PNG DATACO LIMITED

Financial Statements
For the year ended 31 December 2024

Contents

Report of the Directors to the Shareholder	1 - 2
Directors' Declaration	3
Statement of Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 31
Independent Auditors' Report	32 - 35

PNG DATACO LIMITED
REPORT OF THE DIRECTORS TO THE SHAREHOLDER
FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors present its report on the consolidated financial statements of PNG DataCo Limited ("the Company") for the year ended 31 December 2024. The Company was originally incorporated as Whittlesea Limited on 21 April 2010 and changed its name to PNG DataCo Limited on 2 December 2010. The Company commenced operations on 1 March 2014 and is 100% owned by Kumul Consolidated Holdings (KCH).

Principal Activity

The principal activities of the Company during the year were those of providing wholesale digital infrastructure services throughout Papua New Guina for the purposes of transmission and broadband internet services as well as data center and cloud services.

Results

The comprehensive profit of the Company during the year ending 31 December 2024 was **K14,552,310**
(2023 Profit K12,337,582, Restated 2023 Profit K24,950,060)

Directors

The directors as at the date of the report and for the period were:

Dr. Thomas Webster	Chairman	(Appointed 2022)
Albert Ayius	Director	(Appointed 2022)
Desmond Blake	Director	(Appointed 2022)
Timothy Pokaran	Director	(Appointed 2022)
Lucy Sabo-Kelis	Director	(Appointed 2022)
Sandis Tsaka	Director	(Appointed 2022)

Company Secretary

The Company secretary as at the balance date is Madsmolley Ikosi.

Registered Office

The Company's registered office is located at Level 1 Wokples Building, Section 531, Lot 12, Savannah Heights, Waigani, National Capital District, Papua New Guinea.

Remuneration of Directors

Director's remuneration, including the value of benefits received during the year are:

	K
Dr Thomas Webster	315,000.00
Albert Ayius	215,000.00
Desmond Blake	215,000.00
Timothy Pokaran	215,000.00
Lucy Sabo-Kelis	215,000.00
Sandis Tsaka	215,000.00

Remuneration of Employees

The number of employees or former employees, not being directors of the Company, whose total remuneration and the value of other benefits received, exceeding K100,000, falls within each relevant K10,000 band of income as follows:

	2024	2023		**2024**	2023
K100,000 – 110,000	3	3	K230,000 – 240,000		
K110,000 – 120,000	2	2	K240,000 – 250,000	1	1
K120,000 – 130,000			K250,000 – 260,000	2	2
K130,000 – 140,000	9	9	K260,000 – 270,000		
K140,000 – 150,000	1	1	K270,000 – 280,000		
K150,000 – 160,000	1	1	K280,000 – 290,000		
K160,000 – 170,000			K290,000 – 300,000	2	2
K170,000 – 180,000			K300,000 – 310,000		
K180,000 – 190,000	17	17	K 310,000 – 320,000		
K 190,000 – 200,000	4	4	K320,000 – 330,000	2	2
K200,000 – 210,000	4	4	K330,000 – 340,000		
K210,000 – 220,000			K340,000 – 350,000		
K220,000 – 230,000	1	1	K350,000 >	8	8

General

In accordance with the requirements of the Companies Act 1997, the Directors state that in their opinion:

(a) the results of the Company's operations during the year were not materially affected by items of an abnormal character (other than as noted in the accounts);

(b) no circumstances have arisen that render adherence to the existing method of valuation of assets or liabilities misleading or inappropriate;

(c) no contingent liabilities have arisen in the period from 31 December 2024 to the date of this report, except as noted in the accounts;

(d) no contingent liabilities have become enforceable or are likely to become enforceable within the period of 12 months from the date of this report, which would materially affect the Company in its ability to meet its obligations as and when they fall due;

(e) the current assets will realise at least the value at which they are shown in the accounts and the value is an amount that these assets might reasonably be expected to realise in the ordinary course of business.

Signed for, and on behalf of the Board of Directors,

Dr. Thomas Webster
Chairman

Paul Komboi, OBE, GCL,
Chief Executive Officer

PNG DATACO LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors state that in their opinion:

(a) The Statement of Comprehensive Income is drawn up to give a true and fair view of the results of the company's operations for the year ended 31 December 2024.

(b) The Statement of Financial Position is drawn up to give a true and fair view of the state of affairs of the Company as at 31 December 2024.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors

Dr. Thomas Webster
Chairman

Paul Komboi, OBE, GCL,
Chief Executive Officer

PNG DATACO LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 K	Restated 2023 K	2023 K
Revenue	3	213,131,070	207,904,153	207,904,153
Cost of Sales		(130,152,715)	(132,028,058)	(144,640,536)
Gross Profit		**82,978,354**	**75,876,095**	**63,263,617**
Finance Income		63,945	51,098	51,098
Other Income		11,371,944	11,017,400	11,017,400
Interest Expense		(9,248,807)	(10,403,532)	(10,403,532)
Foreign Exchange Gain/ (Loss)		(300,134)	(3,552,282)	(3,552,282)
Operating Expenses	4	(61,170,673)	(42,429,194)	(42,429,194)
Profit / (Loss) before Income Tax		**23,694,631**	**30,559,585**	**17,947,107**
Income Tax (Expense)/Credit	5.1	(9,142,321)	(5,609,525)	(5,609,525)
Profit / (Loss) for the year		**14,552,310**	**24,950,060**	**12,337,582**
Other Comprehensive Income				
Foreign Currency Translation		-	-	-
Total Comprehensive Income / (Loss) for the year		**14,552,310**	**24,950,060**	**12,337,582**



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

PNG DATACO LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Total
		K	K	K	K
Balance as at 31 December 2022	14	**400,562,698**	**(110,338,274)**	**5,082**	**290,229,505**
Prior Year Adjustment	16	(32,579,700)	25,224,953	-	(7,354,697)
Balance as at 31 December 2022 - Restated		**367,982,998**	**(85,113,321)**	**5,082**	**282,874,758**
Equity		4,500,000	-	-	4,500,000
Dividend Paid		-	(1,144,628)	-	(1,144,628)
Net Profit for the year		-	24,950,060	-	24,950,060
Foreign Currency Translation		-	-	-	-
Prior Year Adjustment	16	-	(1,997,369)	-	(1,997,369)
Balance as at 31 December 2023		**372,482,998**	**(63,305,258)**	**5,082**	**309,182,822**
Equity		-	-	-	-
Dividend Paid		-	(6,168,791)	-	(6,168,791)
Net Profit for the year		-	14,552,310	-	14,552,310
Foreign Currency Translation		-	-	-	-
Balance as at 31 December 2024	14	**372,482,998**	**(54,921,740)**	**5,082**	**317,566,340**

