

Post PNG Limited

Annual Financial Report

for the year ended 31 December 2024

Post PNG

Annual Financial Report

For the year ended 31 December 2024

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Post PNG Limited
Company Information

Post PNG Limited (the "Company") is a registered company under the Papua New Guinea Companies Act 1997 and is incorporated and domiciled in Papua New Guinea.

Registered Office

Haus Post
Section 35, Allotment 28, Lawes Road
KONEDOBU, NCD
Papua New Guinea

Postal Address

P O Box 2
BOROKO, NCD
Papua New Guinea

Directors

Directors as at financial year end 31 December 2024 and as date of report were:

Directors	Title
Mr. Moses Maladina	Interim Chairman
Mr. Clemence Kanau	Director
Mr. Frank Tokai	Director
Mrs. Fiu Williame Igara	Director
Mr. Michael Varipik	Director

Company Secretary

Emmar Daure

Auditors

Auditor General
P O Box 423
WAIGANI, NCD
Papua New Guinea

Banker

Bank of South Pacific Limited

Post PNG Limited
Directors' Report

The Board Directors take pleasure in presenting their annual report on the affairs of the Company including the financial statements for the year ended 31 December 2024.

Principal Activities

The principal activities of the Company during the year 2024 were the provision of postal, logistics and financial services throughout Papua New Guinea.

Results

The results from operating activities for the year ended 31 December 2024 was a profit of K4,751,036 after tax **(2023: Profit of K3,908,208)**.

Dividend

The Directors have not declared and or proposed any dividend during the year **(2023: Nil)**.

Entries in the Interest Register

No director was a shareholder of the Company as at 31 December 2024. None of the Directors had any material interest in any contract or arrangement with the Company or any related entity during the year.

Change in Accounting Policies

The Company changed from cost and adopted the revaluation method effective in the financial year ended 31 December 2021 to reflect the prevailing market or fair values for all land and buildings as required under IAS 16.

Remunerations of Directors

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

		2024	2023
		K ('000)	K ('000)
Mr. William Lamur	Chairman	315	-
Mr. Clemence Kanau	Director	215	215
Mr. Frank Tokai	Director	215	215
Mrs.Fiu Williame Igara	Director	215	215
Michael Varapik	Director	215	215
		1,175	**991**

Post PNG Limited
Directors' Report

Remuneration of employees – excluding the Directors

Number of employees within each specified band of total remuneration package (TRP) are as follows;

	2024	2023
TRP		
K100,000 - K200,000	12	8
K200,000 - K350,000	3	3
K350,000 - K450,000	1	1
K450,000 - K550,000	-	-
K550,000 - K1.5m	1	1

In addition, some of the above employees also received benefits of a fully provided company vehicle supplied with fuel, accommodation and airfares, the values of which have not been quantified and included in the above TRP.

Shareholdings

	2024 K	2023 K
Kumul Consolidated Holdings (KCH)	**74,236,970**	**74,236,970**

Share Registers

During the year, the existing shareholder, Kumul Consolidated Holdings, made no capital contribution to the Company.

Independent Audit Report

The financial statements have been audited by Auditor General Office of PNG and should be read in conjunction with the audit report on pages 5-7.

Signed in accordance with a resolution of and on behalf of the Board of Directors:

Frank Tokai
Chairman
Post PNG Limited

Dated this 11th day of February 2026.

Clemence Kanau
Director
Post PNG Limited

Dated this 11th day of February 2026.

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Post PNG Limited
Directors' Declaration

The directors declare that in their opinion:

1. The Statement of Financial Position as at 31 December 2024 is drawn up so as to give a true and fair view of the results of the business of the Company for the year ended 31 December 2024.
2. The Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 31 December 2024 have been drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2024, and the financial operations for the year then ended.
3. Except as disclosed in the attached statements or in the notes, thereto, we are of the opinion that:
   a) The results of the Company for the year have not been materially affected by any other transactions or event of an abnormal character occurring after the balance sheet date;
   b) No circumstances have arisen which would render any amount shown in the statements to be misleading;
   c) The current assets of the Company are expected to realise in the ordinary course of business at least the value at which they are shown in the financial statements;
   d) There are no contingent liabilities, which would materially affect the ability of the Company to meet its obligations as and when they become due disclosed in the statements or notes thereto; and
   e) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Directors;

Frank Tokai
Director
Post PNG Limited

Dated this 11th day of February 2026.

