, Under Section 17 of the Companies Act, the Company changed its name from Jamaica Fibreglass Products Limited to JFP Limited.

Effective 14 March 2022, the Company was listed on the Junior Market of the Jamaica Stock Exchange (JSE) and under that regime is subject to tax remission, 100% for the next five (5) years and 50% thereafter for the next five years as long as the Company remains listed on the Jamaican Stock Exchange.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International
Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain buildings and financial assets.

b) Basis of measurement and functional currency

The financial statements is reported in Jamaican dollars, which is the functional currency of the company.

c) Accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Although these estimates are based on management’s best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below:

2. STATEMENT OF COMPLIANCES AND BASIS OF PREPARATION (Continued)

c) Accounting estimates and judgments (Continued)

- The application of accounting policies;
- The reported amounts of assets and liabilities;
- Disclosures of contingent assets and liabilities; and
- The reported amounts of revenue and expenses during the reporting periods.

Actual results may differ from estimates made in the financial statements.

Judgments are made in selecting and assessing the Company's accounting policies. Estimates are used mainly to determine the measurement of recognized transactions and balances. Estimates are based on historical experience, and other factors, including expectations of future events, believed to be reasonable under the circumstances. Judgments and estimates are interrelated. The Management's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revision to accounting estimates is recognized in the period in which the estimates are revised and in the future periods affected. The use of estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

The following are the accounting policies that are subject to judgments and estimates that the Management believes could have the most significant impact on the amounts recognized in the financial statements.

Financial assets

Judgment – financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss based on (i) the company's business model for managing the financial assets and (ii) the contractual cash flow characteristic of the financial assets. Judgment is required in determining the business model and its objective.

Revenue from contract with customers

Judgment - is required in (i) identifying performance obligations and determining the timing of the satisfaction of the performance obligations and (ii) the transaction price and the amount allocated to the performance obligations.

Estimation – if the consideration promised in a contract includes a variable amount, the company is required to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer.

Impairment of assets

Judgment has been used, at each reporting date, in determining whether there has been an indication of impairment in the carrying amounts of the Company's tangible and intangible assets, which would require impairment testing to determine whether there is any indication that those assets have suffered impairment losses.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of an asset is the greater of an asset's fair value less costs to sell or its value in use. Value in use refers to the present value of future cash flows expected to be derived from an asset.

2. STATEMENT OF COMPLIANCES AND BASIS OF PREPARATION (Continued)

c) Accounting estimates and judgments (Continued)

Inventories

Estimation – Inventories are carried at the lower of cost and net realizable value. The estimation of net realizable value is based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realize. Additionally, estimation is required for inventory provision due to shrinkage, slow-moving, and obsolescence.

Income and other taxes

Judgment – Income and other taxes are subject to Government policies. In calculating current and recoverable income and other taxes, Management uses judgment when interpreting the tax rules and in determining the tax position. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business

Estimation – Income and other taxes are subject to Government policies, and estimates are required in determining the provision. Management recognizes liabilities for possible tax issues based on estimates of whether additional taxes may be due.

Receivables

Estimation – Management's estimate of allowance on accounts receivable is based on analysis of the Expected Credit Loss (ECL) model according to IFRS 9, which takes into account aging of receivables, historical experience with delinquency and default, and forward-looking assumptions. Default rates and the allowance amount are regularly reviewed against the actual outcomes to ensure that they remain appropriate. The company applied a basic expected credit loss model (ECL) based on some of the requirements of IFRS 9 to determine the allowance for doubtful receivables. Management continues to review the model with the intention to fully adopt it in January 2021.

Estimation – Other estimates include determining the useful lives of PPE for depreciation purposes; accounting for and measuring payables and accruals and measuring fair values of financial instruments.

3. REVENUE

(i) Revenue represents the invoiced value of manufactured custom-built commercial furnishings, inclusive of other direct cost and allied services and is recorded net of General Consumption Tax. Jobs in progress that are in progress, are not billed until completion.

(ii) Interest income

This income represents interest earned on financial instruments and other investments during the year.