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



PNG DATACO LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 K	Restated 2023 K	2023 K
Current Assets				
Cash	6	12,683,865	23,134,980	23,134,980
Term Deposit	6	17,642,741	-	-
Consumables		9,787,580	3,135,861	3,135,861
Receivable and Other Assets	7	88,378,137	86,795,283	86,795,282
Total Current Assets		**128,492,323**	**113,066,124**	**113,066,123**
Non-Current Assets				
Property and Equipment	8	1,089,057,505	1,107,790,905	1,102,533,174
Deferred Tax Asset	5.2	5,223,512	14,365,833	14,365,833
Right of Use Asset	13	8,510,850	7,027,991	7,027,991
Investment in Joint Venture		5,077	5,077	5,077
Total Non-Current Assets		**1,102,796,944**	**1,129,189,806**	**1,123,932,075**
Total Assets		**1,231,289,267**	**1,242,255,930**	**1,236,998,198**
Current Liabilities				
Trade Creditors	9	18,601,488	26,022,394	26,022,394
Other Creditors and Accruals	10	12,078,117	19,182,244	19,182,244
Short Term Borrowings	11	50,472,071	-	-
Government Grant	12	8,639,016	10,940,729	10,940,729
Lease Liability	13	1,613,482	6,359,909	6,359,909
Dividend Payable		-	1,144,628	1,144,628
Total Current Liabilities		**91,404,174**	**63,649,904**	**63,649,904**
Non-Current Liabilities				
Long Term Borrowings	11	738,496,981	779,828,669	779,828,669
Lease Liability	13	6,885,055	5,312,974	5,312,974
Government Grant	12	76,936,717	84,281,561	84,281,561
Total Non-Current liabilities		**822,318,753**	**869,423,204**	**869,423,204**
Total Liabilities		**913,722,927**	**933,073,108**	**933,073,108**
Net Assets		**317,566,340**	**309,182,822**	**303,925,090**
Equity				
Share Capital	14	372,482,998	372,482,998	405,062,697
Retained Earnings		(54,921,740)	(63,305,258)	(101,142,689)
Foreign Currency Translation Reserve		5,082	5,082	5,082
Total Equity		**317,566,340**	**309,182,822**	**303,925,090**

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

Dr. Thomas Webster
Chairman

Paul Komboi, OBE, GCL,
Chief Executive Officer

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PNG DATACO LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 K	2023 K
Cash flows from operating activities			
Receipts from customers		196,266,649	162,475,379
Cash payments to suppliers and employees		(142,906,830)	(121,871,193)
Interest Received		11,371,944	11,068,498
Lease payment – Interest portion		(1,171,174)	(1,263,146)
Net cash generated from operating activities		**63,560,589**	**50,409,538**
Cash flows from investing activities			
Purchase of property and equipment		(46,103,579)	(46,714,600)
Net cash used in investing activities		**(46,103,579)**	**(46,714,600)**
Cash flows from financing activities			
Repayment of debt		-	-
Capital Contribution		4,000,000	4,500,000
Dividend Paid		(6,168,791)	(1,144,628)
Lease payment – Principal portion		(8,096,593)	(2,464,525)
Net cash flows from financing activities		**(10,265,384)**	**890,847**
Net (decrease)/ increase in cash		**7,191,626**	**4,585,785**
Foreign Currency Translation		-	-
Cash at the beginning of the year		23,134,980	18,549,195
Cash at the end of the year	6	**30,326,606**	**23,134,980**

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

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1. General Information

PNG DataCo Limited ("the Company") is an unlisted Company, incorporated in Papua New Guinea on 21 April 2010 as Whittlesea Limited and changed its name to PNG DataCo Limited on 2 December 2010. The Company is wholly owned by Kumul Consolidated Holdings (KCH) formerly Independent Public Business Corporation ("IPBC"). KCH is a state-owned corporation and is 100% owned by the Independent State of Papua New Guinea ("Ultimate Parent")

The registered office is located at Level 1 Wokples Building, Section 531, Lot 12, Savannah Heights, Waigani, NCD, Papua New Guinea. The financial statements were authorized for issue in accordance with a resolution of the Board of Directors.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in preparation of the Company's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee "IFRIC" as issued by the International Accounting Standard Board (IASB) and the requirements of Companies Act 1997. The financial statements have been prepared under the historical cost convention and on a going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Papua New Guinea Kina, and all values are rounded to the nearest Kina, except where otherwise indicated.

2.2 Restructure of Debt Facility

The Company entered into an On-Lending Concessional Loan Agreement with the Department of Treasury, Government of Papua New Guinea, where those funds were applied to construct and commission the Papua New Guinea Submarine Fiber Cable Network. The PNG Government's Department of Treasury confirmed that the obligations under the 'On Lending Agreement' are fixed at the original exchange rate of USD 0.3155 resulting in a principal loan balance of K726.460 million. A total of K53.370 million has been capitalized on the principal loan amount, resulting in a balance of K779.960 million. Loan repayments under this facility were due to commence in March 2022.

The Department of Treasury agreed on 16 December 2021 to amend the repayment terms of the On Lending Agreement with the Company relating to the PNG National Kumul Submarine Fibre Cable Network Project as outlined in Note 11 (b) on a basis that would accommodate the financial capability of the Company. The Office of the State Solicitor on 15 June 2022 gave clearance on the agreement to extend the date of repayment of the On Lending Agreement from 1 March 2022 to 21 January 2025.

The Directors believe completion of the Company's core network infrastructure in the Domestic Submarine Cable and the Coral Sea Cable Network will contribute to further growth in revenue outside the KCH Group. As a result of the above, the Directors consider it appropriate to prepare these financial statements on a going concern basis and the Company will be able to realize its assets and discharge its obligations in the ordinary course of business.



