



TELIKOM LIMITED AND SUBSIDIARIES

Financial Statements

For the year ended 31 December 2023

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TELIKOM LIMITED AND SUBSIDIARIES

Company Information

For the year ended 31 December 2023

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

Registered Office and Principal Place of Business

Telikom Rumana
Kumuls Avenue
Waigani, National Capital District

Directors

Mr. Cedric Rondoke
Mr. Paul Morgan
Mr. Gideon Jack Karali
Mr. Godfrey Seeto
Mrs. Lata Milner
Mr. Moses Tedumo
Mr. Naime Tom O'ome

Secretary

Mr. Mark Puri

Auditors

The Auditor General
Auditor General's Office
PO Box 423
Waigani, National Capital District

Bankers

BSP Financial Group Limited
Kina Bank Limited
Westpac Bank PNG Limited

TELIKOM LIMITED AND SUBSIDIARIES
Directors' Report
For the year ended 31 December 2023

The directors take pleasure in presenting their Annual Report, including the financial statements of the Group for the year ended 31 December 2023.

Activities

The principal activities of the Company during the course of the financial year were to provide telecommunication services for domestic and international customers. The Company's subsidiary provided broadcasting, advertising and related services. There were no significant changes in the nature of the activities of the Company and the Group during the year.

Results for the year

The Company's loss for the year was K144,280,906 (2022: loss of K44,171,045). The Group's loss for the year was K152,953,134 (2022: loss of K51,027,939).

Dividends

No dividends have been proposed or declared (2022: Nil).

Directors

The directors of the Company during the year ended 31 December 2023 and as of this report date are listed on page 1. No director was a shareholder of the Company at 31 December 2023 and none had any material interest in any contract or arrangement with the Company or any related entity during the year.

Remuneration of directors and employees

Remuneration of directors:

Directors' remuneration, including the value of benefits received during the year, is as follows:

	2023 PGK	2022 PGK
Mr. Cedric Rondoke	260,891	222,198
Mr. Johnson Pundari	-	108,054
Mr. Paul Morgan	117,128	110,911
Mr. Gideon Jack Karali	161,009	159,724
Mr. Godfrey Seeto	114,308	110,664
Mrs. Lata Milner	254,105	164,120
Mr. Moses Tedumo	125,900	130,015
Mr. Naime Tom O'ome	95,313	-

Remuneration of employees:

The number of employees whose remuneration, including benefits, within the specified bands is as follows:

	2023 PGK	2022 PGK
K100,000 – K250,000	96	85
K250,001 – K500,000	18	15
K500,001 – K750,000	0	2
K750,001 – K1,000,000	1	1

TELIKOM LIMITED AND SUBSIDIARIES
Directors' Report
For the year ended 31 December 2023

Interests Register

The following interests are recorded in the Interests Register for the year.

NAME	NATURE	ORGANISATIONS
Cedric Rondohe	Chairman	Telikom Limited
Paul Morgan	Managing Director	Garom Limited
Gideon Jack Karali	Consultant	Hela Provincial Government
	Chief Executive Officer	Arafura Limited
Godfrey Seeto	Managing Director	Kwila Corporation
Lata Milner	Principal	Milner Lawyers
Naime Tom O'ome	Principal	SBS Solutions

For and on behalf of the board of directors:

CEDRIC RONDOHE



Date



PAUL MORGAN

Date

TELIKOM LIMITED AND SUBSIDIARIES
Statements of Comprehensive Income
For the year ended 31 December 2023
(All amounts in Papua New Guinea Kina)

	Notes	The Group		The Company	
		2023 PGK	2022 PGK	2023 PGK	2022 PGK
Revenue	6	471,710,249	518,271,822	301,896,660	345,572,995
Cost of sales	7	(227,394,278)	(234,937,190)	(117,406,301)	(122,934,248)
Gross profit		244,315,971	283,334,632	184,490,359	222,638,747
Other revenue	6	27,889,680	32,036,733	24,424,961	22,367,451
Operating expenses					
Occupancy costs		(35,446,486)	(25,199,976)	(34,418,341)	(22,443,837)
Marketing expenses		(12,272,059)	(7,373,627)	(11,766,066)	(6,916,088)
Administrative expenses		(35,819,188)	(56,643,923)	(26,355,282)	(48,893,005)
Repairs and maintenance		(44,417,011)	(36,648,743)	(42,585,265)	(35,069,844)
Personnel expenses	8	(168,597,683)	(131,731,309)	(134,672,767)	(98,402,104)
Staff redundancy costs		(175,448)	(2,141,057)	(175,448)	(2,141,057)
Depreciation	11	(98,923,811)	(82,316,496)	(84,670,083)	(68,222,557)
Amortisation	15	(23,110)	(43,585)	-	-
Other operating expenses		(9,589,876)	(5,680,820)	(2,591,085)	4,545,150
Results from operating activities		(133,059,021)	(32,408,171)	(128,319,017)	(32,537,144)
Finance costs, net	9	(16,210,808)	(12,651,096)	(15,961,889)	(11,633,901)
Loss before tax		(149,269,829)	(45,059,267)	(144,280,906)	(44,171,045)
Income tax expense	10(a)	(3,683,305)	(5,968,672)	-	-
Loss for the year		(152,953,134)	(51,027,939)	(144,280,906)	(44,171,045)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		(152,953,134)	(51,027,939)	(144,280,906)	(44,171,045)
Total comprehensive loss attribute to:					
Owners of the company		(152,953,134)	(51,027,939)	(144,280,906)	(44,171,045)

These statements of comprehensive income should be read in conjunction with the accompanying notes to the financial statements.



TELIKOM LIMITED AND SUBSIDIARIES

Statements of Financial Position

As at 31 December 2023

(All amounts in Papua New Guinea Kina)

		The Group		The Company	
	Notes	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Non-Current Assets					
Property plant and equipment	11	1,032,851,131	1,283,047,271	993,522,392	1,242,554,497
Right-of-use assets	13(a)	1,605,528	2,160,281	-	-
Investment property	12	172,185,433	12,143,415	172,185,433	12,143,415
Trade and other receivables	18(b)	987,694	440,583	987,694	440,583
Investments	14	-	-	37,269,004	37,269,004
Intangible assets	15	80,084	81,394	-	-
Goodwill	16	21,381,921	21,381,921	-	-
Deferred tax assets	10(b)	3,582,390	2,338,320	-	-
Total non-current assets		1,232,674,181	1,321,593,185	1,203,964,523	1,292,407,499
Current Assets					
Inventories	17	50,510,514	45,575,846	23,737,144	15,393,019
Trade and other receivables	18(a)	71,840,921	58,468,812	94,834,608	86,748,582
Income tax recoverable	10(c)	58,430	2,048,939	-	3,471,248
Cash and cash equivalents	19	54,887,847	44,557,900	13,981,106	10,573,909
Total current assets		177,297,712	150,651,497	132,552,858	116,186,758
Total Assets		1,409,971,893	1,472,244,682	1,336,517,381	1,408,594,257
EQUITY					
Share capital	21	169,665,065	169,665,065	169,665,065	169,665,065
Asset revaluation reserve	20	682,814,337	682,814,337	678,360,337	678,360,337
Other reserve		(28,500,104)	(28,500,104)	-	-
Accumulated losses		(425,180,734)	(272,227,600)	(434,586,299)	(290,305,393)
Total Equity		398,798,564	551,751,698	413,439,103	557,720,009
Non-Current Liabilities					
Loans and borrowings	22	58,781,368	53,604,890	58,781,368	53,604,890
Lease liabilities	13(b)	645,365	-	-	-
Employee benefits	25	44,102,107	42,987,305	39,326,989	38,481,536
Government grants	24	191,771,727	247,821,001	191,263,941	247,313,215
Total non-current liabilities		295,300,567	344,413,196	289,372,298	339,399,641
Current Liabilities					
Loans and borrowings	22	159,620,223	129,578,700	159,620,223	129,578,700
Deferred revenue		28,204,411	35,360,489	26,761,405	35,360,489
Lease liabilities	13(b)	996,534	2,109,058	-	-
Trade and other payables	23	446,193,450	343,796,179	369,096,130	283,594,616
Bank overdraft	26(b)	16,426,974	-	16,426,974	-
Employee benefits	25	8,870,995	8,431,303	6,301,248	6,196,918
Government grant	24	55,560,175	56,804,059	55,500,000	56,743,884
Total current liabilities		715,872,762	576,079,788	633,705,980	511,474,607
Total Liabilities		1,011,173,329	920,492,984	923,078,278	850,874,248
Total Equity and Liabilities		1,409,971,893	1,472,244,682	1,336,517,381	1,408,594,257

These statements of financial position should be read in conjunction with the accompanying notes to the financial statements.