JFP Limited
Notes to the Financial Statements
31 December 2024

4. OTHER OPERATING INCOME

	2024	2023
	$	$
Dividend income	318,292	697,694
Miscellaneous Income	1,098,189	895,053
	1,416,481	1,592,747

5. ADMINISTRATIVE, SELLING & DISTRIBUTION

	2024	2023
Administrative:	$	$
Staff costs	102,076,165	92,750,404
Directors' remuneration	28,024,119	31,479,634
Depreciation (Note 9)	9,529,724	7,844,730
Depreciation- right of use	15,171,840	15,171,840
Insurance expense	13,407,359	8,348,504
Legal, audit and professional fees	5,960,772	9,413,273
Motor vehicle expenses	5,317,924	4,235,381
Penalties and fines	1,203,566	32,943,531
Repairs and maintenance	13,619,188	11,672,538
Office and general expenses	3,190;191	4,441,734
Cleaning and sanitation	1,284,557	735,078
Property tax	120,790	-
Printing, postage, and stationery	1,317,855	1,140,311
Utilities, rates, and taxes	12,480,011	10,494,132
Registration and membership	-	3,000
Dues and subscription	5,792,697	5,176,252
Bad debt expense	4,658,612	5,172,509
Other expenses	6,036,649	-
Security	454,069	396,896
	229,646,088	241,419,746

Selling & distribution:		
Advertisement and promotion	3,213,036	2,397,809
Travelling and accommodation	3,396,302	3,915,318
Commission	8,966,686	3,038,449
	15,576,024	9,351,576

JFP Limited
Notes to the Financial Statements
31 December 2024

6. FINANCE INCOME & COST

	2024 $	2023 $
Finance Income:		
Interest income	14,383	12,919
	14,383	12,919

Finance cost:		
Bank charges	1,314,565	2,138,620
Loan interest	16,931,788	14,009,003
Foreign exchange loss	1,058,779	6,398,201
	19,305,132	22,545,823

7. STAFF COSTS

	2024 $	2023 $
Salaries (excluding management remuneration)	71,722,020	66,381,672
Employers' payroll taxes	18,522,309	14,990,322
Staff welfare	11,831,836	11,378,410
	102,076,165	92,750,404

8. TAXATION

a) Taxation is computed on the loss for the year adjusted for taxation purposes and comprises:

	2024 $	2023 $
Current income tax @25% (2023 :25%)	-	-
	-	-

b) The income tax on the Company's loss differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2024 $	2023 $
Loss before taxation	(117,085,571)	(58,012,465)
Income tax @ 25 % (2023-25%)	(29,271,393)	(14,503,116)
Adjusted for difference in treatment of:		
Depreciation and capital allowance	1,343,360	(707,438)
Expenses not deducted for tax purposes	(4,725,283)	8,319,427
Tax losses carried forward	32,653,316	6,891,127
	.-	-

8. TAXATION (Continued)

c) The company's shares were listed on the Junior Market (JM) of the Jamaica Stock Exchange (JSE) on 14 March 2023. Consequently, the company is eligible for remission of income taxes for a period of ten years, provided the following conditions are met:

- The company's shares remain listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.

- The subscribed participating voting share capital of the company does not exceed $500 million.

The remission will apply in the following proportions:
- Years 1 to 5 (14 March 2023 – 13 March 2027) – 100%
- Years 6 to 10 (14 March 2027 – 13 March 2032) – 50%

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

The company received a waiver of interest of $10,265,465 from Tax Administration Jamaica relating to tax liabilities in previous years. Subject to agreement with Tax Administration Jamaica, the Company has tax losses of approximately $149 Million that may be carried forward indefinitely.