2 Summary of Significant Accounting Policies (continued)

2.3 Changes in accounting policies and disclosures

i. New and amended standards and interpretations mandatory for the first time since the financial year ended 31 December 2023

- A number of narrow-scope amendments to IFRS 17, IAS 1 and IFRS practice statement 2.
- Amendments to IAS 8 – definition of accounting estimates
- Amendments to IAS 12 – deferred tax related to assets and liabilities arising from single transactions

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

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

- Amendments to IAS 1 – Non current liabilities with covenants and classification of liabilities as current or non current
- Amendment to IFRS 16 – Lease liability in a sale and leaseback
- Amendment to IAS 7 and IFRS 7 – Supplier finance arrangements

The Company 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 any significant impact on the reported financial position or financial performance of the entity.

2.4 Summary of accounting policies

(a) Cash and cash equivalents

Cash includes cash on hand and cash in banks. Cash in banks earns interest at the prevailing bank deposit rates.

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(b) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

i) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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



2. Summary of Significant Accounting Policies (continued)

i) Classification of financial assets (continued)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As of 31 December 2024, the Company has no financial instruments classified as financial assets at fair value through other comprehensive income ("FVTOCI") - Equity instruments (previously classified as available-for-sale financial assets) or financial assets at fair value through profit or loss ("FVTPL").

ii) Measurement of financial assets

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Measurement and recognition of expected credit losses

The Company 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 Company 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.

ECL is measured based on the simplified approach. This approach does not require the tracking of changes in credit risk, but instead requires the recognition of lifetime ECLs at all times. For trade receivables or contract assets that do not contain a significant financing component, the Company applies the simplified approach. The Company 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.

In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

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2. Summary of Significant Accounting Policies (continued)

iii) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Any recovery made is recognised in the Profit or Loss Statement.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

i) Classification of financial liabilities

Financial liabilities that are not:

i. contingent consideration of an acquirer in a business combination,
ii. held-for-trading, or
iii. designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

ii) Measurement of financial liabilities

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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2 Summary of Significant Accounting Policies (continued)

(c) Trade receivables

Trade receivables which are based on normal credit terms are recognized and carried at original invoice amount. At the end of each reporting period, if there is an expectation that the Company will not be able to collect amounts due from its debtors, a provision is raised equivalent to lifetime expected credit loss. The amount of the provision approximates the difference between the carrying amount and the recoverable amount, which is the current best estimate of the present value of expected future cash flows arising from the asset. If so, an impairment loss is recognized immediately in the statement of comprehensive income.

i) Re-classification of related party receivables

Management has reassessed the nature of receivable balances and separated related party customers from external customers as disclosed in Note 7 - Trade and Other Receivables. These balances pertain to entities listed in Note 19 – Related Parties, which are State-Owned Entities (SOEs) under the common ownership and oversight of Kumul Consolidated Holdings.

While these receivables were previously presented as arising from transactions conducted on normal commercial terms, management has determined that, due to the common control and governance structure, these balances do not meet the criteria for classification as trading on an arm's length basis. Accordingly, they will be reclassified as related party receivables in future reporting periods.

(d) Property and equipment

Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working conditions for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of fixed assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of fixed assets. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income. Depreciation has been determined by the straight-line method so as to write off the net cost of each asset during its expected useful life. Principal annual rates used are as follows:

	Rates
Motor vehicles	20%
Computers and accessories	25-33%
Servers	4-10%
Furniture and fixtures	20%
Building and contents (INFRA)	2%
Office equipment	13-20%
Building Fit-out	20%
Miscellaneous assets	45-50%
Fibre optic lines	4-10%
Telecoms assets	20%
PPE – Others	25%
PPE – Network assets and Testing equipment	4-10%

The assets' residual values, useful lives and depreciation method are reviewed periodically, and adjusted, if appropriate, at each balance sheet date, to ensure that the useful lives and method of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets.

At each reporting date, the carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. Impairment losses, if any, are recognized in the statement of income.



2 Summary of Significant Accounting Policies (continued)

(e) Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. These are recognized in the period in which the related money, goods, or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets or expenses are recognized.

(f) Employee benefits

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

(g) Income tax

The income tax expense or revenue for the period is the tax payable or receivable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.
Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability.

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SP

2 Summary of Significant Accounting Policies (continued)

(i) Contingencies

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but is disclosed when an inflow of economic benefits is probable.

(j) Events after the reporting date

Subsequent events that provide additional information about the Company's financial position at reporting date (adjusting events), are reflected in the financial statements. However, subsequent events that are not adjusting events are disclosed in the notes to the financial statements, if material.

(k) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company or on the date of adoption of IFRS 16. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

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

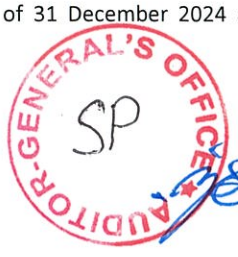
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets 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. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

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.

The Company has recognized the right-of-use asset and corresponding lease liability as of 31 December 2024 and 31 December 2023.



2 Summary of Significant Accounting Policies (continued)

(l) Borrowings

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

(m) Revenue and expense recognition

Cost and expenses are expenditures that arise in the course of ordinary operations of the Company. These are recognised in the income statement upon utilisation of the service or at the date they are incurred.

Revenue from contracts with customers comprises the fair value of the consideration expected to be received or receivable by the company for goods and services supplied to customers in the ordinary course of business.

Revenue is stated net of expected returns, rebates and discounts, based on accumulated experience with similar contracts. Revenue is recognised to the extent that it is highly probable that a significant reversal in the cumulative revenue recognised will not occur.

(n) Share capital

Ordinary shares are classified as contributed capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Accumulated profit represents accumulated earnings of the Company less dividends declared.

(o) Judgements

In the process of applying the entity's accounting policies, management has made no judgements on the amounts recognised in the financial statements.

i) Operating lease commitments - company as lessee

The Company has entered into a lease agreement. The Company has determined that the lessor retains all significant risks and rewards of ownership of these properties, thus, recognizing these leases as an operating lease. In determining significant risks and rewards, the Company considered, among others, the significance of the lease term as compared with the total estimated life of the assets



2 Summary of Significant Accounting Policies (continued)

(p) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The entity based its assumptions and estimates on parameters available when the financial statements were prepared and existing circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Useful lives of property and equipment

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by change in estimates brought about by changes in the factors mentioned above.

