REGENCY PETROLEUM LIMITED

ANNUAL REPORT 2023

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Chairman's Statement

Dr. André Foote
Chairman of the Board of Directors
Regency Petroleum Company Limited

Congratulations must be extended to founder and Chief Executive Officer (CEO), Andrew Williams along with his hardworking team on producing a commendable performance during 2023. Regency Petroleum Company Limited (RPL) completed its first year as a listed company on the Junior Market of the Jamaica Stock Exchange (JSE) where they sought to not only grow shareholder returns but be good stewards to numerous shareholders through regular updates and on time submissions to the regulators.

RPL was started as the vision of one man from Western Jamaica but is now a company owned by Jamaicans across the world. The brand has continued to be positively received by the commuting public in Cornwall County who were able to benefit from a new service station. This positive trajectory has been rewarded by shareholders in the stock market and by commuters who receive value through RPL's service offerings. We also donated to the Jamaica Social Stock Exchange's Social Telethon as we give back to those in our great country.

As chairman of RPL, I extend my appreciation to everyone who has contributed to the growth of RPL over these last four years. RPL will be making significant strides in the new financial year which will be achieved through determination, courage, and faith. We welcome customers, shareholders, and other stakeholders to continue with us on our journey for greater opportunities in the coming years and beyond.

Dr. André Foote
Chairman

CEO's Statement

Andrew Williams

Founder & Chief Executive Officer
Regency Petroleum Company Limited

On behalf of the Board of Directors, I present to you the performance and activities of Regency Petroleum Company Limited or "RPL" in 2023.

Dear shareholders,

2023 was a year of progress for RPL as we deployed the funds entrusted by nearly 7,000 shareholders to work through the development of our new service stations and expanding our LPG business. While we had hiccups during the year, we opened our Paradise Pen service station to much fanfare on August 16, 2023. This event was graced by The Honourable Daryl Vaz, Minister of Science, Energy, Telecommunications and Transport, and numerous persons from the surrounding communities who welcomed the new location in Paradise, Westmoreland. The opening of this location allowed us to expand our offerings to the public through the introduction of 87 Octane and Ultra Low Sulphur Diesel (ULSD) along with the introduction of a taxi discount card to deepen our relationship with these transport operators.

Our top line expanded by 36% to $928.76 million (2022: $681.14M) as our Paradise Pen station contributed significantly during the 5 months period along with the improvement in our LPG sales related to our efforts in Western Jamaica and our new distribution partner JusGas Distributors Limited in Eastern Jamaica.

While our operating profit contracted by 42 per cent to $49.54 million (2022: $85.63M), it should be contextualized that there were new expenses as a listed company along with costs incurred before and after the opening of our latest service station. The normalization of our earnings in the second half of 2024 should reflect a more accurate gauge of our performance when our two additional service stations begin to contribute to our top and bottom line.

The company's stock price increased by 52 per cent during the year from $1.59 to $2.42, with the price briefly trading at $3 in mid-May. This reflects the confidence the market has in your company as more investors look ahead to the future growth potential.

I must apologize once again to all investors for missing the promised timeline of opening our two new service stations in early 2023. The management team took the necessary steps to advance the completion of these projects in order to deliver value to our shareholders and our esteemed customers. We have learnt from these delays and will be working to maintain our timelines once they are publicly announced.

RPL expects to operate four service stations in 2024 which will become our platform to build a larger customer base and increasing the return on invested capital. The company will focus on maximizing volumes during 2024 before we look to executing on new projects in 2025 and beyond. It's important that we demonstrate value for money through our service station and LPG business before we embark on new opportunities. However, one thing that will not change is our commitment to our customers, stakeholders, and shareholders through the delivery of a quality product and quality service. I extend thanks to other members of RPL's Board of Directors for their guidance throughout the year. I look forward to meeting all our shareholders at our hybrid annual general meeting (AGM) and welcome everyone to watch our quarterly earnings calls which is one avenue we utilize to keep our shareholders abreast of the ongoing developments.

Andrew Williams
Founder & Chief Executive Officer

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of REGENCY PETROLEUM COMPANY LIMITED (The Company) will be held on Monday **April 29, 2024 at 3:30p.m.** at the **Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, St Andrew** and electronically via an online platform which can be accessed via our website at www.rplgas.com to consider and, if thought fit, pass the following Resolutions:

ORDINARY BUSINESS:

To receive the report of the Directors and the Audited Financial Statements for the year ended 31 December 2023 :

Resolution No. 1:

"THAT the Audited Accounts and the Reports of the Directors and Auditors for the year ended December 31, 2023, be and are hereby received and adopted."

To appoint Directors:

Article 102 of the Company's Amended Articles of Incorporation provides that at the annual general meeting subsequent to the first Annual General Meeting of the Company 1/3 of the Directors (except the Managing Director) shall retire every year. The directors retiring under this Article are Directors Andrew Cocking and Andre Foote who being eligible offer themselves for re-election.

Resolution No. 2:

a) THAT Director Andrew Cocking retiring by rotation and being eligible for re-appointment be and is hereby re-elected a Director of the Company

b) THAT Director Andre Foote retiring by rotation and being eligible for re-appointment be and is hereby re-elected a Director of the Company

To fix the remuneration of the Directors.

Resolution No. 3:

THAT the amount included in the Audited Accounts of the Company for the year ended December 31, 2023 as remuneration for their services as Directors be and is hereby approved.

To appoint the Auditors and authorize the Directors to fix the remuneration of the Auditors.

Resolution No. 4:

THAT McKenley & Associates, Chartered Accountants, having signified their willingness to continue in office as Auditors, be and are hereby appointed Auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

DATED THIS **2nd** day of **April** 2024

BY ORDER OF THE BOARD

Janice A.M Grant Taffe
Corporate Secretary

REGISTERED OFFICE: 93 Great George Street, Savanna la Mar, Westmoreland

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A Proxy need not be a member of the Company.

If you are unable to attend , we enclose a Form of Proxy for your convenience. This should be completed and deposited with the Secretary at the Registered Office of the Company, at 93 Great George Street, Savanna-la-Mar, Westmoreland, not less than 48 hours before the time appointed for the meeting. The Proxy Form should bear stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamps and cancelled by the person signing the Proxy.

Director's Report

The Directors are pleased to submit their Report and the Audited Financial Statements for the year ended December 31, 2023. The Financial Statements reflect the consolidated results of Regency Petroleum Company Limited.

OPERATING RESULTS:	**2023 $**	**2022 $**
Profit before tax	45,755,883	72,836,017
Taxation	-	(16,508,484)
Net Profit	45,755,883	56,327,533
Shareholder's Equity at open:	388,827,627	72,355,694
Share Capital at open:	260,152,400	8,000
Shares issued	-	260,144,400
Share Capital at end:	260,152,400	260,152,400
Retained earnings at open:	128,675,227	72,347,694
Net profit	45,755,883	56,327,533
Exchange reserve	208,526	-
Retained earnings at close:	174,431,110	128,675,227
Shareholder's Equity at close:	434,792,036	388,827,627

Dividends

No dividends were declared during the year ended December 31, 2023.

Directors

The Directors of the Company as at December 31, 2023 were: Andre Foote, Edgar Bennett, Andrew Cocking, Radcliff Knibb and Andrew Williams. The Directors to retire by rotation in accordance with the Articles 102 of the Company's Amended Articles of Incorporation are Directors Andrew Cocking and Andre Foote who being eligible offer themselves for re-election.

Auditors

The retiring Auditors, McKenley & Associates, Chartered Accountants, having agreed to continue in office as Auditors will do so in accordance with the provisions of Section 154 of the Companies Act. A resolution authorizing the Directors to fix the remuneration of the Auditors will be presented at the Annual General Meeting.

On behalf of the Board of Directors,

April 2, 2024

André Foote
Chairman

Date

Board of Directors & Management Team

Dr. André Foote
Independent Non-Executive
Chairman

Dr. Foote was the chairman of the Universal Access Fund Company Limited from 2009 to 2011. He was the deputy chairman of National Land Agency from 2016 to 2020. He is presently the chairman of the Footprints Hotel in Negril. Dr. Foote has been a practicing dentist for over 25 years. He was a director of Medical Associates Hospital between 2010 and 2012.

He completed a doctorate in dental surgery at Howard University in 1987. He later earned a Master of Business Administration from Nova Southeastern University.

Andrew Williams
Chief Executive Officer

Mr. Williams is the founder of Regency Petroleum Co. Limited. He has been involved in the sale and distribution of petroleum products since 2009.
Mr. Williams is a consultant and part-owner of Batteries And Accessories a four-decade old family-owned business involved in trading auto parts and tyres.
An entrepreneur at heart, Mr. Williams was a co-founder and former managingdirector of Master Lube Limited a company involved in the distribution of mineral based lubricants. Mr. Williams recently resigned as a director of Master Lube Limited.
Mr. Williams is also a director of A1 Construction Company Limited and a partner in Central Supplies and Construction trading as Central Gases.

Mr. Williams completed a Bachelor of Science in Accounting from the University of West Indies. He is also a Justice of the Peace in the parish of Westmoreland.

Radcliff Knibbs

Independent Non-Executive Director

Mr. Knibbs is the Chairman of Paramount Trading (Jamaica) Limited, a chemical company listed on the Junior Market of the Jamaica Stock Exchange. Mr. Knibbs is the Managing Director of CMK Bakery Ltd., a Juici Beef Limited franchisee. He is also the managing director of CMK Properties Limited, a property development company.

He received a Bachelor of Science in Pure and Applied Chemistry from the University of the West Indies in 1983. Mr. Knibbs went on to complete an Executive Masters in Business Administration from Florida International University in 2002

Edgar Bennett

Independent Non-Executive Director

Mr. Bennett is a qualified accountant and a Fellow of the Association of Chartered Certified Accountants. He holds a Bachelors of Science in Accounting and Economics from the University of the West Indies. He went on to obtain a Master of Science in Forensic Audit and Accounting from the University of South Wales as a Chevening Scholar.