For and on behalf of the board of directors:

CECIL RONDOKE

PAUL MORGAN

Date 13 March 2025



TELIKOM LIMITED AND SUBSIDIARIES
Statements of Changes in Equity
For the year ended 31 December 2023
(All amounts in Papua New Guinea Kina)

The Group

	Share Capital PGK	Asset Revaluation on Reserve PGK	Other Reserve PGK	Accumulated losses PGK	Total Equity PGK
Balance at January 2022	169,665,065	682,814,337	(28,500,104)	(221,199,661)	602,779,637
Net loss for the year after tax	-	-	-	(51,027,939)	(51,027,939)
Other comprehensive loss after tax	-	-	-	-	-
Balance at 31 December 2022	169,665,065	682,814,337	(28,500,104)	(272,227,600)	551,751,698
Net loss for the year after tax	-	-	-	(152,953,134)	(152,953,134)
Other comprehensive loss after tax	-	-	-	-	-
Balance at 31 December 2023	169,665,065	682,814,337	(28,500,104)	(425,180,734)	398,798,564

The Company

	Share Capital PGK	Asset Revaluation on Reserve PGK	Other Reserve PGK	Accumulated losses PGK	Total Equity PGK
Balance at January 2022	169,665,065	678,360,337	-	(246,134,348)	601,891,054
Net loss for the year after tax	-	-	-	(44,171,045)	(44,171,045)
Other comprehensive loss after tax	-	-	-	-	-
Balance at 31 December 2022	169,665,065	678,360,337	-	(290,305,393)	557,720,009
Net loss for the year after tax	-	-	-	(144,280,906)	(144,280,906)
Other comprehensive loss after tax	-	-	-	-	-
Balance at 31 December 2023	169,665,065	678,360,337	-	(434,586,299)	413,439,103

These statements of changes in equity should be read in conjunction with the accompanying notes to the financial statements.



TELIKOM LIMITED AND SUBSIDIARIES
Statements of Cash Flows

For the year ended 31 December 2023

(All amounts in Papua New Guinea Kina)

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Cash flows from operating activities				
Cash receipts from customers	498,647,661	568,654,512	312,087,146	364,519,923
Cash paid to suppliers and employees	(463,787,445)	(598,255,252)	(297,538,331)	(428,206,838)
Income tax paid	(4,061,445)	(1,292,055)	-	-
Net cash generated from / (used in) operating activities	30,798,771	(30,892,795)	14,548,815	(63,686,915)
Cash flows from investing activities				
Dividend received	-	-	6,106,449	588,235
Purchases of fixed assets and other long-term assets	(52,745,876)	(27,985,245)	(52,973,153)	(22,408,482)
Sale of fixed assets	127,128	83,769,771	42,000	82,169,368
Net cash (used in) / generated from investing activities	(52,618,748)	55,784,526	(46,824,704)	60,349,121
Cash flows from financing activities				
Repayment of loans	(6,603,997)	(10,659,387)	(6,603,997)	1,961,607
Interest paid	(16,210,808)	(10,822,488)	(15,961,889)	(10,558,826)
Repayment of lease liabilities	(3,284,243)	(2,211,507)	-	-
Proceeds from borrowings	41,821,998	-	41,821,998	-
Net cash generated from / (used in) financing activities	15,722,950	(23,693,382)	19,256,112	(8,597,219)
Net (decrease) / increase in cash and cash equivalents	(6,097,027)	1,198,349	(13,019,777)	(11,935,013)
Cash and cash equivalents at beginning of year	44,557,900	43,359,551	10,573,909	22,508,922
Cash and cash equivalents at end of year	38,460,873	44,557,900	(2,445,868)	10,573,909
Cash is represented by:				
Cash and bank	54,887,847	44,557,900	13,981,106	10,573,909
Bank overdraft	(16,426,974)	-	(16,426,974)	-
	38,460,873	44,557,900	(2,445,868)	10,573,909

These statements of cash flows should be read in conjunction with the accompanying notes to the financial statements.



TELIKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

As of and for the year ended 31 December 2023

(All amounts in Papua New Guinea Kina)

1 Reporting entity

Telikom Limited (referred to as the "Company") is a company domiciled in Papua New Guinea. The Company's registered office is PO Box 1349, Boroko. Telikom Limited was previously registered as Telikom PNG Limited, the corporate name change took effect on 31 December 2021 upon merger with Bemobile Limited. The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries - Media Niugini Limited, Kalang Advertising Limited, Datec PNG Limited, PNG Directories Limited Bemobile SI Limited (together referred to as the "Group").

These financial statements were authorised for issue by the Board of Directors. The owners and directors have the power to amend the financial statements after issue.

2 Basis of preparation

(a) Statement of compliance

The Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Accounting Standards Board of Papua New Guinea (ASB) and the requirements of the Papua New Guinea Companies Act 1997.

(b) Basis of preparation

The Financial Statements have been prepared primarily on the historical cost basis except for revalued property, plant and equipment.

(c) Going Concern

The Group recorded a net loss of K152,953,134 (Company: K144,280,906 net loss) during the year. In addition, current liabilities exceed current assets by K538,575,051 (Company: K501,153,122) as at 31 December 2023 largely as a result of trade and other payables amounting to K446,193,450 (Company: K369,096,130) and borrowings of K159,620,223 (Company: K159,620,223) being classified as current due to breach of certain financial covenants attached to the borrowings. While the Group has continued to receive support from lenders there was no waiver of these covenants in place at period-end, the borrowings have been classified as current in accordance with IAS 1 Presentation of Financial Statements.

The continuing viability of the Group and its ability to continue as a going concern and meet its debts and financial commitments as they fall due are dependent upon the Group being successful in:

- generating revenue and cash flows to enable its obligations to be met;
- managing costs in line with revenues generated and funding facilities available;
- receiving the continuing support of its shareholders, suppliers and bankers; and
- negotiating additional funding.

As a result of the factors described above there is a material uncertainty which may cast significant doubt on the ability of the Company and its subsidiaries to continue as going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

Management has performed an assessment on the Group's ability to continue as a going concern and has prepared plans for future actions and the feasibility of these plans. The directors believe that performance improvements will be achieved, and they will be successful in their efforts to obtain additional funding for the company and its subsidiaries. On this basis they have considered it appropriate to prepare the consolidated financial statements on a going concern basis. The financial statements have been prepared on the basis that the Company and its subsidiaries will realise their assets and settle their liabilities and commitments in the normal course of business as going concerns.

(d) Changes in Accounting Policy and Disclosures

(i) New and amended standards, and interpretations mandatory for the first time for the financial year ended 31 December 2023

- IFRS 17, Insurance Contracts
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction
- Amendment to IAS 12 - International tax reform

These changes did not have any material impact on the Group.



TELIKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

As of and for the year ended 31 December 2023

(All amounts in Papua New Guinea Kina)

2. Basis of preparation (continued)

(d) Changes in Accounting Policy and Disclosures (continued)

(ii) New standards, amendments and interpretations issued but not effective for the financial year ended 31 December 2023 and not early adopted

- Amendment to IFRS 16 – Leases on sale and leaseback
- Amendment to IAS 1 – Non-current liabilities with covenants
- Amendment to IAS 7 and IFRS 7 - Supplier finance
- Amendments to IAS 21 - Lack of Exchangeability

New IFRS sustainability disclosure standards effective after 1 January 2024 (subject to endorsement by the Accounting Standards Board of Papua New Guinea)

- IFRS S1, 'General requirements for disclosure of sustainability-related financial information
- IFRS S2, 'Climate-related disclosures'

The entity has conducted investigations and does not consider that there are any measurement or recognition issues arising from the release of these new pronouncements that will have a significant impact on the reported financial position or financial performance of the entity.

3 Significant Accounting Policies

3.1 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in PNG Kina, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in determining profit.

3.2 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years if affected.

Valuation of property, plant and equipment

Property, plant and equipment are valued on a depreciated replacement cost basis at the balance sheet date by qualified independent valuers. Changes in value are recorded in the Statements of Comprehensive Income as part of the fair value gain. The valuation techniques used by the valuers take into account replacement cost of the assets, expected lives of assets, existing rental income, expected future rental income, rental outgoings and replacement cost based on recent purchases.

Impairment of property, plant and equipment

The Group reviews its property, plant and equipment for impairment when an indicator of impairment is considered to exist. The assessment is carried out when there has been a significant or prolonged decline in the fair value of property, plant and equipment below its cost or where objective evidence of impairment exists.

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statements of financial position, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

The directors determine the estimated useful lives of the Group's property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.



TELIKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

As of and for the year ended 31 December 2023
(All amounts in Papua New Guinea Kina)

3 Significant Accounting Policies (continued)

3.2 Use of estimates and judgements (continued)

The directors review, on a yearly basis, the useful lives of property, plant and equipment. Future depreciation charges would be adjusted where the directors believe the useful lives differ from previous estimates.