(ii) Impairment of property and equipment

The Company determines at each reporting date whether there is any indication that an item of property and equipment may be impaired, or whether there is any indication that an impairment loss previously recognized for an asset in prior periods may no longer exist or may have decreased. If any indication exists and when the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down to its recoverable amount.

(iii) Recognition of deferred tax assets

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized.

AUDITOR-GENERAL'S OFFICE
SP

3 Revenue

	2024	2023
	K	K
Domestic Sales	197,946,277	193,091,759
Foreign Sales	15,184,792	14,812,394
Total Sales	**213,131,070**	**207,904,153**

DataCo has a diverse range of products that it sells to its domestic and international customers including government institutions and corporate entities.

4. Operating Expenses

	2024	2023
	K	K
Consultancy fees	2,475,937	1,668,134
Salaries and wages	25,502,086	19,573,782
Travel and accommodation	2,319,848	959,084
Rent expenses	(1,040,628)	(2,362,976)
Security expense	793,896	367,592
Director fees and expenses	1,680,787	1,308,097
Motor vehicle expenses	495,773	1,252,719
Operation and maintenance	41,595	65,878
Communication	1,177,775	489,599
Bad debts expense	13,791,811	5,592,915
Donations and sponsorship	222,578	55
Others	13,709,216	13,514,315
	61,170,673	**42,429,194**

Profit before tax is stated after charging/crediting:

	2024	2023
	K	K
Remunerations of Directors (Note 19)	1,390,000	1,308,097
Expected credit losses (Note 7)	10,001,668	(30,269,278)
Finance cost	9,248,807	10,403,532
Depreciation (Note 8)	64,307,536	66,860,033
Income from CSCC Government Grant Project (Note 12)	-	(7,233,130)



5. Income Taxes

5.1. Income tax

	2024	2023
	K	K
Current tax expense	-	-
Deferred Tax movement	(9,142,321)	(5,574,525)
True up adjustment	-	(35,000)
Income tax credit / (expense)	**(9,142,321)**	**(5,609,525)**

The prima facie tax payable on the operating profit differs from the income tax provided is reconciled as follows:

Operating profit/(loss) before income tax	23,694,631	17,947,107
Prima facie tax payable at 30% local	7,108,389	5,384,132
Prima facie tax payable in Australia	-	-
Tax effect of permanent differences:		
Non-deductible expenses	265,232	190,393
Book depreciation adjustment	1,766,126	-
Unreconciled difference	2,573	-
Movement in recognized deferred tax assets		
Notional interest on borrowings	-	-
Provision for bad debts	-	-
True up adjustment	-	35,000
Movement in unrecognized deferred tax assets:		
Net loss carryover	-	-
Income tax (credit) / expense	**9,142,321**	**5,609,525**

AUDITOR-GENERAL'S OFFICE
SP

5. Income Taxes (continued)

5.2 Deferred Tax Asset

2024 Movement in Deferred Tax

	2023	Deferred tax expense	2024
	K	K	K
Property, plant & equipment	(34,097,943)	(17,442,615)	(51,540,558)
Prepaid insurance	(320,492)	54,523	(265,969)
Expected credit losses	2,164,528	3,000,500	5,165,029
Tax losses carried forward	42,908,789	5,833,482	48,742,271
Provisions	499,282	227,529	726,811
Other/ unrealized FX loss/gain	(290,196)	136,564	(153,632)
Lease liability & Right of use asset	3,501,865	(952,304)	2,549,561
Total	**14,365,833**	**(9,142,321)**	**5,223,513**

2023 Movement in Deferred Tax

	2022	Deferred tax expense	2023
	K	K	K
Property, plant & equipment	(29,613,252)	(4,484,691)	(34,097,943)
Prepaid insurance	(239,279)	(81,213)	(320,492)
Expected credit losses	11,245,312	(9,080,784)	2,164,528
Tax losses carried forward	35,175,184	7,733,605	42,908,789
Provisions	642,750	(143,468)	499,282
Other	(202,710)	(87,486)	(290,196)
Lease liability & Right of use asset	3,320,479	181,386	3,501,865
Total	**20,328,484**	**(5,962,651)**	**14,365,833**

The Company recognized the deferred tax asset amounting to PGK 5,223,513 (2023: PGK 14,365,833) arising from employee provisions, fixed assets and tax losses as the Company expects future taxable profits against which these may be applied.

The Company believes that there will be sufficient taxable income in future periods against which the Company will be able to utilize the tax losses carried forward. The tax losses carried forward are carried forward for a maximum of 7 years in accordance with the Internal Revenue Commission's regulations.

6. Cash and Cash Equivalents

	2024	2023
	K	K
Cash at bank and on hand	12,683,865	23,134,980
Term Deposit	17,642,741	-
	30,326,606	**23,134,980**

Interest income earned from term deposit amounted to PGK 63,945 (2023: K51,098).

AUDITOR-GENERAL'S OFFICE
SP

7. Receivable and Other Current Assets

	2024	2023
	K	K
Receivable from Customers (Related)	51,909,871	56,487,325
Receivable from Customers (External)	54,902,712	33,460,838
	106,812,583	**89,948,163**
Bad Debts provision	(17,216,763)	(7,215,095)
	89,595,820	82,733,069
GST Receivable	32,828	1,956,033
Advance to Suppliers	2,536,602	2,734,816
Other receivables	(3,787,114)	(628,634)
Total	**88,378,136**	**86,795,283**

Receivables from Related Party Customers

Receivables from these customers represent amounts due from the entities listed in Note 19 Related Parties, which are State-Owned Entities (SOEs). These entities are considered related parties by virtue of common government ownership and oversight. All transactions with these entities are conducted on a normal commercial basis and reflect standard trading terms and conditions applicable to external customers.

Bad debts Provision and Write off Policy

The company's policy for the recognition, provision, and write-off of bad debts is in accordance with IFRS 9 in which it applies the expected credit loss (ECL) model to estimate provisions for doubtful receivables, considering historical loss rates, current economic conditions, and specific debtor risks. Trade receivables debts are written off only when all reasonable recovery efforts have been exhausted and there is absolute certainty of non-recovery, such as in cases of liquidation or bankruptcy.

