PNG PORTS
CORPORATION



2024 Financial Statement

2024

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PNG PORTS CORPORATION LIMITED

Company Information
For the financial year ended 31 December 2024

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

Registered Office	Level 5 & 6, Credit Corporation Building, Cuthbertson Street, Port Moresby, National Capital District
Directors	Mr Harvey Nii Mr Joe Holloway Mr Glenn Darnley-Stuart Ms Belinda Manning Mr George Gware Mr Maxwell Paia
Chief Executive Officer	Mr Neil Papenfus
Company Secretary	Mr. Joseph E Aisa
Auditor	Auditor General of Papua New Guinea P O Box 423, Waigani, National Capital District
Bankers	Bank South Pacific Limited Westpac Bank (PNG) Limited

PNG PORTS COPORATION LIMITED

Statement Of Financial Position
As at 31 December 2024

ASSETS	Notes	2024	2023
Current Assets		K	K
Cash and cash equivalents	21(a)	587,179,163	502,618,428
Trade and other receivables	12	82,196,739	51,316,126
Total Current Assets		**669,375,901**	**553,935,554**
NON-CURRENT ASSETS			
Deferred tax asset	10(c)	9,300,491	8,585,904
Property, plant and equipment	11	3,807,677,833	3,471,123,181
Total Non-current Assets		**3,816,978,324**	**3,479,709,085**
TOTAL ASSETS		**4,486,354,226**	**4,033,644,639**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	96,298,571	67,332,195
Provision for income tax	10(b)	10,723,378	15,244,339
Provision for employee benefits	18	5,810,920	5,867,143
Deferred income	17(b)	2,137,169	2,137,169
Total Current Liabilities		**114,970,038**	**90,580,846**
NON-CURRENT LIABILITIES			
Provision for employee benefits	18	22,013,897	21,728,767
Loans and borrowings	15(a)	1,296,591,420	960,339,476
Deferred income	17	128,256,658	129,393,827
Deferred tax liability	10(d)	772,862,170	314,539,550
Total Non-current Liabilities		**2,219,724,145**	**1,426,001,620**
TOTAL LIABILITIES		**2,334,694,183**	**1,516,582,466**
EQUITY			
Capital and reserves			
Share capital	13	7,830,000	7,830,000
Reserves	14	746,734,873	1,203,744,457
Retained earnings		1,397,467,058	1,305,487,716
Total capital and reserves		**2,151,660,042**	**2,517,067,173**
TOTAL LIABILITIES AND EQUITY		**4,486,354,226**	**4,033,644,639**

The statement of financial position is to be read in conjunction with the notes to the financial statements.

For and on behalf of the board of directors:

Director: _____ 19/02/2026

Director: _____ 19/02/2026

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PNG PORTS COPORATION LIMITED

Statement Of Comprehensive Income
As at 31 December 2024

	Notes	2024	2023
		K	K
Revenue from services rendered	7	407,704,610	357,867,504
Direct costs		(43,507,849)	(48,863,736)
Gross profit		**364,196,762**	**309,003,767**
Other operating income	7	2,289,348	2,700,228
Administrative expenses	8(b)	(70,868,928)	(58,171,568)
Other operating expenses	8(a)	(8,283,716)	(9,265,698)
Personnel expenses	(9)	(47,677,777)	(41,825,237)
Depreciation	11(b)	(74,138,828)	(75,913,277)
Total operating expenses		**(200,969,249)**	**(185,175,780)**
Operating profit /(loss)		**165,516,861**	**126,528,216**
Finance income		31,800,559	31,965,338
Interest expenses			
Net operating profit before income tax		**197,317,420**	**158,493,554**
Income tax expense	10(a)	(78,196,570)	(48,439,969)
Net operating profit after income tax		**119,120,850**	**110,053,586**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation surplus (net of tax effect)	11(b)		504,331,763
TOTAL COMPREHENSIVE INCOME		**119,120,850**	**614,385,349**

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.



PNG PORTS CORPORATION LIMITED

Statement of Changes in Equity
For the financial year ended 31 December 2024

	Share Capital K	Reserves K	Retained Earnings K	Total K
Balance at 31 December 2023	**7,830,000**	**1,203,744,456**	**1,305,487,717**	**2,517,062,173**
Profit for the year	-	-	119,120,850	119,120,850
Other comprehensive income				
Total comprehensive income	**7,830,000**	**1,203,744,458**	**1,424,608,567**	**2,636,183,023**
Prior year adjustment on asset revaluation over/(under)	-	(457,009,583)	371,889	(456,637,694)
Payment of dividends	-		(27,513,397)	(27,513,397)
Balance at 31 December 2024	**7,830,000**	**746,734,873**	**1,397,467,058**	**2,152,031,931**

The statement of changes of equity is to be read in conjunction with the notes to the financial statements.