JFP Limited
Notes to the Financial Statements
31 December 2024

9. FIXED ASSETS

2024								
	Land	**Motor Vehicles**	**Molds & Modules**	**Furniture & Fixtures**	**Plant, Tools and Equipment**	**Solar, Light bulbs, and AC**	**Computer & software equipment**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
At cost-								
At 1 January 2024	12,820,095	37,620,748	41,670,112	2,594,182	100,714,284	25,607,865	24,464,270	245,491,557
Additions	12,500,000	-	-	6,995	1,052,932	-	586,660	14,146,587
31December 2024	25,320,095	37,620,748	41,670,112	2,601,177	101,767,216	25,607,865	25,050,930	259,638,144
At 1 January 2024	-	37,620,748	33,683,341	1,735,745	69,008,607	14,084,326	11,271,155	167,403,922
Charge for the year		-	4,167,011	101,785	1,253,637	1,920,590	2,086,701	9,529,724
31December 2024	-	37,620,748	37,850,352	1,837,530	70,262,244	16,004,916	13,357,856	176,933,647
31 December 2024	25,320,095	-	3,819,760	763,648	31,504,971	9,602,949	11,693,074	82,704,498

JFP Limited
Notes to the Financial Statements
31 December 2024

9. FIXED ASSETS (Continued)

2023

	Land	Motor Vehicles	Molds & Modules	Furniture & Fixtures	Plant, Tools and Equipment	Solar, Light bulbs, and AC	Computer & software equipment	Total
	$	$	$	$	$	$	$	$
At cost-								
At 1 January 2023	12,820,095	37,620,748	41,670,112	2,067,994	71,412,054	25,607,865	16,755,637	207,954,505
Additions	-	-	-	626,924	29,393,650	-	9,563,552	39,584,126
Disposals	-	-	-	(100,735)	(91,420)	-	(1,854,919)	(2,047,074)
31December 2023	12,820,095	37,620,748	41,670,112	2,594,182	100,714,284	25,607,865	24,464,270	245,491,557
At 1 January 2023	-	37,610,072	29,516,330	1,732,587	68,957,857	12,163,736	11,568,736	161,549,319
Charge for the year	-	10,676	4,167,011	62,182	126,933	1,920,590	1,557,337	7,844,729
Disposal	-	-	-	(59,025)	(76,183)	-	(1,854,919)	(1,990,127)
31December 2023	-	37,620,748	33,683,341	1,735,745	69,008,607	14,084,326	11,271,155	167,403,922
31 December 2023	12,820,095	-	7,986,771	858,437	31,705,677	11,523,539	13,193,115	78,087,635

JFP Limited
Notes to the Financial Statements
31 December 2021

10. RIGHT-OF- USE ASSETS

The Company leased property to conduct its operations over a term of ten (10) years. The arrangement was previously classified as an operating lease under IAS 17, however, under IFRS 16, the transaction was adjusted and treated as a finance lease. The lease rental payments over the next ten years have been computed based on changes in local price indices.

i. Right-of-use assets

	2024 $	2023 $
i. Right-of-use assets:		
Leasehold property [right-to-use upon adoption]	120,110,400	135,282,240
Depreciation charge for the year	(15,171,840)	(15,171,840)
Balance at end of year	104,938,560	120,110,400
ii. Lease liabilities		
Lease liability [upon initiation]	-	-
Recognized in the year	-	-
Amount recognized in the statement of financial position	-	-
Maturity analysis: contractual undiscounted cash flows:		
Due within one year	102,989,649	150,865,164
Due over one year	-	(34,535,002)
	129,701,688	116,330,162
iii. Amount recognized in the statement		
Interest on lease liability		
Depreciation charge for right-of-use	15,171,840	15,171,840

Right-of-use assets are measured at cost based on the amount of the initial measurement of the lease liability. The asset is subsequently depreciated using the straight-line method from the commencement date of the lease term.

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11. INVESTMENTS

	2024 $	2023 $
Quoted Securities:		
Designated at fair values through profit or loss:		
Jamaica Public Service Company Limited (1,920 ordinary	5,158,560	5,568,000
RJR (2,000,000 ordinary shares)	2,500,000	3,880,000
	7,658,560	9,448,000

The net increase in the value of the quoted securities was adjusted through the profit or loss account.

12. DEFERRED TAX ASSETS

Management did not consider it prudent to account for deferred tax during the year. The balance will be adjusted in the subsequent year as a result of the Company becoming a public entity under the Junior Market 100% tax remission regime.