Movement in provision for impairment of receivables is as follows:

	2024	2023
	K	K
Opening balance	7,215,095	37,484,373
Provision made during the year	10,001,668	(30,269,278)
Closing balance	**17,216,763**	**7,215,095**

Amounts charged are generally written off when there is uncertainty of recovery and in compliance with IFRS requirements.

The aging analysis of these trade receivables is as follows:

	2024	2023
	K	K
1 to 3 Months	40,201,572	31,634,386
3 Months and Over	66,611,011	58,296,758
Total	**106,812,583**	**89,948,163**

AUDITOR-GENERAL'S OFFICE
SP

8. Property and Equipment

For the year ended 31 December 2024:

	Motor Vehicle	Furniture & Fittings	Computer Equipment	Office Fit Out	Office Equipment	Fibre Optic Cables	Telecom Assets	Land	RTU Asset	Capital WIP	Total
	K	K	K	K	K	K	K	K	K	K	K
Cost											
At beginning of year	**2,509,836**	**261,852**	**4,218,137**	**2,520,505**	**2,134,430**	**1,256,290,852**	**17,065,837**	**250,000**	-	**53,901,738**	**1,339,153,187**
Additions	897,912	31,518	799,239	-	31,414	1,767,886	43,708	21,980,000	-	44,299,787	69,851,464
Disposal	-	-	(501,237)	-	-	-	-	-	-	-	(501,237)
Transfer	-	-	-	-	-	-	-	-	-	-	-
Currency translation	-	-	-	-	-	-	-	-	-	-	-
At end of year	**3,407,748**	**293,370**	**4,516,139**	**2,520,505**	**2,165,844**	**1,258,058,738**	**17,109,545**	**22,230,000**	-	**98,201,525**	**1,408,503,414**
Accumulated Depreciation											
At beginning of year	**1,777,696**	**172,994**	2,801,659	**1,656,604**	1,061,635	272,417,440	10,310,520	-	1,163,733	-	291,362,281
Depreciation	429,144	41,552	347,728	324,305	273,743	60,873,807	2,017,257	-	-	-	64,307,536
Currency translation	-	-	-	-	-	-	-	-	-	-	-
Prior year adjustment	-	-	(577,605)		155,160	(35,792,940)	-	-	(1,163,733)	-	(36,223,908)
At end of year	**2,206,840**	**214,546**	**3,726,992**	**1,980,909**	**1,490,538**	**297,498,307**	**12,327,777**	-	-	-	**319,445,909**
Net Book Value	**1,200,908**	**78,825**	**789,147**	**539,596**	**675,306**	**960,560,431**	**4,781,768**	**22,230,000**	-	**98,201,525**	**1,089,057,505**



8. Property and Equipment (continued)

For the year ended 31 December 2023: Restated

	Motor Vehicle	Furniture & Fittings	Computer Equipment	Office Fit-Out	Office Equipment	*Fibre Optic Cables	Telecom Assets	Land	RTU Asset	Capital WIP	Total
	K	K	K	K	K	K	K	K	K	K	K
Cost											
At beginning of year	**2,316,180**	**261,552**	**4,309,359**	**2,520,505**	**1,825,040**	**1,272,865,589**	**17,065,837**	**250,000**	**-**	**99,616,337**	**1,401,030,399**
Additions	193,656	300	(91,222)	-	309,390	16,777,891	-	-	-	14,285,401	31,475,415
Currency translation	-	-	-	-	-	(772,928)	-	-	-	-	(772,928))
Transfers	-	-	-	-	-	-	-	-	60,000,000	(60,000,000)	-
Prior year adjustment						(32,579,700)					(32,579,700)
At end of year	**2,509,836**	**261,852**	**4,218,137**	**2,520,505**	**2,134,430**	**1,256,290,852**	**17,065,837**	**250,000**	**60,000,000**	**53,901,738**	**1,399,153,187**
Accumulated Depreciation											
At beginning of year	**1,323,706**	**129,825**	**2,650,433**	**1,332,449**	**781,734**	**247,824,832**	**8,296,700**	**-**	**-**	**-**	**262,339,679**
Depreciation	453,990	43,169	151,226	324,155	279,901	62,430,039	2,013,820	-	1,163,733	-	66,860,033
Currency translation	-	-	-	-	-	-	-	-	-	-	-
Prior year adjustment						(37,837,431)					(37,837,431)
At end of year	**1,777,696**	**172,994**	**2,801,659**	**1,656,604**	**1,061,635**	**272,417,440**	**10,310,520**	**-**	**1,163,733**	**-**	**291,362,281**
Net Book Value	**732,140**	**88,858**	**1,416,478**	**863,901**	**1,072,795**	**983,873,681**	**6,755,412**	**250,000**	**58,836,267**	**53,901,738**	**1,107,790,906**

The Coral Sea Cable Company (CSCC) assets comprising of the Submarine Cable Asset and the Submarine Line Terminal Equipment recorded at a cost of PGK138,728,721 and K13,060,047 respectively forms part of the Fibre Optic Cables asset at a total cost of K1.33 Billion. (2023: K1.29 Billion)



9. Trade Creditors

	2024	2023
	K	K
Trade creditors	18,601,488	26,022,394
Total	**18,601,488**	**26,022,394**

Trade creditors are non-interest-bearing and are normally settled on 30-day terms. Due to the short-term nature of these balances, the fair value approximates their carrying value.

10. Other Creditors and Accruals

	2024	2023
	K	K
Contract retainer fees	420,608	420,608
Accrued expenses (a)	6,260,323	619,938
Accrued staff benefits (b)	2,394,132	1,665,286
Salaries and wages tax	-	2,228
Other Accruals (c)	3,003,054	16,474,186
Total	**12,078,117**	**19,182,246**

a) Accrued expenses increased to K6.26 million with significant accruals being December GST payable, last pay period and major contract Voltran Engineering invoices.

b) Staff benefits accrual increased to K2.39 million due to low turnover of employees taking annual leave during the year.

c) Other accruals decreased due to reduction in accruals for KSCN Payable, Dividend payable, Short-term Incentive Payable and amortization of prepaid revenue.