PNG PORTS CORPORATION LIMITED

Statement of Cash Flow
For the financial year ended 31 December 2024

	Notes	2024 K	2023 K
Cash flows from operating activities			
Cash receipts from customers		436,168,539	362,965,757
Cash paid to suppliers and employees		(206,547,253)	(165,573,929)
Cash generated from operating activities	21(b)	**229,621,286**	**197,391,828**
Income taxes paid		(78,196,570)	(48,439,969)
Interest paid			
Net cash from operating activities		**151,424,716**	**148,451,860**
Cash flows from investing activities			
Purchase of property, plant and equipment	11(a)	(359,565,192)	(20,885,528)
Interest income received		31,800,559	31,965,338
Transfers to Loan Debt Service Reserve		(47,999,808)	(60,000,000)
Purchase of bonds			
Proceeds from sale of property, plant and equipment		160,812	56,300
Net cash used in investing activities		**(375,603,629)**	**(48,863,890)**
Cash flows from financing activities			
Dividend payments	19(a)	(27,513,397)	(26,136,673)
Repayment of borrowings	15		
Proceeds from loan		336,252,044	
Net cash used in financing activities		**308,738,647**	**(26,136,673)**
Net increase/(decrease) in cash and cash equivalents		84,559,735	73,451,297
Cash and cash equivalents at beginning of the year		502,619,428	429,168,132
Cash and cash equivalents at end of the year	21(a)	**587,179,163**	**502,619,428**

The statement of cash flow is to be read in conjunction with the notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2024

1. General information

PNG Ports Corporation Limited ("Company" or "PNGPCL") is a company domiciled in Papua New Guinea. It is a State-Owned Entity ("SOE") whose ownership is vested in trust with the Kumul Consolidated Holdings ("KCH") on behalf of the Independent State of Papua New Guinea (PNG).

The Company is primarily involved in the provision of port management services, operations, and control of activities governing the movement of ships and cargos within its declared ports. It has the sole authority over all declared ports in the country and manages 15 of the 23 declared ports in PNG. These are Lae, Motukea, Kimbe, Madang, Alotau, Rabaul, Kavieng, Oro Bay, Kieta, Buka, Vanimo, Lorengau, Wewak, Daru and Aitape. The Company is vested with delegated authority by the Department of Transport to provide Harbour Management and Maritime Compliance responsibilities at all land/water interfaces (wharves and jetties) declared and non-declared ports and harbors throughout the country.

The registered address of the Company is located at Levels 5 & 6, Credit Corporation Building, Cuthbertson St, Port Moresby, National Capital District.

The financial statements have been authorized for issue by the Board of Directors on... . ..... 2024.

2. Basis of Preparation and Significant changes to the accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the requirements in accordance with the Papua New Guinea Companies Act 1997.

The financial statements have been prepared primarily on the historical cost basis, except for certain property, plant, and equipment which are measured at fair value. All amounts are rounded to the nearest PGK, except as otherwise indicated.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgment complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

2.2 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Company.

(a) Change to Accounting Policies and Disclosure

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. These expenses are mainly re-allocation of cost items of

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comprehensive income statement for prior years. Expenses have been classified by nature as this is considered to provide relevant and reliable information than classification by function due to the nature of the Company's operations.

(b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The Company is assessing the impact of these standards.

	Effective for accounting periods beginning on or after
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	01/01/2023
Definition of Accounting Estimates (Amendments to IAS 8)	01/01/2023
Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	01/01/2023
IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)	01/01/2024
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)	01/01/2024
IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)	01/01/2024

(c) Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of the company are measured using the functional currency in which the company operates. The financial statements are presented in PGK, which is PNGPCL's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are re-measured to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-measured to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items that are recognised in profit or loss is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency re-measured at the exchange rate at the end of the reporting period.

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Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-measured 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 re-measured using the exchange rate at the date of the transaction. Foreign currency gains and losses are recorded on a net basis.

(d) Financial Instruments – Financial Assets

Classification, recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the expectation of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component for which the Company has applied the practical expedient are measured at the transaction price determine under IFRS 15.
In order for a financial asset to be classified and measured at amortised cost of fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised cost (debt instruments)

Financial assets held at Amortised Cost comprises mainly non derivative cash and bank balances and trade and other receivables with fixed or determinable payments that are not quoted in an active market. They are presented as current assets except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. These financial assets are presented as "trade receivables" (Note 12), "other receivables" (Note 12) and "cash and cash equivalents" (Note 21) on the balance sheet.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

Financial assets designated of fair value through OCI (equity instruments)

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Upon assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded in derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value through profit or loss.

Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

The Company initially recognises all liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company has the following financial liabilities: trust payables, loans and borrowings and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Offsetting financial instruments

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Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

De-recognition of Financial Assets and Financial Liabilities

(i) Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset have expired.
- The Company retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(ii) Financial liabilities

A financial liability is derecognized when the obligation is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts are recognized in profit or loss.

(e) Fair value measurement of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and

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best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market price in active markets for identical assets or liabilities

Level 2 – Valuation technique for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation technique for which the lowest level of input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy.

(f) Share capital

The share capital is 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. Share capital is measured at the value of the shares issued.

(g) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation of borrowing costs commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing cost ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

(h) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost/revalued amount less accumulated depreciation and accumulated impairment losses.

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.

Certain assets have been revalued. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying value. Any revaluation surplus is credited to equity except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income, in which case the increase is recognised in statement of comprehensive income.