	2024 $	2023 $
Balance b/fwd. as at 1 January	12,239,125	12,239,125
Current charge	-	-
Balance as at 31 December	12,239,125	12,239,125

13. INVENTORIES

	2024 $	2023 $
Raw materials	76,457,512	63,563,781
Work-in-progress	18,486,991	52,624,661
Import costs	1,008,148	465,765
	95,952,651	116,654,207

14. RECEIVABLES

	2024 $	2023 $
Trade receivables	73,204,176	137,589,365
Provision for bad debt	(6,619,605)	(5,172,509)
	66,584,571	132,416,856
Deposits from customers and other	873,573	304,850
Staff Loan	5,099,313	6,352,978
Prepayments	9,383,973	4,266,037
Other receivables	93,559,581	4,007,255
	175,501,011	147,347,976

15. DIRECTORS' CURRENT ACCOUNTS

	2024	2023
	$	$
Balance: 1 January	21,161,384	11,535,546
(Decrease) / Increase during the year	(21,134,128)	9,625,838
Balance: 31 December	27,256	21,161,384

16. CASH AND CASH EQUIVALENTS

	2024	2023
	$	$
Current accounts	2,610,341	11,854,483
Prepaid credit cards	8,987	47,918
Savings accounts	52,660	62,147
Deposits	35,164,059	34,873,905
Cash balance	74,965	77,342
	37,911,011	46,915,795

17. TRADE AND OTHER PAYABLES

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	2024	2023
	$	$
Trade payables	25,031,725	25,393,657
Accruals	17,808,563	28,334,349
Stale dated cheques	347,851	-
Customer deposits	259,879,460	125,008,347
Environmental levy	61,916	-
Credit card liabilities	7,619,892	6,023,170
Withholding tax payable	-	38,406,481
Statutory liabilities	4,412,444	12,820,082
GCT (recoverable) / payable	(3,038,593)	7,987,490
Other liabilities	44,268	1,651,331
	312,167,526	245,624,907

Included in Customer Deposit is an amount received for the pending completion of the sale of a property owned by the company.

18. LONG TERM LOANS

	2024	2023
	$	$
EXIM 8.5% loans	34,503,436	32,311,163
Less current portion	(5,043,832)	(3,818,605)
	29,459,605	28,492,558

The company accessed loan capital during the year by way of National Export-Import Bank of Jamaica Limited and the proceeds assisted with the financing of capital equipment for the factory. The restrictive security and compliance clauses include:

(i) The term of the loan facilities is for 81 months, commencing September 2024 and maturing July 2030.
(ii) The term of a new facility for $6.4M for 78 months, commencing 29, February 2024 and maturing 29 July 2030
(iii) The loan is secured by the property owned by JFP Property Investments Limited, a related party of the company.

There are other regulatory and compliance requirements and special conditions imposed by EXIM bank to ensure there is adequate cashflow to repay the facility. In addition, the company has to comply with the requisite regulations of a Jamaican listed public company, to avoid any breach of the clauses of the loan facility.

Short term loan:

	2024	2023
	$	$
EXIM 8.5% loans	19,364,116	-

The company accessed loan capital during the year by way of National Export-Import Bank of Jamaica Limited and the proceeds assisted with the company’s working capital needs.

19. SHARE CAPITAL

	2024 $	2023 $
Authorized -		
10,000,000,000 (2023 – 10,000,000,000) ordinary shares of no par value		
Issued and fully paid -		
1,120,000,000 (2023 – 1,120,000,000) shares of no par value	121,274,271	121,274,271

	No. of Shares	No. of Shares
Issued and fully paid:		
At the beginning and end of the year:	1,120,000,000	1,120,000,000
At end of the year	1,120,000,000	1,120,000,000

20. FAIR VALUE RESERVE

	2024 $	2023 $
At beginning of year	(952,000)	-
Realised loss on the valuation of FVOCI investment	(1,789,440)	(952,000)
Balance a 31 December	(2,741,440)	(952,000)

21. FINANCIAL RISK MANAGEMENT

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

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

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

(a) Credit risk

(i) Trade and other receivables

The company takes on exposure to credit risk, which is the risk that its customers, clients, or counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk exposures arise principally from the company's receivables from customers. The company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties, along with customers within certain geographical areas and industry segments.