Clemence Kanau
Director
Post PNG Limited

Dated this 11th day of February 2026.

Independent Audit Report

Independent Audit Report

Independent Audit Report

Post PNG

Statement of Comprehensive Income

For the Year Ended 31 December 2024

	Note	2024 K ('000)	2023 K ('000)
Operating revenue			
Postal business	6(a)(i)	5,467	9,692
Logistic	6(a)(ii)	20,805	26,621
Financial services	6(a)(iii)	5,231	5,122
Philatelic	6(a)(iv)	24,742	9,966
Rental income	6(a)(v)	8,184	7,167
Revenue from operating activities		64,429	58,568
Other income/(loss)		279	333
Total operating revenue		**64,708**	**58,901**
Cost of goods sold			
- Postal		(213)	(307)
- Logistics		(17,787)	(17,003)
- Financial services		(744)	(561)
- Philatelic		(240)	(101)
Total cost of goods sold		**(18,984)**	**(17,971)**
Gross profit		**45,724**	**40,930**
Operating expenses			
Staff costs	6(b)(i)	(15,923)	(14,457)
Administration and other costs	6(b)(ii)	(15,399)	(13,466)
Repairs and maintenance costs	6(b)(iii)	(3,002)	(2,864)
Total operating expenses		**(34,323)**	**(30,787)**
Profit before depreciation expenses		11,400	10,142
Depreciation expenses	8	(4,500)	(4,410)
Profit/(loss) before income tax		**6,901**	**5,732**
Income tax benefit/(expense)	7(a)	(2,149)	(1,824)
Profit/(loss) after tax for the year		**4,751**	**3,908**
Add: Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**4,751**	**3,908**

The above financial statement should be read in conjunction with the accompanying notes on pages 12 to 33.

AUDITOR-GENERAL'S OFFICE

Post PNG

Statement of Financial Position

As at 31 December 2024

	Note	2024 K ('000)	2023 K ('000)
ASSETS			
Current Assets			
Cash and cash equivalents	18(a)	12,011	6,455
Trade and other receivables	9	25,095	17,067
Other debtors and prepayments	10	13,253	12,547
Inventories	11	3,682	3,508
Total current assets		**54,041**	**39,576**
Non-current assets			
Property, plant and equipment	8	158,364	157,946
Deferred tax asset	7(b)	4,072	4,031
Right of Use Assets	15(a)	2,579	3,485
Total non-current assets		**165,015**	**165,463**
Total assets		**219,056**	**205,039**
LIABILITIES			
Current liabilities			
Trade creditors	12	17,385	12,210
Other payables	13	(285)	5,706
Lease liability	15(b)	838	1,097
Income tax payable	7(d)	4,256	2,730
Employee provisions	14 (a)	981	867
Total current liabilities		**23,174**	**22,610**
Non-current liabilities			
Other payables	13	30,000	20,000
Lease liability	15(b)	1,941	2,520
Employee provisions	14 (a)	2,415	2,070
Deferred tax liabilities	7(c)	10,037	10,496
Total non-current liabilities		**44,394**	**35,086**
Total liabilities		**67,568**	**57,696**
Net assets		**151,487**	**147,343**
Equity			
Issued capital	16	74,237	74,237
Asset revaluation reserve	17	45,484	45,484
Retained earnings		31,766	27,622
Total equity		**151,487**	**147,343**

The above financial statement should be read in conjunction with the accompanying notes on pages 12 to 33.

For and on behalf of the Board

Frank Tokai
Director

Dated this 11th day of February 2026.

Clemence Kanau
Director

Dated this 11th day of February 2026.

AUDITOR-GENERAL'S OFFICE

Post PNG

Statement of Changes in Equity

As at 31 December 2024

	Note	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
		K ('000)	K ('000)	K ('000)	K ('000)
Balance as at 1 January 2023		**74,237**	**45,484**	**23,714**	**143,435**
Comprehensive profit for the year		-	-	3,908	3,908
Prior year adjustment		-	-	-	-
Revaluation decrement		-	-	-	-
Balance as at 31 December 2023		**74,237**	**45,484**	**27,622**	**147,343**
Comprehensive profit for the year		-	-	4,751	4,751
Transfer to retained earnings		-	-	-	-
Prior year adjustments		-	-	(606)	(607)
Balance as at 31 December 2024		**74,237**	**45,484**	**31,766**	**151,487**

The above financial statement should be read in conjunction with the accompanying notes on pages 12 to 33.