Mr. Bennett began his professional career in 2000 with PricewaterHouseCoopers in Kingston as an external auditor. He transitioned to internal auditing becoming the Senior Group Internal Auditor with J. Wray & Nephew Limited. After completing his Master Degree in the United Kingdom, Mr. Bennett returned to Jamaica and joined Sagicor Group as head of the Financial Controls and Quality Assurance Unit for Banking and Investments. He is currently the Audit Project Leader at the Office of the Auditor General in the Cayman Islands.

Andrew Cocking

Independent Non-Executive Director

Mr Cocking holds a BSc in Civil Engineering from Howard University and a MSc in Management and is currently director of JMMB Group Limited (JMMB Group). He has 37 years of experience in banking, with over 33 years at the senior management level. Prior to his directorship at JMMB Group, Mr. Cocking was the Deputy Group President of Capital & Credit Financial Group ("CCFG"). He was responsible for the strategic development of international business. He also spearheaded the negotiations for the merger of CCFG and JMMB Group. He has served on many boards in both the public and private sectors, including Cable & Wireless (Jamaica) Limited and HEART Trust NTA.

Janice Grant Taffe

Company Secretary

Mrs. Taffe is an Attorney-at-Law with over thirty (30) years of experience with the Sagicor Group of Companies, working in various executive roles and up to her retirement in July 2021, held the position of Senior Vice President, General Counsel and Corporate Secretary.

She is a member of the Jamaican Bar Association and has served as a member of its Continuing Legal Education Committee. She holds a Bachelor of Laws Degree (Upper 2nd Class Hons) (1980) from the University of the West Indies and a Legal Education Certificate (1982) from the Norman Manley Law School. She holds a Certificate in Foreign Investment Negotiations from the International Law Institute (1986) and has pursued several Corporate Governance courses (PSOJ, JSE & FSC) and recently completed the Advanced Corporate Governance Course (UWI, Mona, May 2021).

Among her significant accomplishments as a corporate governance professional, she assisted with the introduction of the Corporate Governance Index for listed companies and collaborated in the delivery of Annual Reports by electronic means.

Jerry Grant
Financial Controller

Mr. Grant has over thirty-five years of experience in the accounting profession spanning various industries, including agriculture, tourism and property development. He is proficient in the use of spreadsheet applications, Word programs and various types of accounting software.

Mr. Grant has extensive experience in financial statements preparation, business advisory services, cash flow projections, and tax related matters.

Jerry Grant is the Managing Partner of Grant's Accounting Services, located in Montego Bay, Jamaica. He earned a Master of Business Administration (MBA) in Finance from the University of Technology, Jamaica (UTECH).

Lancelot Anderson
Accounting Consultant

Lancelot Anderson is an accountant with over forty years experience in the financial sector in the areas of Accounting and Risk Management and Compliance. He has held several senior positions in financial institutions including National Commercial Bank and GraceKennedy Financial Group. He has also served on various boards most recently NCB Employee Corporative Credit Union (NCBECCU).

Mr. Anderson is a Fellow in the Institute of Chartered Accountants of Jamaica (ICAJ) and holds a BSc in Management Studies and a MSc in Accounting from the University of the West Indies.

Dilton Pike

Fire Protection, Training and Safety

Mr. Pike has been involved in fire safety and prevention for over 22 years. First as a firefighter between 1998 and 2005 and then as instructor and fire prevention officer for the Parish of St. Elizabeth. Mr. Pike is a Justice of the Peace for St. Elizabeth.

Management Team

Amanda Williams
Executive Vice President

Mrs. Leteshia Porter
Operations Manager

Mr. Wazim Williams
Executive Co-ordinator & Internal Accounting

Mr. Oneil Smith
Retail Sales Co-ordinator

David Jackson
LPG Plant Manager

CORPORATE GOVERNANCE REPORT

Regency Petroleum Company Limited (RPL, 'the Company') is committed to high standards of governance. The Company's Board of Directors has collective responsibility for directing the Company's affairs and ensuring that the corporate strategies and goals are pursued for the benefit of all stakeholders.

The Board is guided by the Company's Corporate Governance Policy which is based on the Private Sector of Jamaica's (PSOJ's) Code, and the rules of the Jamaica Stock Exchange Junior Market and is the mandate by which the Board operates.

The Company has a Board approved Corporate Governance Policy which is available on the Company's website : www.rplgas.com . Shareholders who have queries can direct them to the Investor Relations Officer by email: info@rplgas.com.

BOARD COMPOSITION

The Board of Directors is comprised of board members with expertise spanning diverse businesses and who are qualified, objective and committed to the effective discharge of their duties. The names of the directors and their qualifications are set out in the Directors' Profile section of this Report.

The Board meets at least quarterly to ensure effective oversight, strategic governance, and a thorough approach to analysis in directing the Company to realize its vision and handle its various obligations as Directors. The Board's core competencies are as follows:

KNOWLEDGE & EXPERIENCE	André Foote	Edgar Bennett	Andrew Cocking	Radcliff Knibbs	Andrew Wiliams
Business Management experience at the leadership level	●	●	●	●	●
Financial Accounting expertise	●	●	●	●	●
Corporate Finance expertise		●	●	●	●
Information Technology expertise		●		●	●
Retail distribution or Marketing expertise				●	●
Corporate Governance	●	●	●	●	
Human Resource Expertise					●
Risk Management		●	●		●
Legal Expertise					

As at December 31, 2023, the Board is comprised of five (5) directors, four of whom are Independent Non-Executive directors. This is in keeping with the company's corporate governance policy which provides that the number of independent non-executive directors should be no less than one third of the members of the Board. In addition to the four (4) independent directors, the Company has a Mentor Director who is Independent and non-Executive. The Chief Executive Officer sits as a non -independent Director.

The four (4) independent members of the Board are:

- Dr. Andre Foote - Chairman
- Mr. Edgar Bennett
- Mr. Andrew Cocking
- Mr. Radcliff Knibbs
- Mentor Director - Mr. Hugh Graham

Directors' Independence:

- Under the Company's Corporate Governance Policy, an Independent Director is defined as one who meets the following criteria:
- has not been an employee of the company or group within the last three years;
- has not nor has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- has not received or does not receive additional remuneration from the company apart from a director's compensation, participates in the company's share option or a performance-related pay scheme;
- has no close family ties with any of the company's advisers, directors or senior employees;
- does not hold any cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- does not represent a significant shareholder.

The criteria of independence ensure that directors holding office are free of any conflicts of interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material way, his or her capacity to bring an unbiased judgment to bear on issues before the Board and to act in the best interest of the entity and its stakeholders generally.

Conflicts of Interest

The Company is guided by the provisions of its Articles of Association in dealing with directors' interest to avoid any exploitation of property, information or opportunity, whether or not the Company could take advantage of it. Further to this, the Company has implemented the Insider Trading Policy which prescribes the guidelines for trading in the company's shares by its directors and officers and to ensure compliance with insider trading laws and conflicts of interest. The Corporate Governance Policy also recognizes the need for the implementation of Whistleblowing guidelines which will allow for employees to make anonymous complaints to an independent resource. Management has been charged with the responsibility for its implementation.

Board Evaluation
One of the key pillars of a successful corporate governance framework is the assessment of the performance of the Board as a whole. The Board is committed to the review of its performance and to making any adjustments necessary that may arise from the surveys. The Collective Board Survey and Directors' Peer Review for the performance year 2023 will be done by an external independent resource.

Board Training
Directors' training is considered to be a key component of the Board's performance. Directors attended individual training sessions on various topics. A full training module will be developed and rolled out for the upcoming year in the areas of Corporate Governance.

Re-election and Appointment of Directors
In accordance with the Company's Amended Articles of Association, all the directors (except the Managing Director) retire by rotation and are eligible for re-election at the first Annual General Meeting of the Company and at any subsequent general meeting of the company one-third of the directors (except the Managing Director) for the time being or if their number is not 3 or a multiple of 3 the number nearest one-third shall retire from office. No additional directors were appointed during the year. The directors who will retire at the Annual General Meeting are Directors Andrew Cocking and Andre Foote . Both directors have indicated their willingness to continue in office and have offered themselves re-election.

Board Committees
As at December 31, 2023, the Board has established four (4) Board Committees to provide support to the Board in the discharge of their duties and responsibilities.

The Committees are the Audit Committee, the Corporate Governance & Nomination Committee, the Remuneration Committee and the Environmental and Risk Committee.

Audit Committee
The Committee has a Board approved Audit Committee Charter which sets out the duties and responsibilities of the Committee. A copy of the Charter is available on the Company's website.

The Audit Charter provides that the Committee shall be comprised of three (3) Non-Executive Independent Members of the Board. Executive Management Team attends meetings as deemed necessary. The Audit Committee reports to the Board Meetings and provides assurance in the areas of financial reporting, compliance with legal regulatory requirements, internal controls, risk management, internal and external audits, and corporate governance.

The Committee held four (4) meetings during the period and reviewed the Company's unaudited quarterly financials and recommended their approval to the Board of Directors. The members of the Audit Committee are as follows:

Audit Committee Members	
Edgar Bennett -	Independent Chairman
Andrew Cocking -	Independent Member
Radcliff Knibbs -	Independent Member

The CEO who is also a director, attends on behalf of Executive Management as an invitee.

The Board is committed to completing its governance framework and has already constituted a Corporate Governance and Nomination Committee (comprised of 3 independent members who also sit on the Audit Committee).

The Corporate Governance and Nomination Committee Policy was approved during the year. One of the key roles of the Committee is to ensure that the board has the right mix of skills knowledge and expertise. It is the Committee's responsibility for nomination and selection of the directors. This requires a robust evaluation and assessment of the balance of skills, knowledge, and experience on the Board and, in the light of this evaluation, determine any gaps required.

The Committee also reviews and recommends Policies to the Board for approval. There was one (1) meeting for the year.

Corporate Governance and Nomination Committee

The members of the Committee are all independent non-executive members of the Board:

Edgar Bennett	Independent Chairman
Andrew Cocking	Independent Member
Radcliff Knibbs	Independent Member

REMUNERATION COMMITTEE

The members of the Remuneration Committee are all Independent non-Executive directors and were appointed during the review period. These are:

Andrew Cocking	Independent Chairman
Dr. André Foote	Independent Member
Edgar Bennett	Independent Member

No meetings were held during the year.