Credit review process -

Management performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analyzed individually for creditworthiness prior to the company offering them a credit facility.

Customers that fail to meet the company's benchmark creditworthiness may transact business with the company on a cash basis.

The company establishes an allowance for impairment of trade and other receivables that represent its estimate of incurred losses coupled with forward-looking assumptions and guidelines. The company addresses impairment assessment in two areas: individual and collective allowances.

The company's credit policy requires customers to pay a 30% to 50% deposit prior to the commencement of a job. There is another installment of 40% required prior to delivery and the other 10% becomes due immediately after installation or delivery.

21. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(ii) Cash

Cash transactions are carried out with high-credit quality financial institutions.

Maximum exposure to credit risk -

The company's maximum exposure to credit risk at year-end equals the carrying amount for the assets which provide such exposure for the Company.

Exposure to credit risk for trade receivables -

Trade receivable represents amounts from customers in Jamaica and the Caribbean. The following table summarizes the company's credit exposure for trade receivables at their carrying amounts, as categorized by the customer sector, as follows:

	2024 $	2023 $
Private companies	61,483,095	89,916,235
Government entities	11,721,081	47,673,129
	73,204,176	137,589,365
Less: provision for bad debts	6,619,605	5,172,509
	66,584,571	132,416,856

Trade receivables that are less than three months are not considered impaired. As of 31 December 2024, trade receivables of $47,844,805 (2023 - $61,535,814) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. However, based on the impairment calculation computed during the year, a provision was considered necessary (2024 – $6,619,605)

The ageing analysis of these trade receivables, exposed to credit risks was as follows:

	2024 $	2023 $
31 – 60 days	21,650,237	74,874,210
61 – 90 days	3,752,564	1,179,341
Over 90 days	47,844,805	61,535,814
	73,204,176	137,589,365

21. FINANCIAL RISK MANAGEMENT (Continued)

Exposure to credit risk for trade receivables (Continued)

The movement on the provision for impairment of trade receivables is noted below:

	2024 $	2023 $
Balance at 1 January:		
Opening provision for receivables impairment	5,172,509	-
Written off during the year	(3,211,516)	-
Additional provision during the year	4,658,612	5,172,509
Balance at 31 December	6,619,605	5,172,509

The creation and release of provision for impaired receivables have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Liquidity risk

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

Liquidity risk management process

The company's liquidity management process includes monitoring future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure funding, if required at short notice.

21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

Liquidity risk management process (Continued)

With the exception of finance lease liabilities and loan payable, the carrying amounts of all financial liabilities equal the contractual undiscounted values. These are all due to be settled within 12 months of the year-end. The undiscounted value for finance leases is shown in note 18 as total minimum lease payments of Nil (2023 - $10,328,856). The maturity profile is also shown in that note. The maturity profile for the undiscounted cash flow in relation to the long-term loan is shown in the table below.

	2024				
	Carrying amount $	Contractual cash flows $	1 year or less $	1-2 yrs $	2-5 yrs $
Accounts payable	312,167,526	312,167,526	312,167,526	-	-
Short term loan	19,364,116	21,010,066	21,010,066		
Long-term liabilities	29,459,605	34,503,436	5,043,832	5,043,832	15,131.496
	360,990,837	367,681,028	338,221,424	5,043,832	15,131.496

	2023				
	Carrying amount $	Contractual cash flows $	1 year or less $	1-2 yrs $	2-5 yrs $
Accounts payable	312,167,526	312,167,526	312,503,526	-	-
Long-term liabilities	34,503,436	42,309,084	6,425,065	12,850,131	23,033,888
	346,670,963	354,476,610	318,592,591	12,850,131	23,033,888

(c) Currency risk

The company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

At the end of the financial year, the company had net foreign exchange asset exposure in Jamaican dollars of $36,747,659(2023 - $43,177,891) analyzed as follows:

- US $235,185 (2023 - US$278,428)
- Conversion rate at 31 December 2024: US$1 = Ja$156.2507 (2023 US$1 = JA$ 155.0774)

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21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Currency risk (Continued)

Foreign currency sensitivity

The following table indicates the currencies to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and possible subsequent translation percentage variances after the year-end.