AUDITOR-GENERAL'S OFFICE

Post PNG

Statement of Cash Flows

For the Year Ended 31 December 2024

	Note	2024 K ('000)	2023 K ('000)
Cash flows from operating activities			
Receipts from customers		56,855	48,538
Payments to suppliers and employees		(64,474)	(48,814)
Net cash generated/(used) from operating activities	**18 (b)**	**(7,620)**	**(276)**
Cash flows from investing activities			
Payments for property, plant and equipment		2,689	(15,997)
Proceeds from sale of fixed assets		486	92
Net cash used in investing activities		**3,175**	**(15,905)**
Cash flows from financing activities			
Borrowings from parent company		10,000	17,900
Net cash used in financing activities		**10,000**	**17,900**
Net (decrease) / increase in cash and cash equivalents		**5,556**	**1,719**
Cash and cash equivalents at the beginning of the year		6,455	4,736
Cash and cash equivalents at the end of the year	**18(a)**	**12,011**	**6,455**

The above financial statement should be read in conjunction with the accompanying notes on pages 12 to 33.

AUDITOR GENERAL'S OFFICE

Notes to the Financial Statements

For the year ended 31 December 2024

1. General information

Post PNG Limited (the "Company") is owned by the State of Papua New Guinea through the Kumul Consolidated Holdings (KCH). The addresses of its registered office and principal place of business are disclosed in the introduction to the annual financial report.

2. Changes in accounting policies and disclosures

a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2024

- IFRS 17 Insurance Contracts (Supersedes IFRS 4 Insurance Contracts as of 1 January 2023).
- Amendments to IAS 8 Basis of Preparation of Financial Statements (Changes to definition of Accounting Estimates).
- Amendments to IAS 1 and IFRS Practice Statement 2.
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a single transaction.

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

b) New standards, amendments and interpretations issued but effective for the financial year beginning 1 January 2024 and not early adopted

- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Annual Improvements to IFRS Accounting Standards— Volume 11
- Annual Improvements to IFRS 2018-2020
- Power Purchase Agreements – Amendments to IFRS 9 and IFRS 7
- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

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 a significant impact on the reported financial position or financial performance of the Company.

3. Basis of preparation

a) Statement of compliance

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

b) Basis of preparation

The financial statements have been prepared on the historical cost basis and do not take into account changing money value or, except where stated, current valuations of non-current assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

AUDITOR-GENERAL'S OFFICE

3. Basis of preparation (continued)

c) Functional currency

The reporting currency adopted in the preparation of the financial statements is the Papua New Guinea currency, the Kina. Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate at the balance date. Resulting exchange differences are recognised in the profit and loss account for the year. Non-monetary assets and liabilities dominated in foreign currency are recorded at the exchange rate at the date of the transaction.

4. Significant accounting policies

a) Revenue recognition

Revenue which represents income arising in the course of the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Company transfers the control of the goods or services promised in a contract to the customer. Depending on the substance of the respective contract with the customer, the control of the promised goods or services may transfer over time or at a point in time. A contract with a customer exists when the contract has commercial substance, the Company and its customer have approved the contract and intend to perform their respective obligations, the Company and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

At the inception of each contract with a customer, the Company assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with the customer is recognised.

A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company's customary business practices. A good or service is distinct if:

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

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

The Company's revenue is measured at net of discounts in line with specific criteria defined above through the following activities:

i. Postal business

Revenues from postal business comprise of sales of postage stamps, airmail terminal dues, post shop merchandise and rental of private letter boxes. Post office boxes rentals are paid in advance based on the relevant rate charged on the sizes of the boxes and are expended over the 12 months' period in the year. The Company has no remaining obligations and collectability is reasonably assured. As the benefit of these services is simultaneously received and consumed by customers over time, revenue is recognised over time on a straight-line basis.