11. Borrowings

	2024	2023
	K	K
Current	50,472,071	-
Non-current	738,496,981	779,828,669
Total	**788,969,052**	**779,828,669**

The balances in the borrowings comprised of:

(a) Loan On-Lent from Department of Treasury	788,969,052	779,828,669
Total	**788,969,052**	**779,828,669**



11. Borrowings (continued)

a) Loan from the Department of Treasury

	2024	2023
	K	K
Balance at beginning of the year	779,720,245	770,579,859
Additions	-	-
Capitalised interest	9,248,807	9,248,810
Balance at end of the year	**788,969,052**	**779,828,669**

Exim Bank of China granted a USD229,198,215 loan facility to the Government of Papua New Guinea at an applicable interest rate of 2% per annum, for financing needs under a commercial contract with a foreign supplier. The maturity period for the facility is 240 months, where the grace period is 60 months and repayment period is 180 months. Interest is paid on the principal amount drawn and outstanding under the agreement on the basis of a 360-day year.

The PNG Government's Department of Treasury entered into an On-Lending Concessional Loan Agreement with PNG DataCo Limited whereby obligations in relation to the drawdown of the Exim Bank of China USD229,198,215 loan facility are passed down to PNG DataCo Limited. The financial statements have been prepared on the basis that the obligations under the 'On Lending Agreement' are fixed at the exchange rate of USD 0.3155 resulting in a principal loan balance of K726.460 million. A total of K62.480 million has been capitalised as borrowing costs, resulting in a balance of K788.960 million.

The Department of Treasury agreed on 16 December 2021 to amend the terms of the On Lending Agreement with the Company relating to the PNG National Kumul Submarine Fibre Cable Network Project on a basis that would accommodate the financial capability of the company.

On 15 June 2022, clearance was received from the Office of the State Solicitor to execute the deed of variation for the extension of the repayment date from 1 March 2022 to 21 January 2025.The deed of variation to the subsidiary loan agreement (Exim Bank of China Preferential Buyer Credit Loan) for the PNG Submarine Fibre Cable Network Project was executed on 13 July 2022.

12. Government Grants

	2024	2023
	K	K
Current	8,639,016	10,940,729
Non-current	76,936,717	84,281,561
Total	**85,575,734**	**95,222,291**

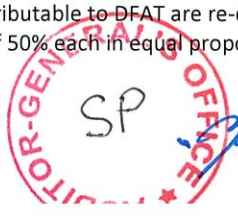
The balances and movement in the borrowings are as follows:

DFAT Coral Sea Cable Project Grant	85,575,734	95,222,291
	85,575,734	**95,222,291**

a) DFAT Coral Sea Cable Project Grant

	2024	2023
	K	K
Balance at beginning of the year	95,222,291	103,228,349
Additions	969,713	-
Recognized as Income from Government Grant	-	(7,233,130)
Foreign Currency translation	(10,616,270)	(772,928)
Balance at end of the year	**85,575,734**	**95,222,291**

Coral Sea Cable Company Pty Limited was the recipient of the Coral Sea Cable System which was funded by the Government of Australia through the Department of Foreign Affairs and Trade (DFAT). PNG DataCo Limited has significant influence over the Coral Sea Cable System through its shareholding of 33%. The assets and liabilities attributable to DFAT are re-distributed to PNG DataCo and Solomon Islands Submarine Cable Company in a joint arrangement of 50% each in equal proportion.



13. Leases

a) Right of Use Asset

	2024	2023
	K	K
Balance at 1 January	7,027,991	8,726,761
Derecognized leases	-	-
New lease arrangement	4,178,925	628,914
	11,206,916	**9,355,675**
Depreciation charge for the year	(2,696,067)	(2,327,684)
Balance at 31 December	**8,510,849**	**7,027,991**

b) Lease Liability

Balance at 1 January	11,672,883	11,068,262
Derecognized leases	(427,851)	-
2022 Principle repayments	-	1,177,086
New lease arrangement	4,178,925	628,914
	15,423,956	**12,874,261**
Interest expense	1,171,174	1,263,146
Rental Payment	(8,096,593)	(2,464,525)
Balance at 31 December	**8,498,537**	**11,672,883**

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

	2024	2023
	K	K
Current	1,613,482	6,359,909
Non-current	6,885,055	5,312,973
Total	**8,498,537**	**11,672,883**

Maturity analysis – minimum lease payment:

Not later than 1 year	2,588,344	7,539,691
Later than 1 year and not later than 5 years	8,408,919	6,733,062
Later than 5 years	45,000	81,000
	11,042,263	**14,353,753**
Unexpired finance charges	(2,543,726)	(2,680,870)
Balance at 31 December	**8,498,537**	**11,672,883**

Maturity analysis – present value of lease liabilities:

	2024	2023
	K	K
Not later than 1 year	1,613,482	6,359,909
Later than 1 year and not later than 5 years	6,843,559	5,242,583
Later than 5 years	41,496	70,391
Balance at 31 December	**8,498,537**	**11,672,883**



13. Leases (continued)

c) Amounts recognized in Profit and Loss

	2024	2023
	K	K
Finance Cost	2,696,066	1,263,146
Depreciation Charge	1,171,174	2,327,684
Short-term lease payments not included in lease liabilities	-	-

14. Share Capital

	2024	2023
	K	K
Opening Balance	405,062,698	400,562,698
Shares issued during the year	-	4,500,000
Prior year adjustment	(32,579,700)	
Closing Balance	**372,482,998**	**405,062,698**

Reconciliation of paid and awaiting allotment:

	2024	2023
	K	K
Issued and fully paid with K1 par value (a)	326,784,028	264,284,028
Awaiting allotment (b)	45,698,970	140,778,670
Total	**372,482,998**	**405,062,698**

(a) Total number of shares issued as of 31 December 2024 is 326,784,027 at K1 as reflected in the Company's last Share Certificate No.15 issued on 15 April 2024.