	Change (%) in currency rate	Effect on loss before Taxation	Change (%) in Currency rate	Effect on profit before Taxation
	2024	**$**	**2023**	**$**
US$	1	2,341,711	1	1,160,249
US$	(4)	7,025,134	(4)	3,480,748

(d) Interest rate risk

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

The company has negligible exposure to interest rate risk as the majority of its financial instruments are fixed. The company's finance lease and loan obligations are the company's main financial liabilities which are also at fixed rates.

(e) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure in order to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The company is not subject to externally imposed capital requirements by any financial institution.

22. EARNINGS PER SHARE

Earnings per stock unit is calculated by dividing the net profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2024	2023
	$	**$**
Net loss attributable to stockholders	(107,085,571)	(58,012,465)
Weighted average number of ordinary shares in issue	1,120,000,000	1,120,000,000
Basic earnings per share	(0.105)	(0.052)

The weighted average number of shares is based on the issue of new shares to the public, based on its successful Initial Public Offer (IPO) of shares.

23. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) International Accounting Standards (IFRS)

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN THE CURRENT YEAR.

Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following which are relevant to its operations.

- Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16, (effective for annual periods beginning on or after 1 January 2023)

  (i) Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  (ii) Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

  (iii) Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

  (iv) Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases

The adoption of these new standards, amendments to existing standards or interpretations to published standards did not have a material impact on the operations of the Company.

23. SUMMARY OF ACCOUNTING POLICIES (Continued)

a) International Accounting Standards (IFRS) (Continued)

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE COMPANY.

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been issued which are not yet effective, and which the Company has not early adopted. The Company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations.

- Amendments to IAS 1, Non-current liabilities with covenants (deferred until accounting periods starting not earlier than 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2024). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2024). These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- Amendment to IFRS 16 – Leases on sale and leaseback, (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Management has determined that the impact of the changes, will not be significant to the financial statements. There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the

23. SUMMARY OF ACCOUNTING POLICIES (Continued)

b) Foreign currency transaction and balances

Foreign currency transactions that require settlement in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary assets and liabilities measured at historical cost denominated in currencies other than Jamaican dollars are translated at the rate of exchange in effect at the date of the transactions or initial recognition. Non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Gains and losses arising from fluctuations in exchange rates are generally included in profit or loss. However, foreign currency differences resulting from the translation of equity investments are recognized in other comprehensive income, except on impairment, in which case the foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss.

Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

c) Revenue recognition

(i) Sale of goods

Revenue is recognized when the performance obligation, satisfied at a point-in-time to transfer goods and or services to the customer is complete. Completion is assessed when the customer takes control and or obtains the benefits of the goods and /or services, and the company has a present right to payment as evidence by an invoice or the right to invoice.

(ii) Finance income

Finance income comprises interest-earned on invested funds. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

(iii) Other operating income

Other operating income includes gains on disposal of assets, recognized when the asset is sold, foreign exchange gains and miscellaneous inflows recognized when received.

23. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

d) Income taxes

The income tax expense for the year comprises a current and deferred tax. Income tax expense is recognized in net income, except to the extent that it relates to items recognized either in OCI or directly in equity.

I. Current taxation

The current tax charge is the expected tax payable on the taxable income for the year, using tax rates in effect at the reporting date plus any over or under the provision of tax in respect of previous years.

II. Deferred taxation

Deferred tax liabilities are no longer recognized in the financial statements as the Company is subject to 100% tax remission under the junior market regime.

e) Employee benefit costs

Pension obligations

The Company does not participate in a defined contribution pension plan.