ENVIRONMENTAL RISK COMMITTEE

The members of the Environmental Risk Committee were appointed in November 2022 and comprise the following members:

Andrew Williams	Non-Independent Chairman)
Andrew Cocking	Independent Member
Edgar Bennett	Independent Member

Environment, Social and Governance

The Company, being mindful of the inherent risks of its business, is committed to operating in an environmentally and socially responsible manner. The Company acknowledges that the regulatory landscape is shifting and stakeholders are now more cognizant of Environment, Social and Governance (ESG) as a framework to assess impact. In this regard, the company will be developing its ESG framework over time. As a preliminary step, the Company will be embarking on upskilling its Directors and the team to better understand the Company's ESG exposure and to establish an ESG Agenda in line with its core values and current activities. RPL through its social responsibility activities, has developed a strong presence and partnerships in the communities it serves. In doing so, it intends to expand its focus through these relationships to bring about an awareness of the effects of climate change on its communities and to ensure the sustainability of its operations.

Directors' Meeting Attendance:

Board - There were four (4) scheduled meetings for the year; in addition there were two (2) ad hoc meetings. The meetings were held in person although facility was provided for hybrid meetings. In cases where decisions of an urgent nature were required, the Board adopted resolutions in writing in accordance with its Board Charter and Articles. There were two (2) such meetings.

Based on the heightened activities for 2023, there were eight (8) meetings which are set out in the table below.

The meetings provide more than adequate opportunity for continuous review of the Company's performance against agreed targets and the Company's overall governance. Discussions were robust and provided management with guidance in achieving its deliverables.

Overall, the Directors' attendance and participation at Board and Committee meetings continue to be robust. The attendance of directors at the Company's Board, and Audit Committee and Corporate Governance Committee meetings for the year January to December 2023 is as follows:

Name of Directors	AGM	Board	Audit	Corporate Governance
Edgar Bennett	1/1	6/6	4/4	1/1
Andrew Cocking	1/1	6/6	4/4	1/1
Andre Foote	1/1	6/6	Non-member	Non-member
Radcliff Knibbs	1/1	6/6	4/4	1/1
Andrew Williams	1/1	6/6	4/4	Non-member

*Attended as an invitee

DIRECTORS' EMOLUMENTS

The Directors' emoluments are disclosed in the Company's audited financial statements. Executive directors do not receive fees for attending Board or Committee meetings. Non-executive directors are paid a fixed fee for meetings attended.

Investor Relations

The Company is committed to its partnership with its investors and continues to hold investor briefings to update investors and shareholders on the Company's operations and future plans.

There were four briefings during the period where the CEO presents an outline of the company's achievements against target over the relevant period. In addition, Shareholders have the opportunity to communicate with the Board even outside of the Annual General Meeting through the investor relations portal on its website or by emailing the Investor Relation officer at the email provided on the website.

The release of its quarterly unaudited financial statements was done on a timely basis throughout the year.

Management Discussion & Analysis

FY 2023 at a Glance

Regency Petroleum Company Limited (JSE: RPL)

Paradise Pen Launch: RPL opened its second petrol station on August 26, 2023.

JusGas Partnership Launch: A strategic partnership with JusGas has led to the expansion of the RPL bulk LPG business into the Kingston & St. Andrew areas.

Executive Summary

RPL is a Jamaican petroleum marketing company licensed to distribute petroleum products. Having started in the LPG (liquified petroleum gas) business, RPL entered the service station space to begin distributing motor fuel to the public. In December 2022, RPL listed on the Jamaica Stock Exchange with the intent of expanding their reach across the island. In the time since listing, the company has delivered on its promises, while remaining transparent with their shareholders through solid investor relations.

RPL remains committed to nation building through strategic partnerships and donations. With Andrew Williams at the helm as Chief Executive Officer, the company continues to foster community and encourage Jamaicans towards collaborative business practices.

Operational Highlights

In 2023, RPL marked its first year as a publicly listed company, witnessing a decline in oil prices globally, which positively impacted consumer spending and commuting. Key operational achievements included opening a new service station and securing a franchise agreement. The LPG segment›s contribution to revenue increased from 18% to 24%, reflecting the impact of investments from the initial public offering (IPO) proceeds.

Financial Performance

Total expenses surged by 130%, mainly due to new service station operations and infrastructure development. Operating profit decreased by 42%, while finance costs decreased by 70% compared to the previous year. Profit before tax declined by 37%, attributed to increased operating expenses. However, RPL incurred no income tax due to its listing on the Junior Market of the Jamaica Stock Exchange (JSE).

Financial Position

Total assets increased by 63%, primarily driven by investments in service station assets and gas cylinders. Net trade receivables grew by 37%, while cash and cash equivalents decreased by 29%, reflecting investments in property, plant, and equipment (PP&E). Total liabilities rose substantially due to a new debt facility to support infrastructure expansion.

Shareholder Information

Shareholder equity grew by 12%, supported by retained earnings and foreign exchange reserves. The top ten shareholders increased their interest in the company to 92.92%, with GK Investments Limited raising its stake during the year.

Risk Report

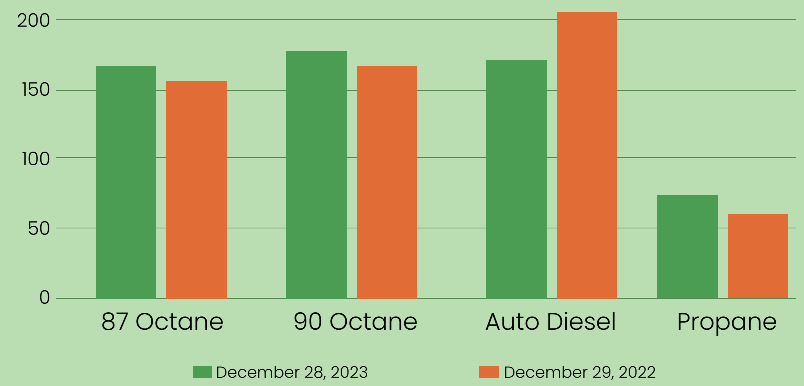
RPL faces various risks inherent in the petroleum marketing business, including credit, execution, and safety risks. Measures are in place to mitigate these risks, such as careful management of credit terms, proactive risk assessment, and adherence to safety procedures and certifications.

Overall, RPL›s financial performance and strategic initiatives position it for continued growth, supported by its expanding market presence and prudent risk management practices.

Financial Summary

End of Period Share Price	Market Cap	Revenue up 36% to	LPG Contribution to revenues
$2.42	**$3.47B**	**$928.76M**	**24%**

Petroleum Product Prices



The company does not control the market prices offered on petroleum products; however, the petroleum product price does impact our revenues and ultimately, our profits, so it is worth noting the changes year over year.

Balance Sheet (Audited)

	2023 (in millions)	2022 (in millions)
Total Assets	705	432
Total Liabilities	270	43
Total Debt	222	0
Total Equity	435	389

For the reporting period, Total Assets grew by 66% year over year, which is mainly attributed to the increase in plant, property and equipment as expansion continues. Debt was taken on during the period to fund the construction of the new service station.

Income Statement

	2023 (in millions)	2022 (in millions)
Revenues	929	681
Gross Profit	122	113
Net Profit	46	56

Revenues saw an increase of 36% during the reporting period while net profits saw a decline of 18% due to the additional administrative and construction costs.

Cash Flow from Operations (in Millions)

2022: 72

2023: 76

6% Increase

The Management Discussion & Analysis (MDA) is to be read in conjunction with the audited financial statements for the period ending December 31, 2023. The financial information of Regency Petroleum Company Limited ("RPL") is presented below is in Jamaican Dollars (JMD) which is the functional currency of the company. These financials conform with International Financial Reporting Standards (IFRS) as prescribed by the International Accounting Standards Board (IASB).

RPL is a petroleum marketing company licensed to distribute bulk petroleum products. The company's sales involve liquified petroleum gasoline (LPG)/cooking gas and transportation fuels. RPL also operates service stations which involves the sale of gasoline to retail customers and sale of regular products inside the convenience store.