AUDITOR-GENERAL'S OFFICE

4. Significant accounting policies (continued)

a) Revenue recognition (continued)

ii. Logistics

Revenues from the logistics services are recognised at the point of completion of the delivery to the customer when control of the product is deemed to have been transferred.

iii. Financial Services

Revenues from the financial services include Salim Moni Kwik (SMK) services where funds are sent in one post office and collected by the receiver in another post office. Revenue is recognised from the SMK fees charged when money is transferred and received by the recipient. Revenue is recognised when fee for the SMK is received, and services rendered.

iv. Philatelic

Revenues from the philatelic are recognised when all control of the product is deemed to have been transferred to the buyer.

v. Rental Revenue

Rental revenue comprises rental income from buildings, and long-term leases of land and other leased assets. Rental income from investment property is recognised in the profit and loss on a straight-line basis over the term of the lease. Rental income not received at reporting date, is reflected in the statement of financial position as a receivable or if paid in advance, as rent in advance.

vi. Interest revenue comprises earnings on funds deposited with financial institutions and is recognised as it accrues, using the effective interest method.

b) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials on a first-in, first-out basis. The cost of purchase comprises the purchase price including import duties and other taxes (other than those subsequently recoverable by the Company from the taxation authorities), transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase; and

- finished goods and work-in-progress – cost of direct materials and labour and a proportion of variable and fixed overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Where this is lower than cost, inventory impairment is recognised.

c) Leases

Recognition and measurement

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the date of inception. It also requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not

AUDITOR GENERAL'S OFFICE

4. Significant accounting policies (continued)

b) Leases (continued)

explicitly specified in an arrangement. A finance lease transfers substantially all the risks and benefits incidental to ownership of the leased item, whereas an operating lease does not transfer substantially all these risks and benefits.

Right-of-use

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any premeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any incentives received and an estimate of the cost of removing or dismantling the underlying asset. Right-of-use assets are subsequently depreciated on a straight-line basis over the lease term.

The Company as lessor

The Company leases or sub-leases commercial buildings, industrial sites, retail stores and machinery for logistical services to external parties. The total operating lease income received from these arrangements is K6.2 million (2020: K5.6 million).

Operating leases

Lease payments receivable generally comprise a base amount plus an incremental contingent rental based on movements in the Consumer Price Index and reviews to market-based levels.

Recognition and measurement

Where the Company is a lessor or an intermediate lessor in a sub-lease arrangement, it is required to classify each of its leases as either an operating or finance lease. The Company is a lessor where it provides the right to use an underlying asset for a period in exchange for consideration, or an intermediate lessor in sub-leasing arrangements, where the Company has entered into a lease as a lessee and subsequently re-leases the underlying asset to a third party.

As a lessor, lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all of the risks and rewards incidental to ownership of an underlying asset.

As an intermediate lessor, a sub-lease is classified as a finance lease or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the Company, as a lessee, has accounted for applying the short-term practical expedient, the sub-lease is classified as an operating lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised 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 recognised as expense on a straight-line basis over the lease term.

AUDITOR-GENERAL'S OFFICE

4. Significant accounting policies (continued)

b) Leases (continued)

The Company as lessee

Recognition and measurement

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the date of inception. A contract is or contains a lease when there is an identified asset, and the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the contract term. Furthermore, the lessee must be able to direct the use of the asset throughout the period of use.

Where the Company is a lessee, at the lease commencement date, the Company recognises lease liabilities and right-of-use assets for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any incentives received and an estimate of the cost of removing or dismantling the underlying asset. Right-of-use assets are subsequently depreciated on a straight-line basis over the lease term.

Lease liabilities

Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid under residual value guarantees. Variable lease payments not included in the measurement of the lease liability are recognised as an expense in the period in which it is incurred.

In calculating the present value of lease payments, the Company uses an Incremental Borrowing Rate (IBR) where the interest rate implicit in the lease is not readily available, which considers the asset type, the lessee's credit quality and level of indebtedness, the lease term and macroeconomic factors such as currency and the general economic environment.

After the commencement date, the amount of lease liabilities is adjusted to reflect the accretion of interest and lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or re-assessment of lease terms after the commencement date.

c) Foreign currencies

The Company's financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of are expressed in Papua New Guinea Kina ('K'), which is its functional and presentation currency.

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

AUDITOR-GENERAL'S OFFICE

4. Significant accounting policies (continued)

c) Foreign currencies (continued)

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

d) Borrowing costs

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

e) 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 the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimated of the consideration required to settle the present obligation at reporting date, 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, a 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.

f) Retirement benefit provisions and costs

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made 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.

Provisions made 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.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at 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. Contributions to defined contribution superannuation plans are expensed when incurred.