(b) Shares awaiting allotment have been recognized although the related cash consideration has not yet been received

15. Investment in Joint Operation

Coral Sea Cable Company Pty Limited
In October 2019, PNG DataCo Limited (DataCo) acquired 33% shareholding in a special purpose vehicle, Coral Sea Cable Company Pty Limited (CSCC), the company that owns and operates the Coral Sea Cable System. The investment was a joint arrangement with the Commonwealth of Australia, represented by the Department of Foreign Affairs and Trade (DFAT) and the Solomon Islands Submarine Cable Company Limited (SISCC). Each party to the joint arrangement holds 2 shares (33%) and nominates one (1) board member each. DFAT, however, has protective rights and is not involved in the operations, and does not enjoy rights and rewards from the joint arrangement. The two remaining parties, DataCo and SISCC, have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred. DataCo has therefore accounted for the investment in CSCC as a joint operation at 50% of the assets, liabilities, revenue and expenses. The value of the investment is K5 (AUD 2).

The Company's interest in CSCC is accounted for using the proportionate consolidation method. The accounting policies of the proportionately consolidated entity, which have been applied in determining the financial information shown below, are the same as those applied in the Company's financial statements. Summarized financial information of the joint venture proportionately consolidated into the Company's financial statement is set out below:

	2024	2023
	K	K
Revenue from Government Grant	10,927,592	11,129,767
Revenue from Service Contracts	2,759,814	3,100,126
Total Expenses	(13,687,406)	(14,229,893)
Closing Balance	**-**	**-**

AUDITOR-GENERAL'S OFFICE
SP

15. Investment in Joint Operation (continued)

	2024	2023
ASSETS	**K**	K
Cash and cash equivalents	3,150,918	4,828,060
Trade and other current assets	3,793,561	504,495
Property, plant and equipment	85,575,731	95,222,288
Total Assets	**92,520,210**	**100,554,843**
EQUITY & LIABILITIES		
Trade and other payables	6,944,469	5,332,545
Government grant	85,575,734	95,222,291
Share capital	7	7
Total Equity & Liability	**92,520,210**	**100,554,843**

16. Prior Year Adjustments

The company has made these adjustments which have an impact against prior year balances:

		2024	2023
		K	**K**
I.	2022 Audit Fees	-	467,157
II.	Lease Liability - PNG Power	-	1,530,212
III.	Equity Overstated - KSCN Asset	(32,579,700)	-
IV.	Depreciation Overstated - KSCN Asset	25,224,953	-
		(7,354,697)	**1,997,369**

i. 2022 Audit Fees
The expense relating to 2022 was incorrectly recognized in 2023 financial period. Adjustment taken up to ensure accurate financial reporting to the period it relates to.

ii. Lease Liability – PNG Power
Adjustment taken to account for unrecognized lease expenses relating to lease of power poles by the company. Adjustment made to correct prior years' rental expenses in line with IFRS 16 Lease Accounting Report.

iii. Equity Overstated – KSCN Asset
The adjustment made in 2024 to reduce equity balance overstated by K32.57 million relating to the 15% equity component of KSCN Loan taken up in prior year to correctly reflect 100% equity component of KSCN asset.

iv. Depreciation Overstated – KSCN Asset
The adjustment made in 2024 to correct prior period overstatement of depreciation amounting to K37.83 million. 2023 direct cost and accumulated depreciation reduced by K12.6 million and K25.2 million adjusted against prior year balances.

17. Financial Risk Management

The Company has various financial assets such as cash and receivables which arise directly from its operations. The Company's principal financial liabilities comprise of trade creditors, accrued expenses and other current liabilities. The main purpose of these financial liabilities is to raise working capital for the Company's operations.

17.1 Market risk

Cashflow and Interest rate risk

The Company's interest rate risks arise from long term borrowings and its payables. Borrowings and related party payables obtained at variable rates expose the Company to cash flow and fair value interest rate risk. Long-term borrowings and related party payables are at a fixed rate of interest. It is not the Company's policy to hedge cash flow and interest rate risks.
At 31 December 2024, if interest rates on borrowings and related party payables had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been K6.7 million (2023: K7.7 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

17. Financial Risk Management (continued)

Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currencies arise.

Exposure
The exposure to foreign currency risk at the end of the reporting period, expressed in original currency units, was as follows:

	2024		2023	
	USD	**AUD**	USD	AUD
Trade Receivables	2,379,086	-	2,589,194	-
Trade payables	2,270,320	1,108,365	2,367,035	1,549,660

17.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including deposits with banks and financial institutions and other financial instruments. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. Details on the receivables and other current assets to which the Company is exposed to credit risk are noted in Note 7

17.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Liquidity risk may result from a counterparty failing on repayment of a contractual obligation or inability to generate cash inflows as anticipated. The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.
On 16 December 2021, the Department of Treasury agreed to amend the terms of the On-Lending Concessional Loan Agreement amounting to K761.546 million. The amounts shown in the table below are after the debt restructure agreed with the Department of Treasury. A total of K44.120 million has been capitalised to the principal loan amount, resulting in a balance of K770.580 million.

Maturities of financial liabilities

	Carrying Amount K	Less than 1-year K	Between 1- and 5-years K	Beyond 5-years K	Total K
2024					
Trade creditors	18,601,488	18,601,488	-	-	18,601,488
Other creditors and accruals	12,078,117	12,078,117	-	-	12,078,117
Borrowings	788,969,052	50,472,071	245,076,845	493,420,136	788,969,052
Leases	8,498,537	1,613,482	6,843,559	41,496	8,498,537
	828,147,194	**82,765,158**	**251,920,404**	**493,461,632**	**828,147,194**
2023					
Trade creditors	26,022,394	26,022,394	-	-	26,022,394
Other creditors and accruals	19,182,246	19,182,246	-	-	19,182,246
Borrowings	779,828,669	9,248,810	108,969,040	661,610,819	779,828,669
Leases	11,672,883	2,767,609	8,690,785	214,489	11,672,883
	836,706,192	**57,221,059**	**117,659,825**	**661,825,308**	**836,706,192**

Maturity of financial liabilities represents contractual cash flows including interest.

AUDITOR-GENERAL'S OFFICE
SP

17. Financial Risk Management (continued)

17.4 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

17.5. Fair value measurement

Financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. There are no material unrecognized financial assets and liabilities as of 31 December 2024.