A revaluation deficit is recognised in statement of comprehensive income except to the extent that it offsets an existing surplus on the same asset recognised in equity.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and 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 within other income in the statement of comprehensive income.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Subsequent costs

The cost of replacing a part of an item of property, plant 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 Company, 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 profit or loss 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 profit or loss 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. Leased assets are depreciated over the shorter of the lease term and their

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useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and prior periods are as follows:

Wharf facilities	30-50 years
Buildings	15-23 years
Machinery and equipment	5 years
Motor vehicles	3 years

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

(i) Capital work-in-progress

Capital work-in-progress is stated at cost. Expenditure relating to the capital work in progress is capitalized when incurred. No depreciation is provided until the capital work-in-progress is completed and the related property, plant and equipment are available for use.

(j) Impairment of non-financial assets

The company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable

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amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(k) Employee benefits

A liability is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Defined contribution plans

Contributions to defined superannuation plans are expensed when incurred.

Other long-term employee benefits

Liabilities recognized in respect of employee benefits which 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.

Short-term employment benefits

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.

(l) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Operational revenue

Revenue related to the provision of management services, operations and control of all activities governing the movement of ships and cargo handling are brought to account when the service has been rendered by or on behalf of the Company.

Other income

Other income includes interest on short term deposits and gains from sale of non-current assets.

Finance income

Finance income comprises interest income on funds invested. Interest income is recognized as it is accruing in profit and loss, using the effective interest method.

Rental income

The company owns and rents out property on commercial leases mainly within the Port areas.

(n) Government grants

Grants provided by the local, national government and international are recognised as deferred revenue (deferred income). It is then recognised in profit or loss on a systematic basis (amortised over the useful life of the completed and commissioned project) in accordance with IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance.*

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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 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. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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(p) Cash and cash equivalents

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions, commercial papers, short-term bills and notes which are readily convertible to cash are subject to an insignificant risk of change in value, and bank overdrafts, except those which are managed by fund managers. Bank overdrafts are presented as current borrowings on the consolidated balance sheet.

(q) Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

(r) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

3. Determination of fair values

A number of the Company'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.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but 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.

4. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

Credit risk

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

i. Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company'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. However, geographically there is no concentration of credit risk.

The Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment or on a cash payment basis.
More than 95 percent of the Company's customers have been transacting with the Company for over five years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and

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existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's credit customers.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

ii. Investments

The Company limits its exposure to credit risk by investing only in liquid securities. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

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

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company'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.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company'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 Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of

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Directors monitors the capital using a gearing ratio. The Company policy is to keep the gearing ratio below 50%.

The Company's debt to capital ratio at the end of the reporting period was as follows:

	2024 K	2023 K
Total liabilities	2,334,694.183	1,516,582,466
Less: cash and cash equivalents	587,179,163	502,619,428
Net debt	1,747,515,021	1,013,963,038
Total equity	2,156,751.822	2,517,062,173
Debt to equity ratio at 31 December	81%	40%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

5. Management's Use of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and notes to the financial statements. In preparing the Company's financial statements, management has made its best estimates and judgments relating to certain amounts, giving due consideration to materiality.

In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates, and the effect of any changes in estimates will be reflected in the Company's financial statements when they become reasonably determinable.

Judgment

In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on amounts recognized in the financial statements.

Determination of the Company's functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be PGK. It is the currency that mainly influences the Company's operations.

Determination of the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain

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to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Property lease classification – Company as lessor

The Company has entered into commercial property leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

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 Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a. *Revaluation of Wharf facilities, Land & Buildings*

The Company measures land, buildings, wharves and other faculties at revalued amounts with changes in the fair value being recognised in other comprehensive income and accumulated in equity under asset revaluation reserve. During 2021, wharf facilities, buildings, staff housing & land have been revalued, and the carrying value of those adjusted based on valuation.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Revaluation for 2023 was done and adjustments were taken up

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b. Estimation of useful lives of property, plant and equipment

This has been based on the estimated useful lives as determined by management. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. The revision is made when considered necessary.

c. Impairment of non-current assets

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment. Where an impairment trigger exists, the recoverable value is determined using value-in-use (VIU) calculations. No assets are considered impaired at year end.

d. Allowance for expected credit losses

The Company maintains provisions for impaired accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this provision is evaluated by management based on collection experience and other factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers, the customer's payment behaviour and other known market factors.

e. Recognition of deferred income tax assets

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

f. Amortisation of deferred income

Grants provided by the national government are recognised as deferred revenue (deferred income). It is then recognised in the income statement on a systematic basis (amortised over the useful life of the completed and commissioned project) in accordance with IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*.

g. Determination of incremental borrowing rate (IBR)

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company's would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates. The Company's leases during the year are considered short-term.

6. Leases

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At inception of a contract, the Authority/Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset, the Company uses the definition of a lease in IFRS 16.

(i) The Company as lessee

The Authority assess whether a contract is or contains a lease, at inception of the contract. The Authority recognizes, a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term lease (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Authority recognizes the lease payments as an operating expense on a straight-line basis over the lease term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Authority uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments made is due to a change in floating interest rate, in which case a revised discount rate is used); or
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the

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revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IFRS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer's ownership of the underlying asset or the cost of the right-of-use asset reflects that the Authority expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated balance sheet.