AUDITOR-GENERAL'S OFFICE

4. Significant accounting policies (continued)

g) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, or items recognised directly in equity or in other comprehensive income. Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary difference arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Current and deferred tax is recognised as an expense or income in determining the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

h) Property, plant and equipment

i. Recognition and measurement

Items of infrastructure, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of infrastructure, plant and equipment have different useful lives, they are accounted for as separate items (major components) of infrastructure, plant and equipment. Property which is classified as owner-occupied is accounted for as infrastructure, plant and equipment and depreciated over its useful life.

ii. Subsequent costs

All classes of property in land and buildings at initial recognition at cost were revalued at fair values less subsequent accumulated depreciation were determined. The carrying value of land and buildings under cost at the time of revaluation was K173.1 million and was adjusted down or restated by reference to observable market data as provided by the independent valuers to K132.2 million hence, a devaluation by K40.9 million. The accumulated depreciation at the date of the revaluation was adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset.

Effectively as at this financial reporting year and in consistent with IAS 16 is to be made with sufficient regularity every 3 years to ensure that the carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting periods.

In line with IAS 16, the Company treated the decrease in carrying amounts as a result of the revaluation was recognized in other comprehensive income to the extent of credit balances existing in the revaluation surplus account in respect of these assets. These decreases reduced the amount accumulated in equity under the heading of assets revaluation reserve.

iii. Depreciation

Infrastructure, plant and equipment (including infrastructure assets under lease) have been depreciated using the straight-line method based upon the estimated useful life of the specific assets. The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate, at each balance date. No depreciation is

AUDITOR-GENERAL'S OFFICE

4. **Significant accounting policies (continued)**

h) Property, plant and equipment (continued)

charged until the asset has been completed and ready for its intended use. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

iv. Leasehold improvements

Leasehold improvements have been amortised over the shorter of the unexpired period of the lease and estimated useful life of the improvements.

v. Major repairs and maintenance

Major asset maintenance costs incurred are capitalised and are written off over the period between major asset maintenance projects. This recognises that the benefit is to future periods and also apportions the cost over the period of the related benefit.

vi. Non-current assets under construction

The cost of non-current assets constructed by the Company includes the cost of materials used in construction, direct labour on the project and consultancy and professional fees associated with the project.

vii. Leased assets

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis.

viii. De-recognition and disposal

An item of infrastructure, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

i) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

j) 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 cost for the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

k) Financial instruments

The Company classifies all of its financial assets in the measurement category 'Financial assets at amortised cost' (previously classified as loans and receivables).

AUDITOR-GENERAL'S OFFICE

4. Significant accounting policies (continued)

k) Financial instruments (continued)

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

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

As of 31 December 2021, and 31 December 2020, the Company had no financial instruments classified as financial assets at fair value through other comprehensive income ("FVOCI") - Equity instruments (previously classified as available-for-sale financial assets).

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

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

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

Impairment of financial assets

The 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. For financial guarantee contracts, the ECL is the difference between expected payments to reimburse the holder of the guarantee debt instruments less any amounts the Company expects to recover from the other party.

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

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

The Company applies a simplified approach in calculating ECLs for trade and other debtors. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

AUDITOR-GENERAL'S OFFICE

4. Significant accounting policies (continued)

k) Financial instruments (continued)

Collective assessment

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

Individual assessment

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

Other financial liabilities

Other financial liabilities pertain to issued financial instruments that are not classified or designated at FVPL and contains contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. This accounting policy relates to the statement of financial position captions 'Trade and other payables' and 'Borrowings'.

l) Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities and obligations as and when they fall due in normal course of business for the foreseeable future. Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

As at the date of this report and having considered the above factors, the Board of Directors believes that it is appropriate to prepare these financial statements on a going concern basis without including any adjustments that would be required should the Company fail to continue as a going concern.

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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5. Critical accounting judgements and key sources of estimation uncertainty (continued)

a) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

b) Useful lives of property, plant and equipment

As described above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year, if the directors determined that the useful lives of certain items of equipment should be shortened, due to developments in technology.