Impairment of trade receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates and forward looking information.

Contingent liabilities

At the end of every financial year, the Directors make the best possible judgment of contingent liabilities. If it is probable that a contingent liability will crystallise, a full provision is made. If there is a possibility that the contingent liability will crystallise, full disclosure is made of the facts.

Recoverability of deferred taxes

The Directors review the recoverability of deferred tax balances on an annual basis. Their assessment relies on estimates and assumptions and involves a series of judgements about future events. Specifically, those that affect the seven-year business plan which is the key input into recoverability considerations.

3.3 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, various returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

(b) Interests in equity-accounted investees

The Group's interests in the equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

(d) Accounting for business combinations and amalgamations

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

(e) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.



TELIKOM LIMITED AND SUBSIDIARIES
Notes to the Financial Statements

As of and for the year ended 31 December 2023
(All amounts in Papua New Guinea Kina)

3 Significant Accounting Policies (continued)

3.4 Financial instruments

The Group classifies its financial assets at amortised cost when the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest ("SPPI"). Financial assets of the Group that fall under this category are trade and other receivables, bank balances, deposits and cash, and loans to related companies. At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains and losses together with foreign exchange gains and losses.

As of 31 December 2023, the Group had no financial instruments classified as financial assets at fair value through other comprehensive income ("FVOCI") - Equity instruments (previously classified as available-for-sale financial assets) or financial assets at fair value through profit or loss ("FVTPL").

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, and the balance is classified as non-current.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments and financial guarantee contracts issued. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For financial guarantee contracts, the ECL is the difference between expected payments to reimburse the holder of the guarantee debt instruments less any amounts the company expects to recover from the other party.

ECL is measured based on general 3-stage approach and simplified approach.

General 3-stage approach for short term deposits, loans to related parties and financial guarantee contracts issued. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).



TELIKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

As of and for the year ended 31 December 2023

(All amounts in Papua New Guinea Kina)

3 Significant Accounting Policies (continued)

3.4 Financial instruments (continued)

Simplified approach for trade receivables and other receivables, including inter-company balances. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Collective assessment

To measure ECL, trade receivables and other receivables have been grouped based on shared credit risk characteristics, such as days past due.

Individual assessment

Trade receivables, other receivables and amounts due from related parties which are in default or credit-impaired are assessed individually.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the year of the borrowings using the effective interest method.

Borrowing costs incurred for construction of any qualifying assets are capitalised during the year of time that is required to complete and prepare the assets for their intended use. Other borrowing costs are expensed in the income statement using the effective interest rate method. The capitalised rate used to determine the amount of any borrowing costs to be capitalised is the average rate applicable to the Company's outstanding borrowings during the year, being 7.50%.

Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

3.5 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.



TELIKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

As of and for the year ended 31 December 2023

(All amounts in Papua New Guinea Kina)

3 Significant Accounting Policies (continued)

3.6 Property, Plant and Equipment

Items of plant and equipment are measured at depreciated replacement cost less accumulated depreciation and accumulated impairment losses and property is valued on a market price basis.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Income Statement as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated. Items of property, plant and equipment are depreciated from the date they are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

The estimated annual rates for the current and comparative years are as follows:

Buildings	- 2.5% - 10%
Plant and equipment	- 3% - 20%
Communication equipment	- 3% - 20%
Fixtures and fittings	- 8% - 10%
Office equipment	- 8% - 10%
Motor vehicles	- 20% - 25%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.7 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

3.8 Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.



TELIKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

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(All amounts in Papua New Guinea Kina)

3 Significant Accounting Policies (continued)

3.8 Intangible assets (continued)

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Fibre optic pipe lease - 15 years

3.9 Investment properties

Investment properties include land held for long-term capital appreciation and buildings leased out under operating leases. Properties that comprise a portion held to earn rentals and a portion for own use or occupation will only be classified as investment property if an insignificant portion is held for own use or occupation. Investment properties are recognised when it is probable that future economic benefits associated with the property will flow to the Group and the cost of the investment property can be reliably measured. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Transaction costs are included on initial measurement. Borrowing costs directly attributable to the acquisition, plant and equipment, investment properties are normally depreciated using the straight-line method over similar useful lives. to the acquisition or construction of qualifying assets are added to the cost of those assets until the assets are ready for their intended use.

3.10 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.11 Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

The carrying amounts of the Group's non-financial assets including property, plant and equipment, intangibles, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3.12 Employee benefit plans

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within the current financial year are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.



TELIKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

As of and for the year ended 31 December 2023
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3 Significant Accounting Policies (continued)

3.13 Revenue

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Group transfers the control of the goods or services promised in a contract to the customer.

Depending on the substance of the respective contract with the customer, the control of the promised goods or services may transfer over time or at a point in time. A contract with a customer exists when the contract has commercial substance, the Group and its customer have approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services.

At the inception of each contract with a customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with the customer is recognised. A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

A good or service is distinct if:

- the customer can either benefit from the good or service on its own or together with other readily available resources; and
- the good or service is separately identifiable from other promises in the contract (e.g. the good or service is not integrated with, or highly interrelated with, other goods or services promised in the contract).

If a good or service is not distinct, the Group combines it with other promised goods or services until the Group identifies a distinct performance obligation consisting of a distinct bundle of goods or services.

Revenue from the sale of goods is recognised at a point of time in the period in which the customer accepts the delivery of the goods.

Revenue from the rendering of services is recognised over time when performance obligations are satisfied as services are completed.

Rental income

Rental income from property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

Interest income

Interest income on deposits is recognised on a time proportion basis using the effective interest method.

3.14 Leases and right of use assets

Right-of-use assets and lease liabilities arising from lease contracts are initially measured on a present value basis. Lease liabilities include the present value of all fixed payments (less any lease incentives receivable), variable lease payments that are based on an index or rate, any amounts expected to be paid under residual value guarantees, the exercise price of any purchase options that are reasonably certain to be exercised and any payments for terminating a lease if the lease term reflects the exercise of that termination option. The lease payments are discounted using the discount rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to interest expense so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.



TELIKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

As of and for the year ended 31 December 2023

(All amounts in Papua New Guinea Kina)

3 Significant Accounting Policies (continued)

3.14 Leases and right of use assets (continued)

Payments associated with short-term leases and leases of low-value assets (less than PGK equivalent of US\$5,000) are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are initially measured at cost, comprising the amount on initial recognition of the lease liability plus any lease payments made before commencement of the lease, any initial direct costs and the estimated costs of any restoration required upon completion of the lease contract. Right-of-use assets are subsequently measured at cost less depreciation and any impairment. Right-of-use assets are depreciated on a straight-line basis over the shorter of the term of the lease and the asset's useful life, unless there is a purchase option which is reasonably certain of being exercised, in which case the asset will be depreciated over its useful life.

3.15 Finance income and finance costs

Interest income is recognised as it accrues in the Income Statement. Dividend income is recognised in the Statements of Comprehensive Income on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency transaction gains and losses are reported on a net basis.

3.16 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.18 Dividend Distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at balance date.

3.19 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.



TELIKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

As of and for the year ended 31 December 2023

(All amounts in Papua New Guinea Kina)

3 Significant Accounting Policies (continued)

3.19 Goods and Services Tax (GST) (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The valuation of commercial equipment is recognised on a depreciated replacement cost basis. The depreciated replacement cost basis is the estimated amount which it would cost the Group to replace the asset adjusted for physical deterioration as well as functional and economic obsolescence.

Land and buildings are valued on a market price basis. The market price basis is the estimated amount for which a property could be purchased on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

Trade and other receivables

The fair value of trade and other receivables including service concession receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.

Investments

The Group limits its exposure to credit risk by investing only in liquid securities with reputable PNG Commercial banks.

Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At 31 December 2023 no guarantees were outstanding (2022: Nil).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.