The Company applies IFRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in the consolidated statement of comprehensive income.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(ii) The Company as lessor

The Company enters into lease agreements as a lessor with respect to rental space and buildings.

Leases for which the Company is a lessor are classified as finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the leased term. When a contract includes lease and non-lease components, the company applies IFRS15 to allocate the consideration under the contract to each component.

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7. Operating Revenue

	2024 K	2023 K
Regulated revenue		
Berthage	30,894,301	27,925,126
Wharfage	259,548,824	215,863,403
	290,443,125	**243,788,529**
Non-regulated revenue		
Pilotage	37,789,111	36,983,087
Storage	7,863,392	7,127,230
Terminal lease rental	49,791,626	48,435,434
Property lease rental	7,367,711	7,214,615
Recoverable income	1,991,196	1,613,463
Staff Rental income	979,153	873,018
Other Income	11,479,296	11,832,129
Total Non-regulated revenue	**117,261,485**	**114,078,975**
	407,704,610	**357,867,504**
Other revenue		
Gain/loss on disposal of fixed assets (Note 11)	105,553	56,300
Realised foreign exchange gain/(loss)	36,405	455,183
Other income	2,147,390	2,188,746
	2,289,348	**2,700,228**

8. Operating expenses

Included in other operating expenses are the following:

	2024 K	2023 K
a. Other operating expenses		
R & M - Company Assets	1,053,314	1,554,735
Residential security	4,288,554	4,265,291
MV Expenses	2,874,810	3,286,982
Social costs	67,038	158,694
	8,283,716	**9,265,702**
b. Administration expenses		
Audit fee	600,080	236,367
Board	2,048,193	1,652,195
Insurance	31,391,568	23,913,573
Office expenses	12,780,166	15,864,292
Other expenses	3,300,768	3,449,659
Corporate related expenses	15,108,294	5,618,100
Travel	5,639,859	7,437,382
	70,868,928	**58,171,568**

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9. Personnel expenses

Salaries and wages expense	39,558.427	34,086,016
Contribution to Superannuation	3,410,712	2,904,031
Other benefits	4,708,639	4,835,190
	47,677,777	**41,825,237**

10. Income Tax

a. Income tax expense

Profit for the year	202,409,199	158,493,550
Income tax on profit @30%	**60,722,199**	**47,548,065**
Over/(under) provision in prior years	(4,086,670)	398,768
Current income tax charges	73,729,139	
Current income tax paid	(53,491,313)	
Tax effect of permanent differences	1,322,654	493,136
	78,196,570	**48,439,969**

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	2024 K	2023 K
Income tax comprises:		
Current income tax:		
Current income tax charge	73,729,139	49,528,988
Deferred tax expense	(714,588)	(1,487,787)
Over/(under) provision	9,268.689	398,768
Prior year adjustment deferred tax	4,086,670)	
Balance at the end of the year	**78,196,570**	**48,439,969**
b. Income tax payable		
Balance at the beginning of the year	(15,244,339)	(13,495,549)
Current income tax	(73,729,139)	(49,528,988)
(Over)/Under provision in prior years	4,086,670	8,969,524
IWT credit – current year	4,726,426	
Tax paid	69,437,005	38,810,673
Balance at the end of the year	**(10,723,378)**	**(15,244,339)**
c. Deferred tax assets		
Balance at beginning of the year	8,585,904	8,411,154
Charge to income tax expense	714,587	174,751
Balance at the end of the year	**9,300,491**	**8,585,904**
d. Deferred tax liability		
Balance at beginning of the year	(314,539,550)	85,301.140
Charge to income tax expense	(61,748,388)	1,313,036
Over/(under) provision in prior year	(396,574,231)	
Relating to revaluation reserve		(230,551,445)
Balance at the end of the year	**(772,862,170)**	**(314,539,550)**
e. Net deferred tax liability comprises of:		
Employee benefits	8,585,904	8,392,385
Provisions	714,587	193,519
Deferred tax asset	**9,300,490**	**8,585,904**
Prepaid insurance	(8,077,346)	(6,385,786)
Accrued interest	(1,369,391)	(1,343,492)
Property, plant and equipment	(772,715,923)	(306,810,271)
Deferred tax liability	**(782,162,660)**	**(314,539,550)**
Net deferred tax liability	**(772,862,170**	**(305,953,646)**

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2024

11. Property, plant and equipment

	Leasehold Land K	Wharf facilities Land & Buildings K	Renovation & Fittings K	Vehicle & Floating crafts K	Office Machines & Other Equipment K	Work in Progress K	Total K
Cost	60,714,316	2,447,238,045	72,778,035	60,017,807	34,072,443	219,944,251	2,894,764,897
As at 1 January 2023				8,681,648	3,120,570	93,465,935	105,268,153
Additions	16,041,707	692,630,919	18,669,298	(9,464,988)	(4,182,155)		713,694,781
Accumulated Depreciation							
Revaluation Write-off/Disposals							
Transfers		81,183,390	17,413,541			(98,596,931)	(7,955,940)
Write-off/Disposals	(7,955,940)			(361,575)			(361,575)
As at 31 December 2023	68,800,083	3,221,052,354	108,860,874	58,872,892	33,010,858	214,813,255	3,705,410,317
Accumulated Depreciation	–						
As at 1 January 2022	–	102,426,261	8,982,322	39,424,450	28,577,420		179,410,453
Depreciation for the year		61,277,519	5,493,574	7,168,890	1,973,296		75,913,280
			(1,341,206)	(12,833,911)	(6,499,909)		(20,675,026)
Disposals				(361,575)			(361,575)
As at 31 December 2023		163,703,780	13,134,690	33,397,854	24,050,807		234,287,132
Net book value	**68,800,083**	**3,057,348,574**	**95,726,184**	**25,475,038**	**8,960,051**	**214,813,255**	**3,471,123,185**