The depreciation rates applicable are as follows:

	Rate (%)
• Plant and equipment	17.0%
• Buildings	2.0%
• Motor vehicle	25.0%
• Office Equipment and Computers	17.0%
• Office Furniture and Fitting	7.5%
• Private letter boxes	10.0%
• IT equipment	25.0%
• IT system Software	10.0%

6. Profit or loss for the year from continuing operations

Profit or loss for the year from continuing operations has been arrived at after generating the following revenue and charging the following costs:

		2024 K('000)	2023 K('000)
(a)	**Operating Revenue**		
	The Company has a wide range of products that it sells to domestic and international customers including government institutions and corporate entities.		
(i)	**Postal Business**		
	Postage Stamps	73	68
	Bulk Postage	268	282
	Registered Fees	14	23
	Boxes & Bags	3,524	3,188
	Re-Direct Services	4	3
	PLB Advertising	3	1
	PLB Accessories	208	436
	Air Mail International Incoming	502	1,344
	Parcel Post International Incoming	780	4,193
	PPC Card Fees	78	83
	Technology Products Post Shop	14	70
	Total	**5,467**	**9,692**

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Notes to the Financial Statements

For the year ended 31 December 2024

		2024 K('000)	2023 K('000)
(ii)	**Logistics**		
	EMS Domestic Documents	6,204	10,875
	Warehouse Storage	87	799
	EMS Custom Service (Receipts)	209	227
	EMS Custom Service (Payment)	2	9
	EMS Basic Charge Domestic Documents	-	466
	EMS Domestic Air	22	66
	EMS Domestic Land	11,463	10,315
	EMS Basic Charge Domestic Land	-	(9)
	EMS Domestic Sea	2,205	2,789
	EMS Domestic Air Freight	29	99
	EMS International Incoming Documents	39	101
	Agency Fee - APNG	536	992
	Travel International Commission	8	(107)
	1st Time Delivery	-	-
	Total	**20,805**	**26,621**
(iii)	**Financial Services**		
	SMK Transfer Fee	1,247	1,763
	Commission Inbound - Western Union	3,712	3,007
	Direct Top Up - Mobile SMK	86	63
	PostPay Service Fee	15	29
	Internet Express	21	109
	Office Express	10	22
	Post Shop Services	8	13
	Telephone Cards Sales	42	116
	321 Lotto Voucher Commission	18	-
	Digicel Flex Card Sales	70	-
	Total	**5,231**	**5,122**
(iv)	**Philatelic**		
	Philatelic Merchandise	1	-
	Handling Fees	1	134
	Personalised Stamps	93	194
	International Agents	28	-
	Pre stamped Envelopes	3	-
	Philatelic Printing	402	-
	Philatelic Merchandise	97	222
	Projects	24,117	9,416
	Total	**24,742**	**9,966**
(v)	**Rental income**		
	External Commercial Rental	8,073	7,013
	External Residential Rental	111	154
	Total	**8,184**	**7,167**

AUDITOR-GENERAL'S OFFICE

(b). Operating Expenses

	2024 K ('000)	2023 K ('000)
(i) Staff costs		
Salaries and wages	12,962	12,021
Superannuation	810	780
Long service and annual leave expenses	923	645
Leave fares	17	5
Other staff costs	1,211	1,006
	15,923	**14,457**
(ii) Administration and other costs		
Security	1,552	1,370
Insurance	1,292	1,191
Other administration costs	12,555	10,905
	15,399	**13,466**
(iii) Repairs and maintenance costs		
Routine maintenance costs	2,031	2,272
Renovation costs	971	592
	3,002	**2,864**

	2024 K ('000)	2023 K ('000)
7. Income tax expense		
(a) Profit/(loss) before tax	6,901	5, 732
Prima facie income tax expense/(benefit) at 30%	2,070	1,719
Non assessable/deductible items	64	82
Adjustments in timing differences	15	22
Overprovision in tax payable in prior years	-	-
Income tax expense/(benefit)	**2,149**	**1,824**
Comprising:		
Current Income tax expense	2,652	2,208
Deferred tax expense (credit)	(518)	(406)
Adjustments in timing differences	15	22
Over/under provision in tax payable in prior years	-	-
	2,149	**1,824**
(b) Deferred tax asset		
Opening balance	4,031	2,773
Timing differences to profit or loss	41	(59)
Adjustments from prior year	-	1,317
Closing balance	**4,072**	**4,031**

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Notes to the Financial Statements

For the year ended 31 December 2024

	2024 K ('000)	2023 K ('000)
Comprising:		
Provision for doubtful debt	2,146	2,008
Other provisions	1,092	2,023
Right of Use Assets - Liability	833	-
	4,072	**4,031**
(c) Deferred tax liability		
Opening balance	(10,496)	(9,621)
Taxable temporary differences to profit or loss	477	465
Adjustments in timing differences	(15)	(1,340)
Adjustments from prior year	-	-
Closing balance	**(10,034)**	**(10,496)**
Comprising:		
Revaluation of buildings	(9,065)	(9,259)
Right to use of leased assets	(773)	(1,045)
Prepaid insurance	(196)	(191)
	(10,034)	**(10,496)**
(d) Income tax payable		
Opening balance of provision for income tax	(2,730)	(751)
Current year tax expense	(2,652)	(2,207)
Over provision of tax in in prior years	-	-
Less : payments made/transferred in/out during the year	1,127	228
Closing balance	**(4,256)**	**(2,730)**