Vacation

The Company pays employee vacation pay at the year-end and does not have to carry forward any accrued vacation.

23. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

f) Property, plant, and equipment

Property, plant, and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. The land is carried at cost and is not depreciated.

Depreciation is calculated on a straight-line method at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Current annual rates of depreciation are:

Buildings & building improvements	2.5%
Molds & modules	10 %
Plant, tools, and equipment	10 %
Solar, air condition units & light bulbs	7.5 %
Computer software & equipment	12.5 %
Furniture, fixtures & display units	10 %

The assets' residual values and useful lives are reviewed periodically for impairment. Where the assets' carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant, and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of comprehensive income.

Repairs and maintenance expenditure are included in the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included
in the carrying amount of the asset when it is probable that the future economic benefits in excess of the initially assessed standard of performance of the existing asset will flow to the Company.

The cost of self-constructed assets includes the cost of materials, direct labour, and related cost to put the asset into service. Borrowing costs, including but not limited to, interest on borrowings and exchange differences arising on such borrowings, that are directly attributable to the acquisition and/or construction of a qualifying asset are capitalized as part of the cost of that asset.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its use are complete. Thereafter, borrowing costs are recognized in profit or loss when they are incurred.

23. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

g) Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units' fair value less costs to sell and its value in use. It 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in comprehensive income.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been
determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

h) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first in first out basis. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. Work-in-progress includes all direct costs, relative to the level of completion of the unfinished products at the end of the financial year.

i) Trade and other receivables

Trade and other receivables are measured at amortized cost less impairment losses.

j) Credit risk and expected loss

The Company is primarily exposed to credit risk on its trade receivables and does not provide for any lifetime expected credit loss (LECL). It applies the practical experience of not adjusting the promised consideration receivable because the credit period is less than 12 months. The Company recognizes a loss allowance based on historical trends and current economic circumstances. The Company continues to incorporate forward-looking assumptions to improve its basic expected credit model (ECL) which is principally based on historical information and current market conditions.

23. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

k) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash and bank balances. For the purposes of the statement of cash flows, bank overdraft, if any, that is repayable on demand and form an integral part of cash management activities, is included as part of cash and cash equivalents.

l) Trade and other payables

Trade and other payables are measured at amortized cost.

m) Leases

Leases of property, plant, and equipment where the Company has substantially taken over all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to comprehensive income over the lease period.

Property, plant, and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Prior to 1 January 2019, assets held under other leases were classified as operating leases and were recognized in the Statement of Financial Position. Payments made under operating leases were recognized in the Statement of Comprehensive Income on a straight-line basis over the term of the respective lease.

From 1 June 2019, the Company has adopted IFRS 16 and will recognize in the Statement of Financial Position right of use assets and lease liabilities, where applicable.

Right of use assets are measured at cost comprising the following:

(1) The amount of initial measurement of the lease liability
(2) Any lease payments made at or before the commencement date less any lease incentives received.
(3) Any initial direct cost, and
(4) Restoration cost

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

23. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

n) Debt: borrowings and borrowing costs

Debt is classified as current when the Company expects to settle the liability in its normal operating cycle, it holds the liability primarily for trading, the liability is due to be settled within 12 months after the date of the statement of financial position, or it does not have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position; Otherwise, it is classified as long-term. After initial recognition, Debt is measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the liability is derecognized.

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalized as part of the cost of these assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o) Financial instruments – recognition and measurement

A financial instrument is any contract that gives rise to a receipt or payment in cash or its equivalents and a financial asset of one party and a financial liability or equity instrument of another party. Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Subsequent measurement of these assets and liabilities is based on fair value or amortized cost using the effective interest method.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit or loss (FVTPL) are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income.

Classification and subsequent measurement -

Financial instruments - assets

The Company classifies financial assets according to its business model for managing the financial assets and the contractual terms of the cash flows. Classification choices for financial assets are:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

Classification choices for financial liabilities are:

- Amortized cost
- FVTPL

23. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

o) Financial instruments – recognition and measurement (Continued)

Amortized cost

Financial assets are classified as amortized cost because the financial assets are 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 assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

Fair value through other comprehensive income (FVTOCI)

Financial assets are classified as FVTOCI because the financial assets are held with a business model with the objective to hold financial assets in order to collect contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently to profit or loss on derecognition.