As at 31 December 2024

	Leasehold Land K	Wharf facilities Land & Buildings K	Renovation & Fittings K	Vehicle & Floating crafts K	Office Machines & Other Equipment K	Work in progress K	Total K
Cost							
As at 1 January 2024	68,800,083	3,221,052,354	108,860,874	58,872,892	33,010,858	214,813,255	3,705,410,317
Additions		101,462,637			1,378,025	310,880,200	413,720,861
Revaluation	35,133,190	512,125	(35,645,315)				0
Transfers/capitalisations		80,551,154	2,416,756			(82,967,910)	
Write-off/Disposals				(264,499)	(4,034)	(2,862,539)	(3,131,073)
As at 31 December 2024	103,933,273	3,403,578,270	75,632,314	58,608,393	34,384,848	439,862,006	4,116,000.104
Accumulated Depreciation							
As at 1 January 2024		163,703,780	13,134,690	33,397,854	24,050,807		234,287,131
Depreciation charges for the year		58,625,773	5,829,289	7,741,315	1,942,448		74,138,825
Disposals and retirements				(99,653)	(4,034)		(103,687)
As at 31 December 2024		222,329,552	18,963,979	41,039,517	25,989,220		308,322,268
Net book value	**103,933,273**	**3,181,248,717**	**56,668,336**	**17,568,875**	**8,395,629**	**439,862,006**	**3,807,677,833**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2024

12. Trade and other receivables	2024 K	2023 K
Trade debtors	34,680,459	29,054,481
Provision for doubtful debts	(2,784,470)	(645,061)
	31,895,989	**28,409,420**
Receivable from sale of fixed assets	2,457,854	2,384,446
Prepayment	24,707,263	1,559,699
Staff debtors	1,338,711	466,906
Interest receivable	4,564,635	4,478,308
Rental bonds	292,003	292,003
Other debtors and prepayments	16,940,284	13,725,344
	50,300,749	**22,906,706**
Trade and other receivables	**82,196,739**	**51,316,126**

Trade receivables are non-interest bearing and are generally on terms of 14 days.

Beginning balance	645,061	608,582
Provisions/(reversals) during the year	2,139,409	36,479
	2,784,470	**645,061**

13. Share capital		
As at 01 January	7,830,000	7,830,000
Issued during the year	-	-
As at 31 December	**7,830,000**	**7,830,000**

The capital of PNG Ports Corporation Limited is deemed to be the initial capital as stated under the Harbour's Act, Chapter 240, and Section 11. This is supported by Legislation, section 27 and 28 of the Harbours Act requiring the Minister to grant special purpose leases over the following ports:- Port Moresby, Rabaul, Lae, Madang, Kavieng, Samarai, Wewak, Kieta and Kimbe.

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14. Reserves

	2024 K	2023 K
Asset revaluation reserve	725,664,626	1,182,674,209
Stockholder fund reserve	21,070,247	21,070,247
	746,734,873	**1,203,744,457**
Asset revaluation reserve		
Balance at 01 January	1,182,674,209	677,829,725
Revaluation surplus (Note 11)	(60,435,352)	504,844,484
Differed tax on Prior year (Note 10-d)	(396,574,231)	-
Balance at 31 December	**725,664,626**	**1,182,674,209**
Stockholder reserve		
Balance at 01 January	21,070,247	21,582,966
Additions		(512,719)
Balance at 31 December	**21,070,247**	**21,070,247**

(a) Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of property, plant and equipment. An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Transfer of asset revaluation to differed tax liabilities recognised the prior year's adjustments.

(b) Stockholder fund reserve

Stockholder fund reserve is the State contributions as shareholder to fund the port installations projects. These funds are reflected as the shareholder capital contribution to the Company. These funds were initially reflected as trust funds held on behalf of the State for the port installation projects

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15. Loans and borrowings

	2024 K	2023 K
AIFFP (Note 15c)	246,478,873	246,478,873
ADB Loan (Note 15e)	584,664,640	483,202,003
Exim Bank Loan (Note15e)	195,332,835	
Shareholder Loan - ADB (Note 15e)	230,658,600	230,658,600
	1,296,591,420	**960,339,476**
Apportionment:		
Current portion	-	
Non-current portion	1,296.591,420	960,339,476
	1,296,591,420	**960,339,476**

(a) After three (3) BSP loans were refinanced by the Australian Infrastructure Financing Facility for the Pacific (AIFFP) in the first quarter of 2022 with an interest rate of 0.8% plus Libor, no additional loans or drawdowns were made in 2023 and 2024. Upon refinancing, a capitalized interest is compounded at the rate of 2.21% semi-annually.