TELIKOM LIMITED AND SUBSIDIARIES**Notes to the Financial Statements**

As of and for the year ended 31 December 2023

(All amounts in Papua New Guinea Kina)

5 Financial risk management (continued)**Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

6 Revenue

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Network usage	173,277,731	222,776,116	148,965,150	195,682,961
Device rental	131,939,045	133,316,745	131,939,045	133,316,745
Sale of products and services	166,493,473	162,178,961	20,992,465	16,573,289
Total revenue	471,710,249	518,271,822	301,896,660	345,572,995
Other Revenue				
Property rental	7,667,952	6,981,124	7,667,952	6,981,124
Advertising	8,469,518	9,104,641	-	-
Dividend income	-	-	6,106,449	588,235
Gain on sale of assets, net	127,128	11,472,674	42,000	11,472,674
Other revenue	11,625,082	4,478,294	10,608,560	3,325,418
	27,889,680	32,036,733	24,424,961	22,367,451

7 Costs of sales

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Cost of satellite, data circuits and fibre leases	77,189,114	73,890,030	76,377,017	72,482,484
Cost of services, retail sales, cards and accessories	125,148,277	132,723,063	17,576,360	25,664,908
Spectrum licence cost of sales	16,831,551	15,616,519	16,831,551	15,616,519
Interconnection fees	7,684,286	10,487,092	6,621,373	9,170,337
Other costs of sales	541,050	2,220,486	-	-
	227,394,278	234,937,190	117,406,301	122,934,248

8 Personnel expenses

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Wages and salaries	145,783,369	99,896,143	125,045,341	80,679,858
Contributions to defined contribution plans	8,423,143	12,107,115	4,266,641	8,001,704
Staff welfare and other costs	14,391,171	19,728,051	5,360,785	9,720,542
	168,597,683	131,731,309	134,672,767	98,402,104

The number of employees at the end of the year was K1,123 (2022: K1,105).



TELIKOM LIMITED AND SUBSIDIARIES
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(All amounts in Papua New Guinea Kina)

9 Finance costs - net

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Finance income				
Interest income on bank deposits	10,252	-	1,030	-
Finance costs				
Net foreign exchange loss	(1,914,118)	(1,833,336)	(1,756,522)	(1,075,075)
Interest expense on financial liabilities	(14,306,942)	(10,817,760)	(14,206,397)	(10,558,826)
Net finance cost recognised	(16,210,808)	(12,651,096)	(15,961,889)	(11,633,901)

10 Income tax
(a) Income tax expense

Income tax expense comprises:

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Current tax				
- Current year movement	3,736,364	3,556,399	-	-
- Prior year adjustment	-	20,658	-	-
	3,736,364	3,577,057	-	-
Deferred tax				
- Current year movement	(53,059)	(549,638)	-	-
- Prior year adjustment	-	2,941,253	-	-
	(53,059)	2,391,615	-	-
Income tax expense	3,683,305	5,968,672	-	-

The tax on the net loss before tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

Loss from continuing operations before income tax	(149,269,829)	(45,059,267)	(144,280,906)	(44,171,045)
Tax on the loss for the year at 30%	(44,780,949)	(13,517,780)	(43,284,272)	(13,251,314)
Permanent difference	1,468,015	424,139	1,256,151	360,018
Temporary difference for which no deferred tax benefit has been brought to account	41,753,207	(10,723,616)	42,028,121	(10,865,240)
Tax losses not recognized	2,078,605	26,825,018	-	23,756,536
Prior year adjustment	3,164,427	2,960,911	-	-
	3,683,305	5,968,672	-	-

(b) Deferred Tax
Deferred tax assets

Beginning balance	43,748,668	54,505,142	41,381,577	53,989,261
Recognized in the income statement	(177,681)	(10,756,474)	3,676,359	(12,607,684)
Others	(39,988,597)	-	-	-
	3,582,390	43,748,668	45,057,936	41,381,577



TELKOM LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

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10 Income tax (continued)

Deferred tax assets (continued)

The balance of deferred tax assets comprises temporary differences attributable to:

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Employee benefits	14,453,296	15,170,776	13,688,471	13,153,837
Inventory provision	3,437,347	3,027,411	2,225,173	2,224,418
Doubtful debt provision	53,667,769	22,349,569	51,830,233	20,342,661
Other provisions	15,480,363	3,871,990	15,312,322	3,593,590
Others	(37,405,252)	4,756,692	(44,900,170)	-
Derecognized portion of deferred tax asset	(993,198)	(5,427,770)	6,901,906	2,067,071
	48,640,325	43,748,668	45,057,935	41,381,577

Deferred tax liabilities

Beginning balance	(41,410,348)	(53,853,873)	(41,381,577)	(53,989,261)
Recognized in the income statement	124,622	12,443,525	(3,676,358)	12,607,684
Others	(3,772,209)	-	-	-
	(45,057,935)	(41,410,348)	(45,057,935)	(41,381,577)

The balance of deferred tax liabilities comprises temporary differences attributable to:

Property, plant and equipment	(43,734,147)	(40,926,875)	(43,734,147)	(40,926,875)
Accrued income and prepayments	(1,323,788)	(483,473)	(1,323,788)	(454,702)
	(45,057,935)	(41,410,348)	(45,057,935)	(41,381,577)

Net deferred tax assets	3,582,390	2,338,320	-	-
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(c) Income tax recoverable

At January 1, recoverable	5,921,364	5,921,364	3,471,248	3,471,248
Other - adjustment to income tax recoverable	(4,997,004)	-	(3,471,248)	-
	924,360	5,921,364	-	3,471,248

(d) Income tax payable

At January 1, payable	(3,872,425)	(1,578,910)	3,471,248	-
Provision for the year	(3,736,364)	(3,556,399)	-	-
Prior year adjustment	-	(20,658)	-	-
Income taxes paid	4,061,445	1,292,055	-	-
Other adjustment	2,681,414	(8,513)	(3,471,248)	-
	(865,930)	(3,872,425)	-	-

Net income tax recoverable	58,430	2,048,939	-	3,471,248
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On 4 July 2024, the Company has received a notice of assessment from the Internal Revenue Commission (IRC) indicating the Company owes an amount of K125.72 million representing the Company's unpaid taxes for SWT, GST, TL and FCWT. Included in this balance is the corresponding penalty of K84.75 million associated with the unpaid balances. On 25 September 2024, the Company met with IRC officials to discuss its request for the remission of penalties and interests whereby the IRC may agree to waive up to 80% of the penalty while the remaining 20% must be paid. The unpaid taxes including the associated penalties have been provided for in these financial statements.



TELIKOM LIMITED AND SUBSIDIARIES
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11 Property, plant and equipment
The Group

	Motor vehicles PGK	Communication equipment PGK	Land and buildings PGK	Other plant and equipment PGK	Total PGK
Cost					
As at 1 January 2023	32,129,355	1,094,394,963	618,545,240	524,623,847	2,269,693,405
Transfers from CWIP	93,389	24,790,971	3,286,348	43,551,691	71,722,399
Additions	1,658,177	-	-	1,304,799	2,962,976
Disposals	(1,464,707)	-	-	(3,767,793)	(5,232,500)
Transfers to investment property	168,190	-	(193,001,868)	-	(192,833,678)
As at 31 December 2023	32,584,404	1,119,185,934	428,829,720	565,712,544	2,146,312,602
Accumulated depreciation					
As at 1 January 2023	25,642,631	653,807,945	123,390,102	287,746,855	1,090,587,533
Charges for the year	2,494,879	80,002,316	14,846,344	44,109,138	141,452,677
Disposals	(1,445,557)	-	-	(3,758,121)	(5,203,678)
Transfers to investment property	91,325	-	(28,502,000)	490	(28,410,185)
As at 31 December 2023	26,783,278	733,810,261	109,734,446	328,098,362	1,198,426,347
Capital work-in-progress as at Dec 2023 (a)					84,964,876
Net book value at Dec 2023	5,801,126	385,375,673	319,095,274	237,614,182	1,032,851,131
Cost					
As at 1 January 2022	31,761,788	1,114,158,535	694,356,717	551,647,879	2,391,924,919
Transfers from CWIP	1,402,214	36,283,607	1,386,196	37,044,154	76,116,171
Disposals	(1,034,647)	(56,047,179)	(77,197,673)	(64,068,186)	(198,347,685)
As at 31 December 2022	32,129,355	1,094,394,963	618,545,240	524,623,847	2,269,693,405
Accumulated depreciation					
As at 1 January 2022	23,974,377	622,888,936	151,953,033	280,182,240	1,078,998,586
Charges for the year	2,838,057	81,922,965	14,593,266	38,285,247	137,639,535
Disposals	(1,169,803)	(51,003,956)	(43,156,197)	(30,720,632)	(126,050,588)
As at 31 December 2022	25,642,631	653,807,945	123,390,102	287,746,855	1,090,587,533
Capital work-in-progress as at Dec 2022 (a)					103,941,399
Net book value at Dec 2022	6,486,724	440,587,018	495,155,138	236,876,992	1,283,047,271



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11 Property, plant and equipment (continued)
The Company