Dear shareholders,

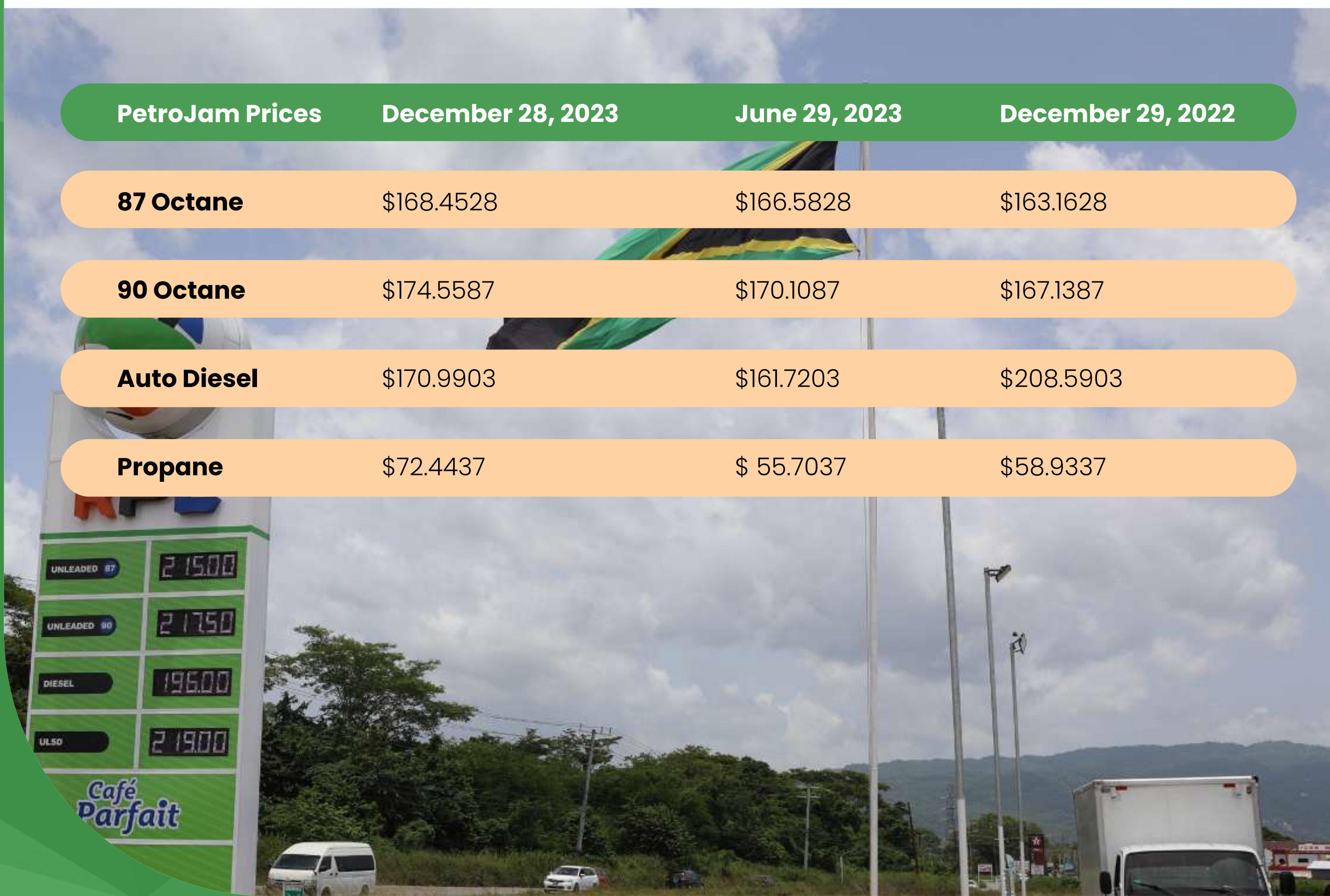
2023 was a year of many positive feats for Regency Petroleum Company Limited (RPL) as we experienced our first year as a publicly listed company and began a new wave of expansion. After the world reeled from a year of elevated oil prices, prices began a steady decent which benefited consumers as they would be able to save more on fuel costs and seek to commute more.

For RPL, we opened our second service station at Paradise Pen on August 16 and announced a franchise agreement with JusGas Distributors Limited to distribute our bulk LPG products in the corporate area of Kingston & St. Andrew. These two events along with our growing market presence contributed to our revenue rising 36% from $681.14 million to $928.76 million, just $71.24 million shy of $1 billion. This improvement came largely as a result of the five-months contribution from Paradise Pen. The LPG segment also moved from being 18% of revenue in 2022 to 24% in 2023 which demonstrates the impact of the company's investment from its initial public offering (IPO) proceeds.

Gross profit increased by 8% to $121.76 million due to the company's trucking costs rising by two-thirds as our business activity grew from the new service station. Also, due to the timing of when our new service station coming on stream, our gross profit margin decreased from 16.57% to 13.11%.

The company does not control the market prices offered on petroleum products and instead directs its attention on volumes and gross profits.

PetroJam Prices	December 28, 2023	June 29, 2023	December 29, 2022
87 Octane	$168.4528	$166.5828	$163.1628
90 Octane	$174.5587	$170.1087	$167.1387
Auto Diesel	$170.9903	$161.7203	$208.5903
Propane	$72.4437	$ 55.7037	$58.9337



The company did not benefit from PetroJam's loyalty credits in 2023 as the refinery discontinued the program for everyone.

Our total expenses grew by 130% from $32.09 million to $73.70 million largely from the opening of our new service station and the costs of building our administrative infrastructure for our growing service station footprint. Also, 2023 carried new or higher costs associated with being a publicly listed company such as directors' fees, listing fees, annual general meeting (AGM) and audit fees. The company also spent a lot more during the year on advertising and promotional costs in order to build the brand of the business while maintaining appropriate investor relations. There would have also been a higher associated costs related to staff and security costs due to changes in minimum wage and compensation structure in early 2023. As a result, our operating profit/profit before finance costs was down 42% to $49.54 million.

RPL's finance costs were 70% lower at $3.78 million since the prior year carried interest expenses and commitment fees from a prior loan meant to support the opening of our new service station in Paradise Pen. Our bank charges did increase though due to increased commercial activity at our service station.

The higher operating expenses impacted the company's profit before tax leading to a decline of 37% moving from $72.84 million to $45.76 million. Due to the company being listed on the Junior Market of the Jamaica Stock Exchange (JSE), we currently incur no income taxes until December 2027. As such, we incurred no income tax during the year which meant our net profit was 19% lower than the $56.33 million in 2022. Earnings per share decreased from $0.049 to $0.032, but it should be noted that 2022's share count was weighted versus 2023 which uses the company's total issued shares.

RPL's total assets jumped 63% from $431.88 million to $704.94 million as the company invested an extra $154.10 million into its service station assets, which fall under property, plant and equipment (PP&E) that closed 2023 at $435.79 million. We also invested an extra $41.32 million into gas cylinders for our LPG business. It should be noted that the $64.54 million in deferred expenditure and $71.75 million in deposit on deferred lease expenses under receivables are expected to be offset against the company's future lease payments at the Spanish Town Road and Negril service stations, respectively.

Net trade receivables increased 37% to $23.35 million as the company grew its LPG business even further while recovering $1.22 million in bad debt provisions during the year. The company's cash and cash equivalents ended the year down 29 per cent from $94.67 million to $67.10 million as the company invested significantly into the PP&E to facilitate future growth. Our total liabilities rose from $43.05 million to $270.15 million largely as a result of our US$1.4 million debt facility which is $215.60 million when converted to our reporting currency.

This financing went to support our new Spanish Town Road service station and was drawn in two tranches of US$600,000 and US$800,000 in 2023. The secured notes carry an 8.5% interest rate and are due by September 2025.

The company's trade payables naturally increased to $40.29 million from higher business in the motor fuel and LPG businesses. However, our positive relationship with our suppliers has resulted in the company benefiting from additional time to settle our payables.

Shareholder's equity grew 12% to $434.79 million as retained earnings improved from another profitable year and the foreign exchange reserve. Our top ten shareholders also increased their interest in the company from 91.34% to 92.92% which was largely due to GK Investments Limited increasing their direct stake from 6.84% to 8.39% during the year.

Risk Report

RPL's growing business exposes it to different risks that come along with the nature of being a petroleum marketing company. Some of these risks and relevant measures are contained below:

Credit Risk: RPL extends credit terms to customers on the LPG business which creates the risk that receivables might not be collected in full. Guidelines established under IFRS 9 require the company to apply a provision for the possibility of being unable to recover these receivables. RPL manages credit terms very carefully with its customers and seeks to collect

quickly under established arrangements. The company has penalties in place for customers who do not effectively honour their terms. RPL has managed to recover 'bad debt' from some customers who paid down their balances and must rebuild their credit terms over time. As a result, they pay upfront rather than later. RPL's motor fuel business does not typically have receivables as customers pay up front for the purchase of fuel.

Execution Risk: The development of the company's service stations can be impacted by factors beyond our control which can delay the completion of a location. During 2023, RPL was impacted by shipping delays for some of our final components for our Paradise Pen service station and the passing of the main contractor responsible for the Negril location. These events resulted in RPL's original timelines being impacted which affected budgeted projections for revenue generation. RPL was able to complete Paradise Pen which was officially opened in August and began operations of the Negril location in January 2024. The company reached an agreement with the owner of the Negril property during mid-2023 to ensure that the project's timeline could progress without any additional delay.

Safety Risk: RPL is involved in the business of handling the purchase and sale of petroleum products which can pose a risk in any unexpected scenario. As such, all staff are trained in adequate safety procedures when working with any client and what to do in any safety event. The company also maintains all relevant safety certifications from relevant authorities such as the Bureau of Standards Jamaica (BSJ). The continued education of staff with the company's ongoing expansion along with general inspections are crucial to maintaining the safety of our customers and the general public.

Outlook

RPL began 2024 on a positive note as we officially began operating our Negril service station in early January. This is our third service station and meant that the company's revenue and earnings would improve even more for the Q1 2024 reporting period. We also project to complete the new Spanish Town Road service station by the end of Q2 2024 following delays associated with extended rainfall in Q3 – Q4 2023. As such, RPL should be operating four service stations in the second half of 2024 which should provide a clear view for shareholders to understand RPL's normalized earning capacity from the investments made over the last two years.

RPL will not be opening any new service stations from our proprietary funds in 2024, apart from the ones already announced earlier. The financial performance of our service stations will guide the company on the best possible route to finance any new investments in additional service stations, whether through debt or equity. The financing structure will be informed by the economic environment, which speaks to the impact interest rates can have on securing funding at our desired terms. Our financial advisor - GK Capital Management Limited - will assist us in this effort to determine the best options available when the time approaches. We receive calls daily across the island about new opportunities for both business segments, but we are informed by the capacity of our operations, infrastructure and returns on any investment.

RPL currently operates all service stations in operation, including the expected Spanish Town Road location. This is normally defined as a company owned, company operated (COCO) service model which means the earnings from the service stations accrue directly to the company. Under a dealer owned, dealer operated (DODO) model, the company makes income from the sale of fuel directly to the dealer. If an existing independent service station wants to rebrand to the RPL brand, we welcome them to contact us to discuss this possibility.

We will be seeking to continue growing our LPG business organically due to the capital-intensive nature of the business. RPL was able to not only maintain its market share in our existing markets but grow it in the Kingston & St. Andrew market through our JusGas Distributors partnership. We reinvested all profits from this business line back into the continued growth of this segment as we gain more traction from bulk sales. The main cost associated with the LPG business is the physical cylinders that are used by our customers until they need a refill. It is against this premise that we remain focused on growing cautiously with respect to this business segment.