(b) The movement in loans payable is as follows:

	2024 K	2023 K
Beginning balance		
Proceeds from loan – AIFFP Cap/Interest	39,456,472	
ADB loan transfer –KCH	815,323,240	713,860,603
Repayment of loans	-	-
Exim Bank Loan	195,332,835	-
Loan refinanced - AIFFP	246,478,873	246,478,873
	1,296,591,420	**960,339,476**

(c) GoPNG through Department of Treasury (DoT) secured a concessional loan of USD$430m circa (PGK1.5bn) from the Australian Government under their Infrastructure agent, Australian Infrastructure Financing Facility for the Pacific (AIFFP) and Export Finance Australia (EFA) with a concessional base interest rate of 0.8% with a margin rate of 2% effectively resulting in a 2.8% interest rate.

The breakup of loan facility is as follows:

Tranche A	USD92,000,000	To be used for BSP loan refinancing and capitalisation of interest.
Tranche B	USD338,000,000	To be used for ports developments and capitalisation of interest.

The loan has a 24 years repayment period with five years as grace period. The repayment will commence at the end of the first quarter of 2027 and will be paid on a bi-annual basis. The loan consists of two tranches. Tranche A being for refinancing of the BSP debt of K250m and Tranche B relates to Project costs funding of these ports: Lae, Kimbe, Rabaul, Vanimo, Wewak, Oro Bay and Lorengau.

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The loan agreement was signed on 30th January 2022 and Tranche A of K250m was draw down to refinance the BSP debt on 1 April 2022. No draw down has been recorded for Tranche B. It is dependent on completion of designs works, tendering, evaluation and awarding of the Contract. It is estimated that Kimbe port will be the first project to draw down the loan funds in September 2024.

Australian Government under their Infrastructure agent, Australian Infrastructure Financing Facility for the Pacific (AIFFP) facilitated further USD70,250,000 as Grant to assist in financing ports infrastructure investment programme.

Subsidiary Loan and Grant agreement was signed between Ports and GoPNG on 25th March 2022.

(d) GoPNG, borrowed a sum of Y771,750,000 (PGK350,000,000) from the Export and Import (Exim) Bank of China. The purpose of the loan is to Design, Develop, Construct and Commercialize the Western Side of Lae Tidal Basin into an Industrial Real Estate. The contract documents were signed by the Company and China Jiangsu International Economic & Technical Corporation Group Ltd on 23 November 2015. Subsequently, an On-Lending agreement was signed between GoPNG and the company as the beneficiary or the end user of the loan proceed.

The total amount drawn down to date was amounted to K195 million. As per revised scope, approval has been given to extend the project for a further two years to 2024. However, the loan repayment according to the On-Lending Agreement between the Department of Treasury (DoT) and PNGPCL was to commence in March 2022. This did not eventuate, and no repayments have been made to date.

In October 2022, the National Executive Council approved port's optimum debt structure portfolio. NEC approved transfer of EXIM bank loan back to Department of Treasury and to book ADB loan on PNG Port's financials. (NEC Decision No: NG28/2022 dated 24th October 2022)

Further, NEC approved to rescind Clause 11 of Decision No 59/2016 and canceled the on-lending agreement between PNGPCL and DoTr in respect of the China EXIM bank debt of K350 Million.

(e) On 1 April 2015, KCH handed over operations of the Lae Tidal Wharf to PNGPCL. The total construction costs amounted to approximately K734 million and was financed by the Government (GoPNG) and a loan from the Asian Development Bank (ADB).

As per NEC Decision NO:NG28/2022, NEC approved for the debt to be swapped in which Exim Bank loan was to be given back to Treasury and PNGPCL to take on the ADB loan. NEC also approved to cancel subsidiary loan agreement between DoTr and KCH (then IPBC) of 10th March 2011 and to enter new agreement between DoTr and PNGPCL in respective of unpaid balance of ADB loan.

As per the KCH confirmation, PNGPCL recorded ADB and KCH loans K483.5m and K230.7m respectively. KCH and PNGPCL are still in negotiation to have the formality completed to implement the NEC Decision. For accounting purposes, PNGPCL has now recognized the loan liability and the assets in its books.

16. Trade and other payables

	2024 K	2023 K
Trade payables	38,473,882	4,906,108
Advance rent	33,169,465	42,501,157
GST payable	2,938,656	5,308,444
Retention	7,838,569	5,170,137
Other payables and accrued expenses	13,877,999	9,446,348
	96,298,571	**67,332,195**

Terms and conditions of the above financial liabilities follow:

- Trade creditors are non-interest bearing and are normally settled on 30 day terms
- Other creditors are non-interest bearing and have an average term of six months
- Retention payable is normally settled throughout the financial year after the no defects period.

For terms and conditions with related parties, refer to Note 19.