	Motor vehicles PGK	Communication equipment PGK	Land and buildings PGK	Other plant and equipment PGK	Total PGK
Cost					
As at 1 January 2023	24,635,397	1,008,140,987	617,904,204	462,886,290	2,113,566,878
Transfers from CWIP	93,389	24,790,971	3,286,348	43,380,599	71,551,307
Additions	-	-	-	-	-
Disposals	(118,706)	-	-	(596)	(119,302)
Transfers to investment property	-	-	(192,894,584)	-	(192,894,584)
As at 31 December 2023	24,610,080	1,032,931,958	428,295,968	506,266,293	1,992,104,299
Accumulated depreciation					
As at 1 January 2023	19,386,456	592,570,620	122,753,909	236,648,208	971,359,193
Charges for the year	1,344,157	80,002,316	14,846,344	41,419,857	137,612,674
Disposals	(118,706)	-	-	(596)	(119,302)
Transfers / Adjustment	-	-	(28,502,000)	-	(28,502,000)
As at 31 December 2023	20,611,907	672,572,936	109,098,253	278,067,469	1,080,350,565
Capital work-in-progress as at Dec 2023 (a)					81,768,658
Net book value at Dec 2023	3,998,173	360,359,022	319,197,715	228,198,824	993,522,392
Cost					
As at 1 January 2022	24,736,240	1,028,385,594	693,715,681	491,454,794	2,238,292,309
Transfers from CWIP	293,160	35,802,572	1,386,196	33,256,622	70,738,550
Disposals	(394,003)	(56,047,179)	(77,197,673)	(61,825,126)	(195,463,981)
As at 31 December 2022	24,635,397	1,008,140,987	617,904,204	462,886,290	2,113,566,878
Accumulated depreciation					
As at 1 January 2022	18,009,458	567,901,788	151,380,260	233,129,095	970,420,601
Charges for the year	1,907,674	75,672,788	14,529,846	33,595,571	125,705,879
Disposals	(530,676)	(51,003,956)	(43,156,197)	(30,076,458)	(124,767,287)
As at 31 December 2022	19,386,456	592,570,620	122,753,909	236,648,208	971,359,193
Capital work-in-progress as at Dec 2022 (a)					100,346,812
Net book value at Dec 2022	5,248,941	415,570,367	495,150,295	226,238,082	1,242,554,497



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11 Property, plant and equipment (continued)

Reconciliation of Depreciation to Statement of Comprehensive Income

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Depreciation of property, plant and equipment	148,500,876	137,639,535	137,612,675	125,705,879
Depreciation of investment property (Note 12)	4,350,565	-	4,350,565	-
Depreciation of right of use assets (Note 13)	3,365,527	2,160,283	-	-
Less: Grant offset - Note 24	(57,293,157)	(57,483,322)	(57,293,157)	(57,483,322)
	98,923,811	82,316,496	84,670,083	68,222,557

(a) Capital work in progress

Balance at 1 January	103,941,399	152,072,325	100,346,812	148,676,880
Additions	52,745,876	27,985,245	52,973,153	22,408,482
Transfers to property and equipment	(71,722,399)	(76,116,171)	(71,551,307)	(70,738,550)
Balance as at 31 December	84,964,876	103,941,399	81,768,658	100,346,812

12 Investment Property

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Balance as at 1 January	12,143,415	12,143,415	12,143,415	12,143,415
Transfers from property and equipment	164,392,583	-	164,392,583	-
Depreciation charge during the year	(4,350,565)	-	(4,350,565)	-
Balance as at 31 December	172,185,433	12,143,415	172,185,433	12,143,415

The investment properties are measured at cost and valued every three years on 31 December at fair value, comprising open-market value by an independent qualified valuer.

The fair values of the land and buildings were determined by the LJ Hooker and Property PNG Limited, external independent property appraisers, having appropriately recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was performed during the year for the financial period as at 31 December 2021. Valuations were made on the basis of direct sales comparison, summation and capitalisation. The revaluation surplus was credited to the Asset revaluation reserve in the Shareholders' equity section of the statements of financial position.

13 Leases

(a) Right-of-use assets

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Balance as at 1 January	2,160,281	4,033,487	-	-
Modifications	2,810,774	287,077	-	-
Depreciation charge during the year	(3,365,527)	(2,160,283)	-	-
Balance as at 31 December	1,605,528	2,160,281	-	-



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13 Leases (continued)

(b) Lease liability

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Balance as at 1 January	2,109,058	4,076,064	-	-
Modifications	2,817,084	244,501	-	-
Lease payments	(3,500,041)	(2,459,160)	-	-
Finance cost	215,798	247,653	-	-
Balance as at 31 December	1,641,899	2,109,058	-	-

Lease liabilities included in the statement of financial position at 31 December:

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Current	996,534	2,109,058	-	-
Noncurrent	645,365	-	-	-
	1,641,899	2,109,058	-	-

Maturity analysis – present value of lease liabilities:

Not later than 1 year	934,113	2,109,058	-	-
Later than 1 year and not later than 5 years	707,786	-	-	-
	1,641,899	2,109,058	-	-

Amounts recognised in profit or loss

Finance cost	215,798	247,653	-	-
Variable and short-term lease payments not included in the measurement of lease liabilities	1,512,382	1,049,687	-	-
	1,728,180	1,297,340	-	-

14 Investments

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Investment in: (ownership)				
PNG Directories Limited (100%)	-	-	733,580	733,580
Kalang Advertising Limited (100%)	-	-	535,424	535,424
Datec PNG Limited (100%)	-	-	36,000,000	36,000,000
Media Niugini Limited (100%)	-	-	-	-
Bmobile SI Limited	-	-	-	-
	-	-	37,269,004	37,269,004



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Notes to the Financial Statements

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14 Investments (continued)

PNG Directories Limited

Prior to 2020, the Company did not have control over PNG Directories as there was a shareholder's agreement dated 7th December 2005 that all board decisions must be unanimous and Telikom did not have the right to appoint all directors. In 2013 management resolved to equity account the entity which was previously accounted for at cost. In August 2020, the Company took over full control of PNG Directories Limited.

Kalang Advertising Limited

In 1977 the Company took over full control of Kalang Advertising Limited. The long-term debt owed to Telikom was converted into an investment. Kalang Advertising Limited is incorporated in PNG.

Datec PNG Limited

The Company acquired Datec PNG Limited from Steamships Trading Company on 26 May 2015. The cost of acquisition was K36,000,000. The acquisition paved the way for the Company to embark on restructuring its communications business by expanding its internet and data business providing converged technology solutions.

Media Niugini Limited

The Company acquired Media Niugini Limited trading as EMTV effective 16 December 2015. The cost of acquisition was K20,000,000 and was funded through a bank loan from Bank of South Pacific (BSP). The acquisition assisted MNL to expand coverage across PNG allowing people in remote areas to access television through the use of Telikom towers. This also provides an opportunity to transition from analogue to digital technology platforms.

In 2019, the investment amount was fully provided.

15 Intangibles

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Opening unamortised balance as at 1 January	81,394	9,498,626	-	9,434,646
Additions during the year	21,800	60,999	-	-
Amounts amortised during the year	(23,110)	(43,585)	-	-
Transfer to Dataco PNG Limited	-	(9,434,646)	-	(9,434,646)
	80,084	81,394	-	-

The prepaid pipe lease is for a pipe submarine paid to PPC 1 Ltd for the PIPE cable project. The pipe cable system provides international communication connectivity from Madang to Sydney and Guam. The expected useful life is 15 years. The balance acquired from PNG Directories Limited relates to directory compilation software and online website software.

16 Goodwill

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Datec PNG Limited	18,004,168	18,004,168	-	-
Media Niugini Limited	-	-	-	-
PNG Directories Limited	3,377,753	3,377,753	-	-
	21,381,921	21,381,921	-	-
<i>Movement in Goodwill</i>				
Goodwill at beginning of year	21,381,921	21,381,921	-	-
Movement during the year	-	-	-	-
Goodwill at end of year	21,381,921	21,381,921	-	-



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16 Goodwill (continued)*Datec PNG Limited*

On 5 August 2015 the Group acquired 100% of Datec PNG Limited at a purchase consideration of K36,000,000. The acquisition paves the way for the Company to embark on restructuring its communications business by expanding its internet and data business providing converged technology solutions. Details of net assets acquired, and goodwill are as follows:

	PGK
Purchase consideration - Cash paid	36,000,000
Fair value of net assets acquired	(17,995,832)
Goodwill	18,004,168

The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

	PGK
Cash and cash equivalents	6,515,582
Trade and other receivables	10,288,805
Due from Steamships Group	1,211,642
Inventories	12,361,548
Property and equipment	8,476,584
Deferred tax assets	2,224,348
Trade and other payables	(10,461,160)
Due to Steamships Group	(1,781,663)
Due to Datec Learning Centers Limited	(1,489,892)
Dividend payable	(5,685,582)
Employee provisions	(3,150,382)
Income tax payable	(513,998)
Net assets acquired	17,995,832

Media Niugini Limited

The Company acquired Media Niugini Limited trading as EMTV effective 16 December 2015 at a purchase consideration of K20,000,000. Details of net assets acquired, and goodwill at acquisition are as follows:

Purchase consideration - Cash paid	20,000,000
Fair value of net assets acquired	(15,254,000)
Goodwill	4,746,000

The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

Cash and cash equivalents	9,137,000
Trade and other receivables	5,328,000
Inventories	952,000
Property and equipment	9,430,000
Other assets	91,000
Intercompany receivables	300,000
Trade and other payables	(5,623,000)
Intercompany payables	(633,000)
Employee provisions	(488,000)
Deferred tax liabilities	(332,000)
Income tax payable	(2,908,000)
Net assets acquired	15,254,000



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16 Goodwill (continued)

PNG Directories Limited

The Company acquired the remaining 45.8% shares of PNG Directories Limited effective 14 August 2020 at a purchase consideration of K4,580. Details of net assets acquired, and goodwill at acquisition are as follows:

Cost of investment prior to full acquisition	2,911,132
Purchase consideration - Cash paid	4,580
	2,915,712
Fair value of net assets acquired – deficit	466,621
Goodwill	3,382,333

The assets and liabilities arising from the acquisition, provisionally determined, are as follows:

	PGK
Cash and cash equivalents	2,566,933
Trade and other receivables	988,079
Property and equipment	2,795,139
Deferred tax assets	739,119
Other assets	212,120
Intercompany receivables	7,619
Trade and other payables	(2,159,612)
Intercompany payables	(4,954,068)
Employee provisions	(405,648)
Income tax payable	(256,302)
Net assets acquired	(466,621)

17 Inventories

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Raw materials and consumables	36,564,838	37,948,758	8,722,004	5,517,913
Phone handsets, devices and top-up cards	24,258,930	17,871,468	22,429,374	17,286,825
Less: provisions for obsolescence	(10,313,254)	(10,244,380)	(7,414,234)	(7,411,719)
	50,510,514	45,575,846	23,737,144	15,393,019

Raw materials and consumables mainly comprise of cabling materials.

Movement of provision for obsolescence:

Beginning balance	10,244,380	10,031,424	7,411,719	7,411,719
Charges during the year, net	68,874	212,956	2,515	-
	10,313,254	10,244,380	7,414,234	7,411,719



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18 Trade and other receivables
a) Trade and other receivables, current

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Trade receivables – General	122,015,040	86,028,468	129,923,574	105,110,227
Trade receivables – Bernobile Solomon Islands	-	-	99,500,879	99,500,879
Trade receivables – international	4,522,406	1,312,763	4,522,406	1,312,763
Trade receivables – property rental	17,359,989	16,280,784	17,359,989	16,280,784
Less: Telephone bond fees	(2,250,408)	(2,326,438)	(2,250,408)	(2,326,438)
	141,647,027	101,295,577	249,056,440	219,878,215
Current accounts:				
- Kalang Advertising Limited	-	-	791,032	417,054
- Media Niugini Limited	-	-	3,983,647	1,269,447
- PNG Directories Limited	-	-	841,277	2,699,968
- Datec PNG Limited	-	-	2,093,255	(2,161,176)
Total trade receivables and current accounts	141,647,027	101,295,577	256,765,651	222,103,508
Allowance for doubtful debts	(101,195,677)	(68,323,443)	(172,767,444)	(169,616,736)
Trade receivables and current accounts, net	40,451,350	32,972,134	83,998,207	52,486,772
Prepayments and advances	16,648,837	10,359,815	4,918,996	1,612,071
Accrued income	5,423,519	5,387,503	5,423,519	5,387,503
Other	9,317,215	9,749,360	493,886	27,262,236
	71,840,921	58,468,812	94,834,608	86,748,582

b) Trade and other receivables, non-current

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Housing ownership scheme to staff	987,694	440,583	987,694	440,583
	987,694	440,583	987,694	440,583

The housing ownership scheme relates to interest free loans provided to employees. The loans are repayable over a 10-year period through services provided by the employees. This scheme ceased in 2012 and no further loans have been provided. Existing loans will continue to be amortised while the employees are working for the group.



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18 Trade and other receivables (continued)

Provision for bad and doubtful debts

As at 31 December 2023, certain trade debtors of the Group were considered impaired and were provided by management. Trade receivables are interest free and generally on 30-60-day terms. The movement in the provision for doubtful debts is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Beginning balance	68,323,443	134,979,073	169,616,736	202,672,171
Charges / (reversal) for the year	33,805,922	(66,655,630)	3,928,964	(33,055,435)
Bad debts written off	(933,688)	-	(778,256)	-
	101,195,677	68,323,443	172,767,444	169,616,736

19 Cash and cash equivalents

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Cash in bank	54,740,229	44,043,764	13,981,106	10,573,909
Cash on hand	147,618	514,136	-	-
	54,887,847	44,557,900	13,981,106	10,573,909

For the purpose of the cashflow statement, the cash and cash equivalents comprise the following:

Cash and bank	54,887,847	44,557,900	13,981,106	10,573,909
Bank overdraft - Note 26(b)	(16,426,974)	-	(16,426,974)	-
	38,460,873	44,557,900	(2,445,868)	10,573,909

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26.

20 Asset revaluation reserve

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Balance at 1 January	682,814,337	682,814,337	678,360,337	262,139,364
Additions	-	-	-	416,220,973
Balance at 31 December	682,814,337	682,814,337	678,360,337	678,360,337



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21 Share capital

	Redeemable preference share (Kumul share)		Ordinary shares		Total
	PGK	Number	PGK	Number	PGK
Balance as at 1 January 2022					
Issued and paid-up capital	1	1	169,665,064	169,665,064	169,665,065
Share issued during the year	-	-	-	-	-
Balance as at 1 January 2023	1	1	169,665,064	169,665,064	169,665,065
Share issues during the year	-	-	-	-	-
Balance as at 31 December 2023	1	1	169,665,064	169,665,064	169,665,065

In accordance with the provisions of the Companies Act 1997 the share capital does not have a par value. All issued shares are fully paid. In accordance with the provisions of the Companies Act 1997 and the Company's constitution, the board of a company may issue shares as it thinks fit, accordingly there is no limit on the number of shares that may be issued. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

22 Loans and borrowings

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Current				
Secured bank loan – BSP	118,458,039	88,224,857	118,458,039	88,224,857
Intercompany loan KCH	39,382,699	39,382,699	39,382,699	39,382,699
Unsecured state loan EEC	1,779,485	1,971,144	1,779,485	1,971,144
	159,620,223	129,578,700	159,620,223	129,578,700
Non-current				
Secured bank loan – Leasemaster	1,301,299	2,669,173	1,301,299	2,669,173
Intercompany loan KCH	57,480,069	50,935,717	57,480,069	50,935,717
	58,781,368	53,604,890	58,781,368	53,604,890

Commercial Bank Facility

I. Secured bank loan – BSP Financial Group Limited

BSP has secured its K138m facilities through the following:

- First registered fixed and floating charge over the whole of the Company's assets and undertakings including called but unpaid and uncalled capital
- Deed of guarantee and indemnity unlimited as to amount given by Telikom Limited
- Negative pledge
- Subordination agreement



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22 Loans and borrowings (continued)**Unsecured bank loan**

At the balance date, the Company was in breach of certain financial covenants attached to the bank borrowings from BSP, including Long term Debt to EBITDA Ratio, EBITDA to Interest Expense Ratio and Cash Available for Debt Servicing Ratio. In accordance with IAS 1 Presentation of Financial Statements, the borrowings have been classified as current liabilities, due to the fact that, if any event of default occurs (which includes a breach of contract terms i.e. a covenant), the lender may under the Common Terms Agreement, accelerate the loan repayment after the lender provides a written notice to the Company. Thereafter, the lender may cancel the undisbursed portion of the loan and require the Company to repay the loan or such part of the loan as specified in that notice. On receipt of such a notice, the Company would be required to immediately repay the loan (or such part of the loan as specified in that notice) and pay all interest accrued on it and any other amounts payable to the lender.

II. Intercompany Loan – Kumul Consolidated Holdings Limited (KCH)**Current balance**

KCH granted a loan facility of US\$ 6.0m to Bemobile Limited ('Bemobile') at an applicable rate of 9% per annum. K8.4m of the total facility was drawn in 2015 and additional drawdowns of K2.27m and K7.60m were made in 2017 and 2016, respectively. Bemobile merged with Telikom PNG Limited to form Telikom Limited. The facility was acquired on amalgamation of Telikom and Bemobile.

In 2015, an additional loan facility of US\$ 6.51m was given to Bemobile by KCH at an applicable interest rate of 9% per annum. K21.15m of the loan was drawn in July and October of 2016. This is a separate facility from the amount extended by KCH in 2015 as discussed above. Bemobile merged with Telikom PNG Limited to form Telikom Limited, the facility was acquired on amalgamation of Telikom and Bemobile.