Like any other publicly listed company, RPL would like to return capital directly to the hands of shareholders through dividends. However, as outlined in our dividend policy, dividends are to be up to 30 per cent of net profits available for distribution, subject to the need for reinvestment. The size of any dividend payment(s) is also limited by any covenants attached to any debt facilities the company utilizes. The company's recent bond raise does not preclude it from paying dividends at all, but limits RPL from making payments that would impair its ability to repay the principal or interest on the bond. RPL is currently in a high growth stage, which requires the company to determine the best use of capital, whether internal and external. This is compounded by the fact that our LPG business is highly capital intensive, which means that significantly more capital is needed to grow the operations. As such, while the board can consider the possibility of dividends at a future date, it will be subject to all the factors mentioned above.

Prior to the end of the first quarter, the government announced an increase in the weekly minimum wage from $13,500 to $15,000 and the minimum wage of industrial security guards from $14,000 to $15,000 effective June 1, 2024. These wage increases will result in the company's costs rising for the latter half of 2024, higher than initially budgeted for when considering the expectation of operating four service stations. It is important to note that we welcome the opportunity for all Jamaicans to earn more, but it's equally important that our shareholders understand that some operating costs from our various service providers are expected to increase to accommodate this higher wage bill.

Jamaica's Debt-to-GDP ratio dipped to 72% at the end of March 2024 which allows for the government to increase capital expenditure to other areas of the country's economic development. Finance Minister Dr Nigel Clarke also announced during his budget presentation the increase in the Junior Market threshold limit from $500 million to $750 million in the new government fiscal year. This is a major positive for most Junior Market companies who will now have more considerations to approach their shareholders for any additional equity capital.

Fitch Ratings upgraded its credit rating for Jamaica to BB– with a positive outlook, which is in line with the recent upgrades by S&P Global Ratings to BB– and Moody's to B1 with positive outlooks. These upgrades move us closer to the desired investment grade credit rating which would result in significant attention by international investors which would benefit Jamaica in several ways.

Jamaica's unemployment rate moved down to 4.2% in October 2023 which was a historic low as more employment opportunities are available for Jamaicans from all walks of life. Jamaica's net international reserves closed 2023 at US$4.75 billion which is a new record and a commendable feat compared to several years ago. Jamaica is also benefiting from increased air traffic to the country with the third international airport receiving its first official flight in February 2024. The country is also set to benefit from continued free access to the May Pen to Williamsfield leg of Highway 2000 which currently cuts down on the commute time and encourages travel in the island.

We look forward to hosting our second annual general meeting within the next month and meeting more shareholders. We currently host quarterly earnings calls with Learn Grow Invest Limited to keep our shareholders and the public abreast of our developments. We welcome questions on our performance and future plans which we're excited to execute going forward as we build shareholder value and provide products to the public at a reasonable price and value. Our vision is to grow Jamaica which includes supporting Jamaican businesses along our journey.

2023 Highlights

First Annual General Meeting since listing on the Jamaica Stock Exchange

Ribbon cutting at the opening of Paradise Pen Station

Jus Gas Partnership Launch

Corporate Social Responsibility

In addition to special donations and partnerships, RPL remains committed to ongoing Corporate Social Responsibility through supporting identified local churches and schools through the provision of bulk LPG for their day-to-day operations.

Corporate Data

Board of Directors

Dr. Andre Foote
Independent Non-Executive Chairman

Andrew Williams
Chief Executive Office

Radcliffe Knibbs
Independent Non-Executive Director

Edgar Bennett
Independent Non-Executive Director

Andrew Cocking
Independent Non-Executive Director

Senior Managers

Jerry Grant
Financial Controller

Dilton Pike
Fire Protection, Training and Safety

Lance Anderson
Accounting Consultant

Company Secretary

Janice Grant Taffe
Attorney-at-Law

Registered Address

93 Great George Street, Savanna-La-Mar, Westmoreland, Jamaica.

Telephone: (876) 724-8128

Website: www.rplgas.com

Email: info@rplgas.com

Corporate Governance

Audit Committee

Renumeration Committee

Environmental Risk Committee

Corporate Governance Committee

Registrar

Jamaica Central Securities Depository Limited

40 Harbour Street, Kingston

Bankers

Sagicor Bank Jamaica Limited

56 Great George Street, Savanna La-Mar, Westmoreland

Bank of Nova Scotia Jamaica Limited

19 Great George Street, Savanna-La-Mar, Westmoreland

Auditors

McKenley & Associates Chartered Accountants, Unit 11, Seymour Park, 2 Seymour Avenue, Seymour Park Complex

Kingston 6

http://www.wmckenley.com/about-us

Lawyers

Patterson Mair Hamilton

Temple Court

85 Hope Road, Kingston 6

Investor Relations Support

Learn Grow Invest Limited

22B Old Hope Road, Kingston 5

https://www.learngrowinvestclub.com

(876) 788-1757

Top 10 Shareholder Listing

as at December 31 2023

#	Name	Joint Holder	# of Shares	% Issued Shares
1	Andrew Williams		1,148,629,416	80%
2	GK Investments Limited		120,516,997	8.39%
3	Glen Sabul		24,650,000	1.71%
4	Donique Gayle	Geraldine K. Rosegreen	13,661,000	0.95%
5	Tashua Brown-Williams		10,000,000	0.69%
6	Tatiana Answer		5,000,000	0.34%
7	Domanick Ffrench		3,583,413	0.24%
8	QWI Investments Limited		3,000,000	0.20%
9	Claudine Murphy		933,445	0.06%
		Jade A. O. M. Speer	1,234,433	0.08%
		Chanel Grainger	785,447	0.05%
		Total Holdings	**2,953,325**	**0.20%**
10	Jerry Grant			
		Karen Annmarie Grant	103,518	0.0072%
		Karen Grant	2,300,000	0.1602%
		Miss Kaila Amanda Grant	27,659	0.0019%
		Mrs Karen Grant Miss Kaila Grant	52,509	0.0037%
		Mrs Karen Grant	128,636	0.0090%
		Karen Ann-Marie Grant	14,739	0.0010%
		Rachel Louise Amelia Grant	38,670	0.0027%
		Client Total Ownership	**2,665,731**	**0.18%**

TOTAL ISSUED SHARES	**1,435,786,770**

Directors and Connected Parties Shareholdings Report
as at December 31, 2023

Board Member Account ID	*Primary Holder Joint Holder	Position on Board	Relationship	Volume	%
DR. ANDRE FOOTE	Dr. Andre Foote	Director	Self Director's Holdings Connected Party Holdings Combined Holdings	2,000,000 2,000,000 - 2,000,000	0.13930 0.13930 0.00000 0.13930
RADCLIFF KNIBBS	Radcliff Knibbs	Director	Self Director's Holdings Connected Party Holdings Combined Holdings	1,100,000 1,100,000 - 1,100,000	0.07661 0.07661 0.00000 0.07661
ANDREW COCKING	Andrew Cocking	Director	Self Director's Holdings Connected Party Holdings Combined Holdings	500,000 500,000 - 500,000	0.03482 0.03482 0.00000 0.03482
EDGAR BENNETT	Edgar Bennett	Director	Self Director's Holdings Connected Party Holdings Combined Holdings	- - - -	0.00000 0.00000 0.00000 0.00000
JANICE GRANT-TAFFE	Janice Grant-Taffe *Joseph Taffe	Company Secretary	Self Connected Director's Holdings Connected Party Holdings Combined Holdings	- 500,000 - 500,000 500,000	0.00000 0.03482 0.00000 0.03482 0.03482

Issued Shares	1,435,786,770	
Combined Director's Holdings	3,600,000	0.25073
Combined Connected Party Holdings	500,000	0.03482
Combined Holdings	4,100,000	0.28556

Senior Managers and Connected Parties Shareholdings Report
as at December 31, 2023

Board Member Account ID	*Primary Holder Joint Holder	Position on Board	Relationship	Volume	%
JERRY GRANT	*Jerry Grant Karen Grant	Manager	Self Connected	2,300,000	0.40709
	*Jerry Grant Karen Grant	Manager	Self Connected	128,636	0.02277
	*Jerry Grant Kaila Grant Karen Grant	Manager	Self Connected	52,509	0.00929
	*Jerry Grant Karen Grant	Manager	Self Connected	103,518	0.01832
	*Jerry Grant Rachel Grant	Manager	Self Connected	38,670	0.00684
	*Jerry Grant Kaila Grant	Manager	Self Connected	27,659	0.00490
	*Jerry Grant Karen Grant	Manager	Self Connected	14,739	0.00000
	*Karen Grant Rachel Grant		Connected	298,990	0.05292
	*Karen Grant Kaila Grant		Connected	321,233	0.05686
			Senior Managers Holdings Connected Party Holdings Combined Holdings	2,665,731 620,223 3,285,954	0.47182 0.10978 0.58160
LANCELOT ANDERSON	Lancelot Anderson	Manager	Self	-	0.00000
	*Jacqueline Anderson Jillian Anderson		Connected	1,985,000	0.35133
			Senior Managers Holdings Connected Party Holdings Combined Holdings	- 1,985,000 1,985,000	0.00000 0.35133 0.35133

Issued Shares	564,990,000	
Combined Senior Managers Holdings	2,665,731	0.47182
Combined Connected Party Holdings	2,605,223	0.46111
Combined Holdings	5,270,954	0.93293

Notes

Proxy Form

Form of Proxy

I ....

of .... being

a member of Regency Petroleum Company Limited hereby appoint ....of

or failing him ....of .... as my proxy to

vote for me on my behalf at the Annual General Meeting of the Company to be held on Monday April 29, 2024 at 3:30p.m. at the Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5, St Andrew and electronically and at any adjournment thereof.

The Proxy will vote on the undermentioned resolutions as indicated:

Resolutions	**For**	**Against**
1. To receive the Audited Accounts and Report of the Directors for the year ended December 31, 2023		
2. To elect Directors:		
a) Andrew Cocking,		
b) Andre Foote		
3. To fix the remuneration of Directors		
4. To appoint and authorize the Directors to fix the remuneration of the Auditors		

NOTE: If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

As witness my hand this..day of 2024

..../...

Note: if the shareholder is a corporation the form should be signed under its corporate seal.