17. Deferred income

	2024 K	2023
Completed projects	161,519,219	161,519,219
Accumulated amortization	(79,484,810)	(77,347,642)
In progress	48,359,418	47,359,418
Carrying value of completed projects	**130,393,827**	**131,530,996**
Beginning balance	77,347,642	75,210,473
Amortization during the year	2,137,169	2,137,169
Ending balance	**79,484,810**	**77,347,642**
Apportionment:		
Current portion	2,137,169	2,137,169
Non-current portion	128,256,658	129,393,827
	130,393,827	**131,530,996**

18. Employee provision

Provision for annual leave	5,493,260	5,457,550
Provision for long service leave	22,013,897	21,728,767
Staff loyalty	317,660	409,592
	27,824,817	**27,595,910**
Apportionment:		
Current portion	5,810,920	5,867,143
Non-current portion	22,013,897	21,728,767
	27,824,817	**27,595,910**

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19. Related party transaction

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party making in the financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with reporting enterprise, or between and/or among the reporting enterprise and their key management personnel, directors, or its officers.

All transactions are commercial transactions made on an arm's length basis. The following are the related party transactions that occurred during the year:

a. Kumul Consolidated Holdings Limited (KCH)

KCH is the entity which holds in trust, the Government's non-petroleum and non-mining assets which includes the state-owned enterprises (SOE). The Company is a government owned business enterprise involved in providing essential ports services and is registered under the PNG Companies Act. The Company does not pay any kind of fee to KCH but is expected to make dividend payments to the government as the sole shareholder through KCH from any declared profits.

Transactions and outstanding balances with KCH are as follows:

	2024	2023
Transaction during the year:	K	K
Dividend payment to KCH	27,513,397	26,136,673
Outstanding balances:		
Loans/advances payable	230,658,600	230,658,600

(i) On 1 April 2015, KCH handed over operations of the Lae Tidal Wharf to PNGPCL. The total construction cost amounted to approximately K734 million and was finance by the Government (GoPNG) through a loan from the Asian Development Bank (ADB). At the physical hand over of the asset, the ADB debt of approximately K434 million was not transferred and remains with KCH as the implementing agency in the interim. The related liability attached to the wharf has now been transferred to PNGPCL through an NEC Decision No.NG28/2022, and been recognized by the Company in its books.

(ii) A full board is yet to convene and resolve for the PNGPCL to pay its dividend from the NOPAT of 2023. A total amount of K29m is to be paid after the 2024 financial statements are audited and signed off.

b. Independent Consumer & Competition Commission (ICCC)

ICCC is the government price regulator which includes PNG Ports, regulated tariffs like pilotage, berthing and berthing reservation. ICCC charges an annual fee of K419, 500 (2022:K479,000) which the Company pays in two instalments during the year.

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c. Key Management Personnel

Compensation of key management personnel at the reporting date as:

	2024 K	2023 K
Short term benefit	6,792,281	6,817,155
Post-employment benefit	755,825	656,791
	7,548,106	**7,473,949**

20. Financial risk management

(a) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:-

Trade receivables (Note 12)	34,680,459	28,409,419
Other receivables (Note 12)	55,392,529	22,906,706
Cash and cash equivalents (Note 21)	587,179,163	502,619,428
	667,252,151	**553,935,554**

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:-

Papua New Guinea	**34,680,459**	**28,409,419**

The age analysis of gross trade receivables at reporting date was:

Past due 0-30 days	29,434,927	26,620,044
Past due 31-180 days	5,245,532	1,789,375
Past due 181-360 days		
Past due more than 1 year		
Total	**34,680,459**	**28,409,419**

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Impairment losses

The movement in the allowance for impairment in respect of trade receivable was as follows:

Balance at 01 January	645,061	608,582
Impairment recognized during the year	2,139,409	36,479
Impairment provisions/reversed during the year		
Balance at 31 December	**2,784,470**	**645,061**

(b) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Non-derivative financial liabilities	Carrying amount	Less than one year	1-2 years	2-5 years	More than 5 years
31 December 2024:					
Loans and borrowings (Note 15)	1,195,128,783		12,080,050	246,478,873	936,569,860
Future interest payments	122,233,277	11,016,313	20,833,045	18,931,905	72,352,014
Trade and other payables (Note 16)	96,298,571	96,298,571			
Employee provisions (Note 18)	27,824,817	5,867,143			21,957,675
	1,441,485,449	**113,182,027**	**32,913,095**	**265,410,778**	**1,030,879,548**
31 December 2023:					
Loans and borrowings (Note 15)	960,339,476	-	12,080,050	246,478,873	701,780,553
Future interest payments	122,233,277	11,016,313	20,833,045	18,931,905	72,352,014
Trade and other payables (Note 16)	67,332,195	67,332,195	-		
Employee provisions (Note 18)	27,595,910	5,867,143	-		21,728,767
	1,177,500,858	**84,215,651**	**32,913,095**	**265,410,778**	**795,861,334**

(c) Currency risk

The Company does not have significant foreign currency risk at reporting date.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. However, the Company's loans payable bears fixed interest rates from date of release of loan until maturity date. The Company effectively locked its interest-bearing obligations to fixed interest to reduce its exposure to interest rate fluctuation.

(e) Fair value versus carrying value

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The fair values of financial assets and liabilities approximate their fair value at reporting date.