The KCH facilities matured on 31 December 2018. The Company has not received a formal extension of the KCH facilities. Under the provisions of the KCH facility agreements the breach of the BSP facility covenants results in default under the KCH facility agreements.

Non-Current balance

KCH granted a loan facility of K60.8 million to Telikom at an applicable rate of 6.5% per annum for a 4-year term. The loan facility was broken down into Loan facility 1 CNC1 (PGK) amounting to K21m, Loan facility 2 – Pay-off ANZ Loan (PGK) amounting to K9.8m and Loan facility 3 – Telikom / DataCo InterCompany debts & repair of fibre cables amounting to K30m. The total amounts for the facilities were paid directly to Telikom creditors. The loan provides a 1-year grace period, and the full principal and interest are paid over 3 years.

III. Unsecured state loan – European Economic Community (EEC)

The unsecured state loan was obtained from the European Economic Community by the Ministry for Finance and Planning on behalf of Postal Telecommunication Corporation (PTC) for the purpose of funding, supply and installation of Standard B Earth Station at Gerehu at the interest rate of 1% per annum. The loan is repayable bi-annually by the Ministry for 30 years since 1993 and will expire in 2023. The amounts reported reflect the amounts due to be paid by the Company to the Ministry.

23 Trade and other payables

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Trade creditors	221,526,008	225,461,902	219,952,625	206,965,125
Accrued trade expenditure	61,197,216	68,186,806	56,512,564	90,947,033
Trade payables	282,723,224	293,648,708	276,465,189	297,912,158
Current account – Datec	-	-	2,464,441	-
Current account – Media Niugini Limited	-	-	2,591,486	-
Current account – Kalang	-	-	979,962	-
Current account – Directories	-	-	363,264	-
Salaries tax payable	62,969,636	13,748,137	59,608,161	10,599,739
Other payables	100,500,590	36,399,334	26,623,627	10,443,208
	446,193,450	343,796,179	369,096,130	318,955,105

Trade creditors are interest free and on 30-60-day terms. The current accounts are interest free and on 60-day terms.



TELIKOM LIMITED AND SUBSIDIARIES

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24 Government grants

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Grants for rural and other projects (a)	12,613,280	13,001,545	12,045,319	12,433,584
LLG sites VSAT rollout (b)	14,297,445	15,702,338	14,297,445	15,702,338
National Broadband Network (NBN) project (c)	220,421,177	275,921,177	220,421,177	275,921,177
	247,331,902	304,625,060	246,763,941	304,057,099
Current	55,560,175	56,804,059	55,500,000	56,743,884
Non-current	191,771,727	247,821,001	191,263,941	247,313,215
	247,331,902	304,625,060	246,763,941	304,057,099

(a) Grants for rural and other projects

Beginning balance	13,001,545	11,597,125	12,433,584	10,958,627
Movement during the year	(388,265)	1,404,420	(388,265)	1,474,957
	12,613,280	13,001,545	12,045,319	12,433,584

Movement during the year:

Offset against depreciation – Note 11	(388,265)	(425,043)	(388,265)	(425,043)
Other	-	1,829,463	-	1,900,000
	(388,265)	1,404,420	(388,265)	1,474,957

(b) LLG sites VSAT rollout

Beginning balance	15,702,338	17,160,617	15,702,338	17,160,617
Movement during the year - offset against depreciation- Note 11	(1,404,893)	(1,458,279)	(1,404,893)	(1,458,279)
	14,297,445	15,702,338	14,297,445	15,702,338

The grant was provided by the National government to rollout and implement the rural wireless communication projects throughout the country.

(c) NBN Project

Beginning balance	275,921,177	368,347,521	275,921,177	368,347,521
Others	-	(36,826,344)	-	(36,826,344)
Offset against depreciation – Note 11	(55,500,000)	(55,600,000)	(55,500,000)	(55,600,000)
	220,421,177	275,921,177	220,421,177	275,921,177

National Broadband Network Project seeks to replace Telikom's obsolete terrestrial radio infrastructure and Public Switched Telephone Network (PSTN) and protect existing revenue, increase Fixed Broadband Network penetration to match Telikom's existing PSTN geographic footprint and to enhance competition by providing 4th generation Mobile Broadband Services to major urban centers within Papua New Guinea. 85% of the project is funded by the Department of Treasury through Export & Import Bank of China, 15% is funded by the Department Treasury through the NEC Decision 349/201 through the annual national budget.



TELIKOM LIMITED AND SUBSIDIARIES**Notes to the Financial Statements**

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25 Employee benefits**Post-employment benefits**

The company contributes to superannuation plans for employees. The plan for general employees is a defined contribution type, whereby the Company matches contributions made by employees up to 8.4% of the employee's base salary to the National Superannuation Fund. Employee contributions are generally 6% of their gross salaries. During 2023, the Company expensed K3,424,940 (2022: K6,918,114) in contributions.

The following is a summary of the movement in the provisions for employee benefits:

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Balance as at 1 January	51,418,608	48,691,964	44,678,454	42,296,076
Provisions made during the year	3,252,072	8,744,279	949,783	6,142,897
Provisions utilised / paid during the year	(1,697,578)	(6,017,635)	-	(3,760,519)
Balance as at 31 December	52,973,102	51,418,608	45,628,237	44,678,454
Current	8,870,995	8,431,303	6,301,248	6,196,918
Non-current	44,102,107	42,987,305	39,326,989	38,481,536
	52,973,102	51,418,608	45,628,237	44,678,454

Summary of employee benefits

Annual leave	8,853,022	8,431,303	6,301,248	6,196,918
Long service leave	44,120,080	42,987,305	39,326,989	38,481,536
	52,973,102	51,418,608	45,628,237	44,678,454

26 Financial risk management**(a) Credit risk**

The carrying amount of financial assets represents the maximum credit exposure, at the reporting date exposure was:

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Trade and other receivables	71,840,921	58,909,395	94,834,608	87,189,165
Cash and cash equivalents	54,887,847	44,557,900	13,981,106	10,573,909
	126,728,768	103,467,295	108,815,714	97,763,074

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. However, secured loans for both the Parent and the Group have potential maturities of less than one year as the Company and the Group have breached certain financial covenants attached to the borrowings.



TELIKOM LIMITED AND SUBSIDIARIES
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26 Financial risk management (continued)
(b) Liquidity risk (continued)
The Group

	Carrying amount PGK	Contracted cash flows PGK	Less than 1 year PGK	1 – 2 years PGK	2 – 5 years PGK	More than 5 years PGK
As at 31 December 2023						
Secured loans	119,759,338	134,619,158	123,876,328	8,542,153	2,200,677	-
Unsecured loans	1,779,485	1,922,378	1,922,378	-	-	-
Intercompany loans	96,862,768	103,158,848	45,678,779	57,480,069	-	-
Trade and other payables	446,193,450	446,193,450	446,193,450	-	-	-
Bank overdraft	16,426,974	16,426,974	16,426,974	-	-	-
	681,022,015	702,320,808	634,097,909	66,022,222	2,200,677	-
As at 31 December 2022						
Secured loans	90,894,030	112,370,714	94,841,721	12,307,177	5,221,816	-
Unsecured loans	1,971,144	2,129,427	2,129,427	-	-	-
Intercompany loans	90,318,416	96,189,113	45,253,396	50,935,717	-	-
Trade and other payables	343,796,179	343,796,179	343,796,179	-	-	-
	526,979,769	554,485,433	486,020,723	63,242,894	5,221,816	-

The Company

	Carrying amount PGK	Contracted cash flows PGK	Less than 1 year PGK	1 – 2 years PGK	2 – 5 years PGK	More than 5 years PGK
As at 31 December 2023						
Secured loans	119,759,338	134,619,158	123,876,328	8,542,153	2,200,677	-
Unsecured loans	1,779,485	-	-	-	-	-
Intercompany	96,862,768	103,158,848	6,296,080	96,862,768	-	-
Trade and other payables	369,096,130	369,096,130	369,096,130	-	-	-
Bank overdraft	16,426,974	16,426,974	16,426,974	-	-	-
	603,924,695	623,301,110	515,695,512	105,404,921	2,200,677	-
As at 31 December 2022						
Secured loans	90,894,030	112,370,714	94,841,721	12,307,177	5,221,816	-
Unsecured loans	1,971,144	2,129,427	2,129,427	-	-	-
Intercompany	90,318,416	96,189,113	45,253,396	50,935,717	-	-
Trade and other payables	283,594,616	283,594,616	283,594,616	-	-	-
	466,778,206	494,283,870	425,819,160	63,242,894	5,221,816	-

(c) Foreign exchange risk

The Group's exposure to foreign currency risk is as follows based on notional amounts:

As at 31 December 2023	AUD	EUR	FJD	GBP	NZD	USD	CNY	JPY
Unsecured loans	-	(516,440)	-	-	-	-	-	-
Trade and other payables	(4,176,893)	(137,164)	(1,770)	(9,890)	(203,025)	(13,283,175)	(29,762,490)	(3,540)
Trade receivables	-	-	-	-	-	1,126,957	-	-
Net exposure	(4,176,893)	(653,604)	(1,770)	(9,890)	(203,025)	(12,156,218)	(29,762,490)	(3,540)



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Notes to the Financial Statements

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26 Financial risk management (continued)

(c) Foreign exchange risk (continued)

As at 31 December 2022	AUD	EUR	FJD	GBP	NZD	USD	CHF	CNY	SBD
Unsecured loans	-	(516,430)	-	-	-	-	-	-	-
Trade and other payables	(1,252,551)	(137,164)	(5,186)	(18,420)	(185,913)	(8,143,012)	(214,800)	(30,384,768)	(2,026,029)
Trade receivables	-	-	-	-	-	-	-	-	372,069
Net exposure	(1,252,551)	(653,594)	(5,186)	(18,420)	(185,913)	(8,143,012)	(214,800)	(30,384,768)	(1,653,960)

All balances above are disclosed in their foreign currency denomination.