Fair value through profit or *loss (*FVTPL)

Financial assets are classified as FVTPL unless they are classified as amortized cost or fair value through other comprehensive income. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently to profit or loss on derecognition.

Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flow from the assets expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when the contractual obligations are discharged, canceled, or expires.

p) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is charged to the statement of comprehensive income net of any reimbursement.

23. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

q) Related party disclosure

Related parties are identified and disclosed to allow users of the financial statements to be aware of the possibilities that the financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the "reporting entity")

(a) A person or close member of that person's family is related to a reporting entity if that person:

- Has control or joint control over the reporting entity;
- Has significant influence over the reporting entity; or
- Is a member of the key management personnel of the reporting entity or a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions apply:

- The Company and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
- One company is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both companies are joint ventures of the same third party.
- One company is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The company is a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity.
- The company is controlled, or jointly controlled by a person identified in (a) above.
- A person identified in ((a) (i)) above has significant influence over the company or is a member of the key management personnel of the company (or of a parent of the company).

A related party transaction involves the transfer of resources, services, or obligations between a reporting company and a related party, regardless of whether a price is charged.

r) Expenses

(i) Expenses are recognized on an accrual basis.
(ii) Finance costs comprise interest incurred on borrowings, calculated using the effective interest method, foreign exchange losses, and bank-related charges.
(iii) Payments under leases are recognized in profit or loss on a straight-line basis over the term of the lease.

23. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

s) Investments

Certificate of Deposits, quoted shares, and other investments are recognized at fair value. Incomes from these investments are accounted for based on the accrual basis.

t) Dividends

Dividends on ordinary shares are recognized in equity in the period in which they are approved. Dividends for the financial year that are declared after the reporting date are dealt with in the subsequent event note.

u) Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) The fair value of trade and other receivables, balances with related parties, cash and bank balances, trade and other payables, and short-term loan reflect their approximate carrying values because of the short-term maturity of these instruments.
(ii) The finance lease obligation incurs interest at prevailing market rates and reflects the company’s contractual obligation.

The carrying value of this liability closely approximates amortized cost and is estimated to be the fair value of such liability as it attracts terms and conditions available in the market for similar transactions.

	Carrying Amounts		Fair Values	
	2024	2023	2024	2023
	$	$	$	$
EXIM bank loan	34,503,436	32,311,163	34,503,436	32,311,163

24. CONTINGENCIES AND COMMITMENTS

(i) The Company's attorney by letter dated January 15, 2024 regarding the year ended December 31, 2024 reported as follows:

- there are no judgments or settlements of any actual, pending or threatened litigation claims relating to the year ended December 31, 2024 and up to the date of this letter
- there are no judgments rendered or settlements made during the said period either in favour of or against the Company
- there are no impending liabilities, direct claims, or contingent liabilities (i.e. matters in which there is a reasonable possibility of an outcome that might materially affect the Company's financial position or reported results of operations)
- there are no unpaid bills and/or invoices owed by the Company to us, and
- there is no other relevant information that would require disclosure for these purposes.

The Company's senior management team at a meeting dated March 18,2025, indicated that:

- They have not instructed any attorneys to act on behalf of the Company in respect of any litigation or claim in which the Company was involved.
- They were not aware of significant judgment rendered for or against the Company during the year ended 31 December 2024.
- They were not aware of any other information of a similar nature which have come to their attention and which, in their opinion, requires disclosure in the Company's financial statements.

25. SUBSEQUENT EVENT

At 31 December 2024, except for any potential future uncertainties relating to global logistics and disruptions in the supply chain, along with the risks posed by the warlike geo-political environment, management to the best of their knowledge and belief, are not aware of any other event that occurred after the statement of financial position date and through to the date of approval and signing of these financial statements that would require adjustment to or disclosure in the aforementioned financial statements.