Audited Financials

McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS

2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-97
Fax: (876) 927-6409
Website: www.wmckenley.com

To the Members of
Regency Petroleum Company 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 Regency Petroleum Company Limited as at 31 December 2023, 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 2023
- 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.

Wilfred M. McKenley, F.C.A., M.B.A., Janice E. McKenley, B.Sc., EMBA., F.C.C.A. F.C.A. (Partner on Leave)

To the Members of
Regency Petroleum Company Limited

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

February 21, 2024

Regency Petroleum Company Limited
Statement of Financial Position
31 December 2023

	Note	2023 $	2022 $
Assets			
Non-current assets			
Property, plant and equipment	8	435,790,269	259,191,495
Right of use asset	8	6,226,000	6,951,359
Deferred expenditure	17	64,540,777	-
Current assets			
Inventories	9	7,804,748	4,108,305
Receivables	10	99,810,759	35,893,686
Due from related parties	11	22,898,247	30,461,384
Director's current account	12	765,167	602,167
Cash and cash equivalents	13	67,103,415	94,669,703
		198,382,336	165,735,245
Current liabilities			
Payables	14	47,947,485	19,504,388
Taxation payable	6	-	16,508,484
Current portion-lease liability		492,953	437,738
		48,440,438	36,450,610
Net current assets		149,941,898	129,284,635
Total assets less current liabilities		656,498,944	395,427,489
Equity			
Issued capital	16	260,152,400	260,152,400
Retained earnings		174,431,110	128,675,227
Exchange reserve		208,526	-
		434,792,036	388,827,627
Non-current liabilities:			
Lease liability	15	6,106,908	6,599,862
Long term borrowings	15	215,600,000	-
		221,706,908	6,599,862
Total equity and non-current liabilities		656,498,944	395,427,489

Approved for issue by the Board of Directors on February 21, 2024 and signed on its behalf by:

Dr. Andre Foote – Chairman

Andrew Williams – Chief Executive Officer

Regency Petroleum Company Limited
Statement of Comprehensive Income
Year ended 31 December 2023

	Note	2023 $	2022 $
Operating revenue	18 (h)	928,764,748	681,143,499
Less direct expenses	3	(807,000,615)	(568,269,342)
Gross profit		121,764,133	112,874,157
Other operating income			
Loyalty credits		-	4,736,650
Interest income		256,551	111,485
Other income		1,219,781	-
		1,476,332	4,848,135
		123,240,465	117,722,292
Less operating expenses:			
Administrative	4	(72,297,685)	*(31,964,274)
Selling & distribution	4	(1,406,724)	(128,441)
		(73,704,409)	(32,092,715)
Profit before finance costs		49,536,056	85,629,577
Finance costs	5	(3,780,173)	*(12,793,560)
Profit before taxation		45,755,883	72,836,017
Taxation	6	-	(16,508,484)
Profit after taxation		45,755,883	56,327,533
Other comprehensive income			
Item that will be re-classified to profit or loss:			
Exchange difference on translating US$ bonds		208,526	-
Profit being total comprehensive income for the year		45,964,409	56,327,533

		$	$
Earnings per share	7	0.032	0.049

* Restated for comparative purposes.

Regency Petroleum Company Limited
Statement of Cash Flows
Year ended 31 December 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Net profit		45,964,409	56,327,533
Adjustment for:			
Depreciation	8	19,344,646	14,987,985
Depreciation - right of use	8	725,359	302,233
Non-cash adjustment: reclassification of asset	8	9,738,602	-
Operating cash flows before movements in working capital		75,773,016	71,617,751
Changes in operating assets and liabilities:			
Inventories		(3,696,443)	18,829,239
Receivables		(63,917,073)	(22,169,680)
Deferred expenditure		(64,540,777)	-
Payables		28,443,098	(1,096,520)
Related party balances		7,563,136	(15,890,000)
Taxation		(16,508,485)	(4,396,673)
Director's current account		(163,000)	4,375,266
		(112,819,544	(20,348,368)
Net cash flow (used in)/provided by operating activities		(37,046,528)	51,269,383
Cash flows from investing activities:			
Purchase of property, plant & equipment	8	(205,682,022)	(188,986,955)
Finance lease-rights of use	8	-	(7,253,592)
Net cash flow used by investing activities		(205,682,022)	(196,240,547)
Cash flows from financing activities			
Directors' loan repaid	17	-	(1,939,993)
Issue of shares, net of transaction costs	16	-	260,144,400
Finance lease	8	-	7,253,592
Finance lease-repaid		(437,738)	(215,992)
Loan proceeds		215,600,000	-
Long term loans repaid	15	-	(26,960,000)
Net cash flow provided by financing activities		215,162,262	238,282,007
Net (decrease)/increase in cash and cash equivalents		(27,566,288)	93,310,844
Cash resources at the beginning of the year		94,669,703	1,358,859
Cash resources at the end of year	13	67,103,415	94,669,703

Regency Petroleum Company Limited
Statement of Changes in Equity
Year ended 31 December 2023

	No. of Shares	Share Capital	Exchange Revaluation Reserve	Retained Earnings	Total
		$	$	$	$
Balances: 31 December 2020	8,000	8,000	-	13,399,914	13,407,914
Profit for the year	-	-	-	58,947,780	58,947,780
Balances: 31 December 2021	8,000	8,000	-	72,347,694	72,355,694
Profit for the year	-	-	-	56,327,533	56,327,533
Shares converted during the year	1,148,613,416	-	-	-	-
Shares issued during the year	287,165,354	260,144,400	-	-	260,144,400
Balances: 31 December 2022	1,435,786,770	260,152,400	-	128,675,227	388,827,627
Profit for the year, being total comprehensive income	-	-	208,526	45,755,883	45,964,409
Balances: 31 December 2023	1,435,786,770	260,152,400	208,526	174,431,110	434,792,036

Regency Petroleum Company Limited
Notes to the Financial Statements
31 December 2023

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Regency Petroleum Company Limited (the Company) is a private company limited by shares, incorporated on May 30, 2018, and domiciled in Jamaica. The registered office of the Company is located at 93 Great George Street, Savanna-La-Mar, and Westmoreland. The Company commenced trading on 1 January 2019. The principal activity of the Company consists of selling liquefied petroleum gases and 90 Octane gasoline.

Effective 15 December 2022, the Company was listed on the Junior Market of the Jamaica Stock Exchange (JSE) and under that regime is subject to 100 % tax remission for the next five (5) years as long as the Company remains listed.

The financial statements are expressed in Jamaican dollars.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein. These policies have been consistently applied for all the years presented, unless otherwise stated.

Going concern

The preparation of financial statements in accordance with IFRS assumes that the Company will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and comprehensive income and the statement of financial position are prepared on the assumption that there is no intention or necessity to liquidate or curtail operations. This is commonly referred to as the going concern basis. Management believes that the preparation of the financial statements on the going concern basis is appropriate.

Basis of presentation

The financial statements have been prepared on the historical cost basis, except for financial instruments that are reported at fair value, through profit or loss.

Regency Petroleum Company Limited
Notes to the Financial Statements
31 December 2023

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

(a) Statement of Compliance (continued)

Judgments and estimates

The preparation of the financial statements in accordance with IFRS requires Management to make judgments and estimates that affect:

- 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 the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining 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 on the basis of (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.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

(a) Statement of Compliance (continued)

Judgments and estimates (continued)

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 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 the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. 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.

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 aged receivables and historical experience with delinquency and default. Default rates and the allowance amount are regularly reviewed against the actual outcomes to ensure that they remain appropriate.

Others

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

Regency Petroleum Company Limited
Notes to the Financial Statements
31 December 2023

3. COST OF SALES

	2023 $	2022 $
Opening inventories	4,108,305	3,615,081
Purchases	794,659,870	558,958,911
Trucking	15,977,337	9,577,155
Handling charges	59,851	226,500
Closing inventories	(7,804,748)	(4,108,305)
	807,000,615	568,269,342

4. EXPENSES BY NATURE

	2023 $	2022 $
Selling & distribution:		
Commission	1,406,724	128,441
	1,406,724	128,441
Administrative:		
Depreciation	19,344,646	14,987,985
Depreciation- right of use assets	725,359	302,233
Audit and accounting fees	7,530,000	3,355,000
Repairs and maintenance	2,108,674	1,516,712
Motor vehicle expenses	913,501	649,132
Staff costs	11,781,189	1,414,578
Telephone	7,500	34,677
Advertising & promotion	6,747,834	1,404,070
Office supplies and stationery expense	257,350	187,711
Electricity	2,313,737	717,208
Insurance	368,273	377,253
Legal & professional	7,519,331	-
Meetings	2,827,341	-
License, permits and other fees	50,000	43,000
Directors' fees	1,624,480	310,000
Security	2,683,928	-
Rental	-	420,000
Donation	1,620,000	121,400
Contracted administrative workers	2,463,830	3,213,000
Bad debt expense	-	2,341,081
Other expenses	1,410,712	569,234
	72,297,685	31,964,274

5. FINANCE COSTS

	2023 $	2022 $
Interest expense	-	4,241,988
Lease liability	530,262	184,007
Commitment fees	-	4,760,970
Interest & penalties	854,106	2,459,334
Bank charges	2,395,805	1,147,261
	3,780,173	12,793,560

6. TAXATION

(a) Taxation is based on profit for the year adjusted for taxation purposes and comprises income tax at 25%:

	2023	2022
	$	$
Current tax expense	-	16,508,484
	-	16,508,484

(b) The tax on the Company's profit differs from the theoretical amount that would arise using the applicable tax rate of 25% as follows:

	2023	2022
	$	$
Profit before taxation	45,755,882	72,836,017
Tax calculation @ 25%	11,438,970	18,209,004
Adjustment for difference in treatment of:		
Depreciation and capital allowances	(5,219,664)	(1,196,676)
Remission of income tax	(6,837,833)	(774,028)
Net effect of other charges for tax purposes	618,527	270,184
Tax charged for the year	-	16,508,484

(c) Remission of income tax:

By notice dated 13th August 2009, the Minister of Finance and the Public Service issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMJSE) if certain conditions were achieved after the date of initial admission.