The Company's exposure to foreign currency risk is as follows based on notional amounts:

As at 31 December 2023	AUD	EUR	FJD	GBP	NZD	USD	CHF	CNY
Unsecured loans	-	(516,440)	-	-	-	-	-	-
Trade and other payables	(3,656,309)	(137,164)	(1,770)	(9,890)	(203,025)	(13,155,756)	-	(29,762,490)
Trade receivables	-	-	-	-	-	1,126,957	-	-
Net exposure	(3,656,309)	(653,604)	(1,770)	(9,890)	(203,025)	(12,028,799)	-	(29,762,490)

As at 31 December 2022	AUD	EUR	FJD	GBP	NZD	USD	CHF	CNY
Unsecured loans	-	(516,430)	-	-	-	-	-	-
Trade and other payables	(1,193,926)	(137,164)	(1,000)	(15,490)	(185,913)	(5,868,873)	(214,800)	(30,384,768)
Trade receivables	-	-	-	-	-	-	-	-
Net exposure	(1,193,926)	(653,594)	(1,000)	(15,490)	(185,913)	(5,868,873)	(214,800)	(30,384,768)

All balances above are disclosed in their foreign currency denomination.

A 10% change in foreign exchange rates would have an insignificant effect on both the Company and the Group's results as at 31 December 2023 and 2022.

(d) Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	The Group		The Company	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Fixed rate instruments				
Intercompany Loan	(96,862,768)	(90,318,416)	(96,862,768)	(90,318,416)
Unsecured loans	(1,779,485)	(1,971,144)	(1,779,485)	(1,971,144)
Secured loans	(119,759,338)	(90,894,030)	(119,759,338)	(90,894,030)
	(218,401,591)	(183,183,590)	(218,401,591)	(183,183,590)

A change of 100 basis points in interest rates of the interest-bearing financial instruments would have an insignificant effect on both the Company and the Group's net results as at 31 December 2023 and 2022.



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26 Financial risk management (Continued)**(e) Fair value versus carrying values**

The fair values of financial assets and liabilities approximate their carrying values as shown in the financial statements.

27 Commitments**Operating leases**

The Group leases a number of commercial, residential properties and private land (for communication towers, etc.) under operating leases. Operating leases are generally one year or less in duration.

Capital commitments

Commitments not otherwise provided for in the financial statements are as follows:

	The Group		The Company	
	2023	2022	2023	2022
	PGK	PGK	PGK	PGK
Capital commitments	7,070,622	8,799,782	7,070,622	8,799,782

28 Contingencies**Letters of credit**

The Company had limits/facilities outstanding as at 31 December 2023 amounting to Knil (2022: Knil). The facilities are secured through a Registered Equitable Mortgage over all the fixed and floating assets and undertakings, its uncalled and unpaid capital and a registered mortgage over selected Telikom Limited property assets.

Company litigation

The Company is defending a number of legal proceedings as at 31 December 2023. Whilst liability is not admitted, if defence against these actions are unsuccessful, fines and legal costs could amount to K35.13 million (2022: K116.30 million). Based on legal advice, the directors do not expect the outcome of any action to have a material effect on the Company's financial position.

Media Niugini Limited litigation

During the year, the International Management Group of America Pty Ltd (CAN 001 788 343) (IMG) has claimed it is entitled to various damages and costs in relation to breach of contract, misleading and deceptive conduct by Media Niugini Limited (MNL) arising out of events that occurred in the period from mid-2018 to early 2019 in relation to the broadcast rights to the Queensland Cup. The Supreme Court of New South Wales handed down a decision on 2 March 2023 in favour of IMG where the appeal of Media Niugini Limited was dismissed with costs. The amount sought by IMG in relation to the matter is now in the order of USD 3.087 million.

MNL wholly rejects the claims and is considering how to defend this decision in a court in Papua New Guinea. The Directors believe the company would be successful in defending its position in Papua New Guinea. As a result, the Directors are of the view that any liability potentially arising out of the proceeding in a court in Papua New Guinea cannot be reliably assessed or estimated at this point in time. Therefore, no contingent liability for the finding of the Supreme Court of New South Wales has been recorded in the financial statements.

29 Related party balances and transactions**(a) Related parties**

The Company is wholly owned by the Government of Papua New Guinea through Kumul Consolidated Holdings (KCH).

Subsidiaries and other investments

Details of interest in related parties are set out in Note 14. Kalang Advertising Limited, Datec PNG Limited, Media Niugini Limited and PNG Directories Limited have been consolidated.



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29 Related party balances and transactions (Continued)
(b) Related party transactions

The following transactions in aggregate were carried out with related parties:

	Kalang Advertising Limited		PNG Directories Limited		Datec PNG Limited	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Revenue						
Sale of goods and services	2,117,931	679,986	504,015	968,632	3,093,631	2,614,915
Other revenue	-	-	500,000	-	3,000,000	7,167,553
	2,117,931	679,986	1,004,015	968,632	6,093,631	9,782,468

	Kalang Advertising Limited		PNG Directories Limited		PNG Directories Limited	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Expenses						
Purchase of services	534,435	407,550	275,200	302,720	4,773,378	1,763,979
	534,435	407,550	275,200	302,720	4,773,378	1,763,979

Related party transactions with entities within Kumul Consolidated Holdings:

	Sales PGK	Purchases PGK
Air Niugini Limited	2,829,311	1,201,346
Dataco PNG Limited	5,245,571	65,235,601
Motor Vehicle Insurance Limited	3,250,370	209,251
National Development Bank	119,531	-
PNG Ports Corporation Limited	2,025,022	30,301
Post PNG Limited	1,218,313	2,211,771
PNG Power Limited	4,022,662	25,102,166
Water PNG	86,000	1,262,261

During the year the Company entered into transactions with the following associated companies/organisations of the directors:

Director	Business / Organisation	Purchases			Sales		
		Outstanding PGK	Paid PGK	Total PGK	Outstanding PGK	Paid PGK	Total PGK
Mr. Paul Morgan	Garom Limited	-	-	-	-	-	-
Mrs. Lata Milner	Milner Legal	-	-	-	-	-	-
Mr. Moses Tedumo	Kacific PNG	733,029	2,789,596	3,522,626	-	-	-
Mr. Godfrey Seeto	Kwila Corporation	-	-	-	-	-	-
Mr. Gideon Karali	Hela Provincial Govt	-	-	-	-	-	-

All transactions with related parties were on commercial terms and conditions.



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29 Related party balances and transactions (Continued)**(c) Related party balances**

	Receivables balances		Payable balances	
	2023 PGK	2022 PGK	2023 PGK	2022 PGK
Kalang Advertising PNG Limited	3,920,986	3,043,838	1,174,779	640,344
PNG Directories Limited	3,448,625	2,658,872	605,440	302,720
Datec PNG Limited	2,079,407	81,828	4,946,275	1,020,585
Media Niugini Limited	12,200,071	10,545,695	2,662,986	935,624
Bmobile Solomon Islands	115,682,732	-	-	-
Kumul Consolidated Holdings	-	69,488	96,862,769	90,317,505

Related party balances are unsecured, interest free, and repayable on demand. For borrowings from related parties refer to Note 23. Balances with Kalang Advertising Limited, PNG Directories Limited, Datec PNG Limited and Media Niugini Limited are eliminated on consolidation.

30 Matters Subsequent to the end of the financial year

The Group operates in a number of regulated markets and is subject to regulatory reviews and inquiries. From time to time these may result in legal proceedings or other regulatory enforcement actions. As at reporting date there are no matters of this nature for which the Group expects to result in a material economic outflow of resources.