18. Compensation of Key Management Personnel

The Key Management personnel of the Company during the year were:

a.	Paul Komboi	Chief Executive Officer
b.	Tony Morisause	General Manager - Engineering Services
c.	Une O'Ome	General Manager - Commercial
d.	Anita Hafmans	General Manager - Financial Services
e.	David Mba	General Manager - ICT, Cloud & Data Centre Services
f.	Andrew Kawei	General Manager - Shared Services
g.	Madsmolley Ikosi	General Counsel /Company Secretary

	2024 K	2023 K
• Key Management Short-term benefits	6,706,753	5,081,820
• Number of Employees during the year	130	122

19. Related Party Balances and Transactions

Directors' remuneration

Remuneration of Directors during the year	1,390,000	1,308,097

Transactions during the year and balance(s) at year end with related entities within KCH Group.

Entity	Nature of transaction	2024 Transactions K	2023 Transactions K	2024 Balances K	2023 Balances K
Air Niugini Limited	Sale of services	570,580	191,818	235,471	65,791
Datec PNG Limited	Sale of services	4,322,399	372,210	4,365	57,680
Media Niugini Limited	Sale of services	-	-	-	-
PNG Ports Limited	Sale of services	818,125	565,752	-	156,585
PNG Power Limited	Sale of services	2,306,947	3,202,886	1,403,152	-
Telikom PNG Limited	Sale of services	58,205,622	62,400,000	50,195,813	56,136,197



19. Related Party Balances and Transactions (continued)

Transactions during the year and balance(s) at year end with related entities within KCH Group.

Entity	Nature of transaction	2024 Transactions	2023 Transactions	2024 Balances	2023 Balances
		K	K	K	K
Air Niugini Limited	Purchase of services	2,140,000	806,110	-	37,502
Datec PNG Limited	Purchase of services	448,088	-	72,504	127,409
Media Niugini Limited	Purchase of services	-	-	-	-
PNG Ports Limited	Purchase of services	22,955	146,520	-	-
PNG Power Limited	Purchase of services	7,157,351	4,873,657	653,254	5,753,004
Telikom PNG Limited	Purchase of services	2,355,090	1,937,724	350,823	1,166,558

20. Contingent Liabilities

No material contingent liability existed at the balance sheet date.

21. Community Services Obligations.

The Government of PNG's directive was for the Company to provide Community Services Obligations (CSO) as an essential expectation. To comply with the directive, the Company commenced providing bandwidth capacity free of charge to four key Government priority target areas of Health, Education, Law and Order and Government Institutions. The Company is required to record CSO expenditure appropriately and reflect the same in the financial statements.

The Company's provision of discounted free bandwidth capacity to these four key areas in 2024 is deemed by management as short-term within a 12-month period and therefore there is no commitment exceeding 12 months that may be recognized accordingly. The Company's budgeted expenditure for 2024 is K8.60m and the actual expenditure during the year is K7.52m which is recorded as part of the cost of sales in the statement of comprehensive income.

	2024	2023
	K	K
Other income (CSO)	7,528,855	5,960,000
Cost of sales (CSO)	(7,528,855)	(5,960,000)
Total	-	-

22. Capital Commitments

Capital Commitments as contained in the Company's 3 Year Corporate Plan not otherwise provided for in the financial statements are as follows:

	2024	2023
	K	K
KSCN 1, KSCN 2, Terrestrial Fibre and DWDM	154,200,000	395,356,500
Satellite	10,700,000	9,724,955
BAU	60,400,000	24,924,955
Special Economic Zone	-	3,000,000
Total	**225,300,000**	**433,006,410**



23. Subsequent Events

a) KSCN Loan Restructuring and Loan Repayment

On 1 February 2023, the National Executive Council (NEC), through Decision No. 26/2023, formally approved and directed the Department of Treasury to undertake a restructuring of the State debt associated with the Kumul Submarine Cable Network (KSCN) Loan, valued at USD 229 million, by converting the loan into equity in PNG DataCo Limited.
Despite this clear directive, PNG DataCo Limited has not been able to achieve closure on the conversion due to ongoing challenges and reluctance from the Department of Treasury. Throughout 2025, several correspondence exchanges between DataCo and Treasury have taken place, highlighting Treasury's hesitance to implement the NEC's decision. These letters reflect Treasury's concerns around fiscal implications, valuation methodology, and broader policy alignment, which have contributed to the delay in executing the conversion.

In response to the NEC directive, Treasury proposed two alternative options to DataCo: *Option 1:* A partial conversion of the loan into equity, with the remaining balance to be serviced as debt under revised terms. *Option 2:* A full retention of the loan as debt, with Treasury continuing to service repayments on behalf of the State, while exploring future equity participation through other mechanisms.

After careful consideration, DataCo expressed a preference for Option 1, aligning with the NEC's original intent to strengthen the company's balance sheet and reduce debt exposure through partial equity conversion. However, discussions have since stalled, and no formal agreement has been reached. Despite the lack of progress on the conversion, DataCo has proceeded to honour its financial obligations, with an initial loan repayment of K20 million made to date in 2025, demonstrating its commitment to maintaining credibility with lenders and stakeholders.

b) Migration of Customers to Telikom and Settlement of Trade Debt

Following a directive issued by Kumul Consolidated Holdings (KCH), Telikom PNG Limited ("Telikom") and PNG DataCo Limited ("DataCo") have engaged in discussions to resolve two critical matters:

(i) Migration of 28 Customers

KCH, as the shareholder of both Telikom and DataCo, issued a directive mandating the transfer of 28 retail customers to Telikom. This directive aligns with KCH's strategic positioning of Telikom as the retailer and DataCo as the wholesaler in providing telecommunication services to the country.

DataCo has acknowledged the directive but emphasized that customer consent is required for novation. DataCo will issue Deeds of Novation to the customers, and only upon execution will Telikom assume billing responsibilities. DataCo has clarified that customers who do not sign the innovation will remain under its billing and service obligations.
The financial impact of the migration of customers is the reduction in DataCo's annual revenue, estimated at K11.0 million.

(ii) Settlement of Trade Debt

Telikom acknowledges its current debt obligations to DataCo and has committed to a structured repayment plan comprising:

- KCH's commitment to a K20 million payment to DataCo on behalf of Telikom to reduce the current debt
- Telikom exploring the option of an asset swap arrangement to further offset outstanding debt balances.
- Telikom's arrangement of a standing order with BSP for additional weekly payments.

Customer migration will proceed subject to customer consent, with both parties facilitating the novation process.