Effective 15 December 2022, the Company's shares were listed on the Junior Market of the JSE. Consequently, the Company is entitled to a remission of income taxes for ten years in the proportion set out below;

Years 1 to 5 (16 December 2022 – 15 December 2027) – 100%

Years 6-10: (16 December 2027 - 31 December 2032) – 50%

Provided the following conditions are met:

(i) The Company remains listed for at least 15 years and is not suspended from the JSE for any breach of its rules.
(ii) The Subscribed Participating Voting Share Capital of the Company does not exceed J$500 million
(iii) The Company has at least 50 Participating Voting Shareholders

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

7. EARNINGS PER SHARE

Basic earnings per ordinary stock (EPS) unit are computed by dividing the net profit for the year attributable to shareholders by the total number of ordinary stock units of 1,435,786,770 (2022- 1,162,003,868) ordinary shares in issue for the year. The Company was listed on the Junior Market of the Jamaica Stock Exchange, effective, 15 December 2022.

	2023	2022
	$	$
Net profit attributable to shareholders	45,964,409	56,327,533
Weighted average number of ordinary shares in issue	1,435,786,770	1,162,003,868
Basic earnings per share	0.032	0.049

8. PROPERTY, PLANT, AND EQUIPMENT

2023

	Work-in-Progress	Land	Motor Vehicle	Filing Plant & Site Office	Storage Tanks	Gas Cylinders	Furniture, Fixtures & Equipment	Building	Total	Rights of use Asset
	$		$	$	$	$	$		$	$
At cost:										
1 January 2023	135,349,687	-	4,000,000	28,048,426	19,283,647	104,375,118	2,846,168	-	293,903,046	7,253,592
Additions	7,888,560	-	-	-	258,000	41,319,696	2,117,918	154,097,848	205,682,022	-
Reclassification of asset	(142,938,247)	12,101,500	-	-	-	-	-	121,098,145	(9,738,602)	-
31 December 2023	300,000	12,101,500	4,000,000	28,048,426	19,541,647	145,694,814	4,964,086	275,195,993	489,846,466	7,253,592
Depreciation:										
1 January 2023	-	-	400,000	10,806,371	2,536,843	20,134,621	833,717	-	34,711,552	302,233
Charge for the year	-	-	400,000	2,804,842	1,073,915	14,569,481	496,408	-	19,344,646	725,359
31 December 2023	300,000	-	800,000	13,611,213	3,610,758	34,704,102	1,330,125	-	54,056,198	1,027,592
Net book value										
31 December 2023	300,000	12,101,500	3,200,000	14,437,213	15,930,889	110,990,712	3,633,961	275,195,993	435,790,269	6,226,000

8. PROPERTY, PLANT, AND EQUIPMENT (continued)

2022

	Work-in-Progress	Motor Vehicle	Filing Plant & Site Office	Storage Tanks	Gas Cylinders	Furniture, Fixtures & Equipment	Total	Rights of use Asset
	$	$	$	$	$	$	$	$
At cost:								
1 January 2022	4,169,163	-	26,898,426	10,599,532	60,473,471	2,775,500	104,916,092	-
Additions	131,180,524	4,000,000	1,150,000	8,684,115	43,901,647	70,668	188,986,954	7,253,592
31 December 2022	135,349,687	4,000,000	28,048,426	19,283,647	104,375,118	2,846,168	293,903,046	7,253,592
Depreciation:								
1 January 2022	-	-	8,001,528	1,475,829	9,697,109	549,100	19,723,566	-
Charge for the year	-	400,000	2,804,843	1,061,014	10,437,512	284,617	14,987,986	302,233
31 December 2022	-	400,000	10,806,371	2,536,843	20,134,621	833,717	34,711,552	302,233
Net book value								
31 December 2022	135,349,687	3,600,000	17,242,055	16,746,804	84,240,497	2,012,451	259,191,495	6,951,359

9. INVENTORIES

	2023	2022
	$	$
Liquid Petroleum Gas (LPG)	602,647	389,158
Gasoline - 90 Octane	5,906,003	3,719,147
Paradise Store	1,296,098	-
	7,804,748	4,108,305

10. RECEIVABLES

	2023	2022
	$	$
Trade receivables	23,976,792	18,888,307
Less: provision for bad debt	(624,840)	(1,844,621)
	23,351,952	17,043,686
Deposit on deferred lease expenses	71,751,179	15,350,000
Deposit on motor vehicle	3,500,000	*3,500,000
Other receivables	1,207,628	-
	99,810,759	35,893,686

The deposit on motor vehicle relates to a specialized vehicle to be used in the business, while the deferred lease deposit relates to expenses incurred constructing a gas station in the town of Negril, Westmoreland.

* restated for comparative purposes

11. RELATED PARTY BALANCES

	2023	2022
	$	$
Central Supplies & Construction	22,898,247	30,461,384

12. DIRECTORS' CURRENT ACCOUNT

	2023	2022
	$	$
Director's current account	765,167	602,167

Regency Petroleum Company Limited
Notes to the Financial Statements
31 December 2023

13. CASH AND CASH EQUIVALENTS

	2023	2022
	$	$
Cash	3,588,549	805,945
Fixed deposit	1,100,000	-
Cash equivalent- US$ bank accounts	57,937,618	-
Cash equivalents - JA$ bank accounts	4,477,248	93,863,758
	67,103,415	94,669,703

14. PAYABLES

	2023	2022
	$	$
Payables	40,293,547	17,586,768
Statutory payroll taxes	954,577	17,620
Other payables and accruals	6,699,361	1,900,000
	47,947,485	19,504,388

15. LONG-TERM BORROWINGS

	2023	2022
	$	$
8.5% JCSD Trustee Services Limited	215,600,000	-
	215,600,000	-

The Company accessed loan capital during the year by way of a JCSD Trustee Service bond, and the proceeds assisted with the financing of the construction of a gas station, location on Spanish Town Road, Kingston. The important restrictive security and compliance clauses included:

(i) The term of the loan facility is for 27 months, commencing June 30, 2023 and ending September 30, 2025
(ii) the facility is denominated and repayments are in US dollars.
(iii) Interest to be paid quarterly over the term of the facility
(iv) Principal payment will be payable at maturity in US dollars
(v) The bond is secured by the equity shares of the principal shareholder and managing director.
(vi) The Company shall not incur, assume or have any additional debts or charge whatsoever over any of its assets that will rank senior or pari passu to the facility without the consent of the Bondholders.
(vii) The Company shall not make payments to related parties, and or declare or pay any dividends, if such payments would result in the inability of the Company to repay the principal or interest on the bond facility.

There are other regulatory and compliance requirements and special conditions to ensure there is adequate cash flows to repay the facility in addition to the Company complying with the requisite regulations of listed public companies in Jamaica.

15. LONG-TERM BORROWINGS (continued)

Lease Liability

Right-of-use Asset, blended principal, and interest payments (rent payments) are made monthly in the amount of $80,000 and interest is charged at 7.75%, maturing in 2032.

Principal amounts payable are as follows:

	2023	2022
	$	$
Current portion	492,953	437,738
Long term portion	6,106,908	6,599,862
	6,599,861	7,037,600

16. SHARE CAPITAL

	2023	2022
Authorized:		
Unlimited ordinary shares of no-par	Unlimited	Unlimited
Issued and fully paid:	1,435,786,770	1,435,786,770
	$	$
At the beginning of the year	260,152,400	8,000
Issue of new shares in IPO @$1	-	287,157,354
Less: transaction costs	-	(27,012,954)
At end of the year	260,152,400	260,152,400

The Company was listed on the Junior Market of the Jamaica Stock Exchange on December 15, 2022 and the proceeds of the fully subscribed ordinary shares amounted to $287,157,354, net of transaction costs of $27,012,954.

17. DEFERRED EXPENDITURE

	2023	2022
	$	$
Deposit on Spanish Town Road construction	64,540,777	-

This represents a loan given to the builder (owner) of the property located on Spanish Town, Kingston to construct a gas station which RGPL will lease. Upon completion, the monthly lease liability fee will be set off against the receivable until the balance is liquidated.

18. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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 that related 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 2022). 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. 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. 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. 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.

18. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards, amendments, and interpretations to existing 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 2023). 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 2023). 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, if any 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 operations of the Company.

18. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency transaction and balances

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 included in profit or loss.

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

Regency Petroleum Company Limited
Notes to the Financial Statements
31 December 2023

18. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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. 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:

Plant & site office	10%
Storage tanks	5%
Cylinders	10%
Equipment	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.

(d) Inventories

Inventories, comprising mainly LPG and 90 Octane gas are stated at the lower of cost, determined consistently on the same bases, and net realizable value. The cost of inventories is determined based on purchase cost on the first-in-first-out basis.

Net realizable value is the estimated selling price of inventory during the normal course of business less estimated selling expenses.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at the bank, short term financial instruments plus highly liquid instruments including certificates of deposits, where the original maturities of such instruments usually do not exceed three (3) months. Bank overdraft that is repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

(f) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables is recorded at amortized cost.

Regency Petroleum Company Limited
Notes to the Financial Statements
31 December 2023

18. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Trade receivables

Trade and other receivables are carried at amortized cost, less impairment losses. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in bad debt expense in the statement of comprehensive income. When a trade receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as recovery and credited to bad debt expense in the statement of comprehensive income.

Credit risk and expected loss

The company is primarily exposed to credit risk on its trade receivable 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 period is less than 12 months. The company, in accordance with IFRS 9, recognizes a loss allowance on a forward-looking basis at an amount equal to its expected credit model (ECL) that was developed during the year in regards to its financial assets measured at amortized cost.

(h) 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. The completion is assessed when the customer takes control and or obtains the benefits of the goods and /or services and the company have a present right to payment as evidence by an invoice or the right to invoice.

(ii) Finance income

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

(iii) Other operating income includes miscellaneous inflows recognized when received.