21. Statement of cash flows notes

(a) For the purpose of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts is reconciled to the related items in the statement of financial position as follows:

	2024 K	2023 K
Cash and bank balances	173,679,259	137,119,332
Loan Debt Service Reserve Fund	137,999,904	90,000,0096
Short term deposits	275,500,000	275,500,000
	587,179,163	**502,619,428**

(b) Reconciliation of profit after income tax to net cash provided by operating activities

Net Profit for the year	119,120,850	110,053,586
Add/(deduct) items classified as investing/financing activities:		
Interest income	(31,800,559)	(31,965,338)
Interest expense		
Add/(deduct) non-cash items:		
(Profit)/loss on disposal of non-current assets	160,815	56,300
Amortizations of deferred income	(2,137,169)	(2,137,169)
Work-in-progress expensed during the year		
Depreciation	74,138,828	75,913,277
Income tax expense	78,196.570	48,439,969
Cash generated before working capital changes	**237,679,332**	**200,360,625**
(Increase)/Decrease in trade debtors and other debtors	(31,223,311)	1,075,851
(Decrease)/Increase in trade creditors and other creditors	22,936,358	(4,315,183)
(Decrease)/Increase in employee provisions	228,907	270,534
Cash generated from operations	**229,621,286**	**197,391,828**

22. Leases

As part of the ADB loan condition subsequent, the Company was to have Lae and Motukea International wharf terminal operation to be operated by an experienced international operator. So in 1 June 2018, entered into a sublease agreement with South Pacific International Container Terminal Limited (ICTSI) of Portion 508, Milinch, Lae Fourmil, Markham, Morobe Province to operate both the Lae and Motukea International wharf terminal operations. The term of the lease is the earlier of 25 years after the commencement date or the date of termination or expiry of the Terminal Operating Agreement.

As per the lease agreement, an advance lease rental of K57,001,000 and K42,999,000 (aggregate of K100m) respectively were paid as advance to the company. These advances were to be amortised on a monthly basis and deducted from the monthly lease rental charges. The advances are to be amortised over a period of 10 years and will end in 2027.

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Total rental income recognized from these subleases amounted to K49m (2023: K48m) for the year ended 31 December 2024.

23. Commitments

At 31 December 2024, the Company had Capital Commitments of K103 million (2023: K94 million) relating to the projects in progress.

24. Contingent assets and liabilities

(a) The Company had contingent liabilities totaling to KNil as at 31 December 2024 (2024: KNil) relating to litigation claims.

(b) On 1 April 2015, KCH handed over operations of the Lae Tidal Wharf to PNGPCL. The total construction costs amounted to approximately K734 million and was financed by the Government (GoPNG) and a loan from the Asian Development Bank (ADB). At the physical hand over of the asset, the ADB debt of approximately K434 million was not transferred and remains with KCH as the implementing agency in the interim. The related liability attached to the wharf still remains with KCH until such time as GoPNG, KCH and PNGPCL finalize discussions on this matter.

In October 2022, under a NEC Decision NO: NG28/2022, NEC approved for the debt to be swapped in which Exim Bank loan was to be given back to Treasury and PNGPCL to take on the ADB loan. KCH and PNGPCL are still in negotiation to have the formality completed to implement the NEC Decision. For accounting purposes, PNGPCL has now recognized the loan liability and the asset in its books.

25. Employees

The total number of formal employees at the end of the year 2024 was 457 (2023: 471).

26. Events Subsequent to the Reporting Date

(i) Westside Lae Tidal basin Industrial Park Development Project

Works have recommenced in January 2022 after much discussion between the contractor – CJI (China Jiangsu International Economic and Technical Co-operation group Ltd), Treasury, Exim Bank China and PNG Ports.

The scope of the original works has been re-scoped and reduced in view of the balance of funds available to complete the project. Approvals has been given to extend the project for further two years to 2024. However, the loan repayment according to the On-Lending Agreement between the Department of Treasury (DoT) and PNGPCL was to commence in March 2022. This did not eventuate and no repayments have been made to date.

In October 2022, under a NEC Decision No: NG28/2022, NEC approved for the debt swapped in which Exim Bank loan was to be given back to Treasury and PNGPCL to take on the Asian Development Bank (ADB) loan. Kumul Consolidated Holdings (KCH) and PNGPCL are still in negotiation to have the formality completed to

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implement the NEC Decision. As result of the NEC Decision, management disclose the following:

(a) The Westside Industrial Park construction works will continue under the direct supervision of PNGPCL;

(b) Based on the NEC Decision, the Exim bank loan liability has been cancelled from PNGPCL books but reinstated again as the On-Lent Loan Agreement is still pending. Negotiations between KCH, PNG Ports and Treasury are still progressing, and a decision is not in sight.

(c) Prior Year Expenses of K3,983,314 attributes to expenses related to Umi container terminal, Kiunga port feasibility studies, Motukea wharf outstanding land rental of 2019 – 2021.

(ii) A new CEO, Neil Papenfus was appointed by NEC after a rigorous selection process that became effect from 24 March 2024. He succeeds CCO, Ian Haydeb-Smart, as an oversaw the role in an interim capacity as Office In Charge.

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