(i) Expenses

- Expenses are recognised on the accrual basis.
- Finance costs comprise interest incurred on borrowings, calculated using the effective interest method, foreign exchange losses and bank-related charges.

18. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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 asset or cash-generating units fair value less costs to sell and its value in use and 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.

(k) 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.

The company has adopted IFRS 16 and recognized in the Statement of Financial Position right of use assets and lease liabilities.

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

(l) 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 Other Comprehensive Income (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 provision of tax in respect of previous years.

18. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income taxes (continued)

II. Deferred taxation

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

The Company was listed on 15 December 2022 under the Junior Market Jamaica Stock Exchange 100% tax remission regime and management did not consider it to be prudent to account for deferred tax for the year ended 31 December 2022. See note 6 (c).

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

(i) Has control or joint control over the reporting entity;
(ii) Has significant influence over the reporting entity; or
(iii) Is a member of the key management personnel of the reporting entity or a parent of the reporting entity.

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.

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).

(n) Share capital

Ordinary shares are classified as equity and carried at cost, net of any transaction costs.

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital is:

- Ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- Maintaining healthy liquidity reserves and access to capital;
- Optimizing the cost of capital while taking into consideration current and future industry, market,and economic risks and conditions; and
- To safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders.

20. FINANCIAL RISK MANAGEMENT

Overview and risk management framework

The Company's overall risk management policies are established to identify and analyze the risks faced by the Company and to set appropriate risk levels and controls and to monitor risk and adherence to limits. Derivative financial instruments are not used to reduce exposure to any of the risks.

The Board of Directors is ultimately responsible for the oversight of the Company's risk management and seeks to minimize potential adverse effects on the Company's financial performance and to manage these risks by close monitoring of each risk factor.

The Company has exposure to the following risks from the use of financial instruments:

- Market risk (including foreign currency and interest rate risk)
- Credit risk;
- Liquidity risk

The Company also has exposure to the following risks from its operations:

- Operational risk; and
- Reputational risk

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management

The following risk categories below presents information about the Company's exposure and the Company's objectives, policies, and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the financial statements and notes thereof.

(i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters while optimizing returns. The Company's financial risk management policy establishes guidelines on how the Company manages the market risk inherent in the business and provides mechanisms to ensure business transactions are executed in accordance with established limits, processes and procedures.

All such transactions are carried out within the established guidelines. The Company does not use derivatives in order to manage the volatility of market risk.

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company conducts business globally and is exposed to these risks arising from various transactions denominated in foreign currencies, primarily the United States (US$) dollar.

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. The Company further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

The Company's statement of financial position as at 31 December 2023 did not includeany foreign liabilities.

The average of the Bank of Jamaica (BOJ) selling rate of exchange applicable at 31 December 2023 is 154.95 (2022 - $155.09).

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(i) Market risk (continued)

- **Interest rate risk**

  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest –bearing financial assets are primarily cash and cash equivalent, securities purchased under resale agreements and investments. Interest bearing financial liabilities are represented by loans and bank overdrafts.

  The Company attempts to manage the risk relating to financial liabilities by procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible. A financial asset is primarily managed by investing excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions considered to be stable.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company faces credit risk principally in respect of its receivables from customers and to a lesser extent cash at bank and short-term deposits held with financial institutions.

Apart from the introduction of the Expected Credit Loss Model (ECL) introduced by IFRS 9, there were no significant changes in the Company's approach to managing credit risk during the year.

Cash and cash equivalent

Cash and cash equivalent are managed by maintaining these balances with licensed financial institutions considered to be stable and are deemed to have a low risk of default.

Trade receivables credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk for receivables is mitigated by stringent credit reviews and approval of limits to customers. The Company also structures the levels of credit risk it undertakes by placing credit limits on individual counterparties. The Company has an established credit process, which involves regular analysis of the ability of customers and other counterparties to meet repayment obligations.

Regency Petroleum Company Limited
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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Impairment:

The Company establishes a provision for impairment that represents its estimate of possible incurred losses in respect of trade receivables. Impairment is assessed for each customer balance over 90 days. The Company's exposure to this risk is low because approximately 91% (88% - 2022) of its trade debtors are under 90 days.

The Company's credit period on the sale of goods ranges from 7 to 30 days, depending on the relationship with the respective customer. The Company introduced the ECL model in regard to impairment of receivables and this resulted in the Company providing adequately for all receivables where collectability is deemed doubtful.

Movement on the provision for impairment of trade receivables:

	2023 $	2022 $
Balance at 1 January 2023	1,844,621	-
Increase in provision for receivables impairment	-	1,844,621
Bad debt recovered during the year	(1,219,781)	-
Balance at 31 December 2023	624,840	1,844,621

Aging analysis of trade receivables that are past due and impaired

Trade receivables over 90 days overdue are considered impaired and are reviewed for any necessary provision. The impairment recognized represents an estimate of possible incurred losses in respect of trade receivables over 90 days. The impaired receivables mainly relate to customers who are in unexpected difficult economic situations.

	31 December 2023		31 December 2022	
	$ Gross	$ Impairment	$ Gross	$ Impairment
Due 0 to 60 days	19,507,358	-	15,507,462	-
Past due 61 to 90 days	1,659,137	-	1,037,508	-
Past due over 91 days	2,810,297	624,840	2,343,337	1,844,621
	23,351,351	624,840	18,888,307	1,844,621

As of 31 December 2023, past due over 90 days $2,810,297 (2022 - $ 2,343,337) were considered impaired, and a provision of $624,840 or 22% (2022 - $1.8M or 79%) was considered partially impaired and therefore no need for additional provision.

Regency Petroleum Company Limited
Notes to the Financial Statements
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20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Financial instruments counterparty credit risk

The Company exposure to financial instruments counterparty credit risk is related to its activities with cash and cash equivalent balances and amounts due from related parties. The Company manages this exposure by maintaining these balances with licensed financial institutions considered to be stable and are deemed to have a low risk of default and to transact business only with highly rated counterparties.

Maximum exposure to financial instruments counterparty credit risk:

	2023	2022
	$	$
Credit risk exposures are as follows:		
Related party balances	22,898,247	30,461,384
Receivables	99,810,759	18,888,307
Cash and short-term equivalents	67,103,415	94,669,703
	189,812,421	144,019,394

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Company might encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. The Company maintains cash and short-term deposits for up to 90-day periods to meet its liquidity requirements.

The Company's liquidity management process, as carried out within the Company and monitored by the Treasury function, includes:

i. Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows

ii. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow

iii. Maintaining committed lines of credit

iv. Managing the concentration and profile of debt maturities

v. Optimizing cash returns on investments.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(iii) Liquidity risk (continued)

Cash flows of financial liabilities

The Company's financial liabilities comprise long-term loans, payables and accruals. The table below shows the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to settle its liabilities. These amounts are due as follows:

2023

	Carrying amount	Contractual cash flows	1 year or less	1-2 yrs	2-5 yrs
	$	$	$	$	$
Accounts payable	47,947,485	47,947,485	47,947,485	-	-
Long-term liabilities	215,600,000	228,367,234	12,767,234	215,600,000	-
Total financial liabilities	263,547,486	276,314,719	60,714,719	215,600,000	-

2022

	Carrying amount	Contractual cash flows	1 year or less	1-2 yrs	2-5 yrs
	$	$	$	$	$
Accounts payable	19,504,388	19,504,388	19,504,388	-	-
Total financial liabilities	19,504,388	19,504,388	19,504,388	-	-

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associatedwith the Company's processes such as personnel, technology, and infrastructure, as well as from external factors, other than financial risks, such as those arising from legal, regulatory requirementsand natural disasters.

The management of the Company is responsible for managing operational risk so as to avoid financial loss and damage to the Company's reputation while at the same time balancing the control procedures to allow innovation and creativity to facilitate the growth of the Company. Management is aware of the many operational risks, especially as it relates to the handling of gas and petroleumproducts and continues to implement the necessary strategies to mitigate the negative impact of the different risks associated with the operation of the Company.

(c) Reputational risk

The Company is engaged in a business that distributes gas and petroleum products to individuals and various industries. Its reputation is critical within the marketplace and the Company's management endeavors at all times to be ethical and adopts international best practices in the storage, manufacturing, and distribution of its products.

The Company ensures that the necessary safety, sanitary and quality standards are maintained and has regular audits from the government bodies responsible for the Company's portfolio of products including the government's Bureau of Standards, Public Health Department and Jamaica Customs Department. Also, as a supplier to several multinational and reputable local companies in the Western part of the island, the Company adheres and complies with their respective quality standards.

Rigorous quality checks are integrated into the Company's receiving and delivery processes of its products, and this reduces the level of accidents and customer complaints. Management considers the Company's reputation secured, as events that may damage the Company's reputation are immediately investigated and the appropriate action is taken in a manner that satisfies the complainant.

21. RELATED PARTIES TRANSACTIONS AND BALANCES

The statement of comprehensive income did not include any material payments to related parties. Refer to notes 11 and 15 for details of balances relating to directors.

22. CONTINGENCIES AND COMMITMENTS

(i) The Company's attorney reported in a letter relating to the year ended 31 December 2023 that as far as they are aware, there were no:

- instructions from the Company to represent them in any claims or possible claims
- knowledge of any guarantees of indebtedness of others
- trust monies held on behalf of the Company.

(ii) Management is not aware of any commitments as at 31 December 2023, except those relating to long term borrowings which are detailed in Note 15 of the financial statements.

23. IMPACT OF COVID 19

As the COVID-19 pandemic wanes, management is confident that the Company will remain strong, and its long-term future is secure.

24. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

i. Management indicated that except for the geo-political uncertainties relating to the current global warlike environment and possible logistic challenges of importation of petroleum finished products that may disrupt the Jamaican economy, they are not aware of any other uncertainties that require disclosure up to the date of approving and signing these financial statements.

   Management is confident of the long-term sustainability of the Company as it continues to increase its customer base by introducing innovative methods of distributing its principal products, LPG and gasoline to the marketplace, especially in the rural areas of Jamaica.

ii. Subsequent to the year end, the Company third gas station was commissioned and opened during January 2024 at its Negril location.

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