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8. Property, plant and equipment including leasehold improvements

	Commercial Land and Buildings	Residential Land & Buildings	Motor Vehicle	Postal Boxes	Furniture & Fittings	IT Software & Equipment	Machinery & Equipment	Capital Works	Total
	K ('000)	K ('000)	K ('000)	K ('000)	K ('000)	K ('000)	K ('000)	K ('000)	K ('000)
Cost									
Balance at 1 January 2023 - Post re-allocation	**138,108**	**10,970**	**13,102**	**4,180**	**2,544**	**15,543**	**8,132**	**4,903**	**197,482**
Additions	7,568	130	1,140	122	4	557	446	3,173	13,140
Disposals	-	-	(414)	-	-	-	-	-	(414)
Adjustments	-	-	(2)	(2)	1	-	-	-	(3)
Balance as at 31 December 2023	**145,676**	**11,100**	**13,826**	**4,300**	**2,549**	**16,100**	**8,578**	**8,076**	**210,205**
Balance as at 1 January 2024	**145,676**	**11,100**	**13,826**	**4,300**	**2,549**	**16,100**	**8,578**	**8,076**	**210,205**
Additions	1,572	14	511	-	21	87	300	736	3,241
Disposals	-	-	-	-	-	574	**(87)**	-	486
Adjustments	**(607)**	-	-	-	-	-	-	-	(607)
Balance as at 31 December 2024	**146,641**	**11,114**	**14,337**	**4,300**	**2,570**	**16,761**	**8,790**	**8,812**	**213,325**
Accumulated Depreciation									
Balance at 1 January 2023 - Post re-allocation	**(8,865)**	**(1,184)**	**(11,017)**	**(3,483)**	**(2,193)**	**(14,318)**	**(7,206)**	-	**(48,266)**
Disposals	-	-	413	-	-	-	-	-	413
Depreciation Expense	(2,488)	(129)	(915)	(50)	(97)	(409)	(322)	-	(4,410)
Adjustments	-	1	2	1	-	(21)	21	-	4
Balance as at 31 December 2023	**(11,353)**	**(1,312)**	**(11,517)**	**(3,532)**	**(2,290)**	**(14,748)**	**(7,507)**	-	**(52,259)**
Balance at 1 January 2024	**(11,353)**	**(1,312)**	**(11,517)**	**(3,532)**	**(2,290)**	**(14,748)**	**(7,507)**	-	**(52,259)**
Disposals	-	-	-	-	-	-	-	-	-
Depreciation Expense	(1,640)	(131)	(1,034)	(57)	(72)	(432)	(227)	-	(3,593)
Adjustments	905	-	(9)	-	-	(15)	11	-	892
Balance as at 31 December 2024	**(12,088)**	**(1,443)**	**(12,560)**	**(3,589)**	**(2,362)**	**(15,195)**	**(7,723)**	-	**(54,960)**
Written down value									
Balance at 31 December 2023	**134,323**	**9,788**	**2,309**	**768**	**259**	**1,352**	**1,071**	**8,076**	**157,946**
Balance at 31 December 2024	**134,553**	**9,671**	**1,777**	**711**	**208**	**1,566**	**1,068**	**8,812**	**158,365**

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Notes to the Financial Statements

For the year ended 31 December 2024

		2024 K ('000)	2023 K ('000)
9. Trade and other receivables			
Trade debtors		26,600	19,433
Terminal dues debtors		5,650	4,329
Less: allowance for doubtful debts		(7,155)	(6,694)
		25,095	**17,067**
Movement for allowance for doubtful debts			
At 1 January		(6,694)	(6,519)
Provision for the year		(461)	(176)
Less: recoveries/write offs		-	-
Balance at 31 December		**(7,155)**	**(6,694)**
10. Other debtors and prepayments			
Other debtors and receivables		10,557	10,086
Insurance prepayments		653	635
Staff loans		2,042	1,827
		13,253	**12,547**
11. Inventories			
Stock		3,682	3,508
Less: provision for obsolete stock		-	-
		3,682	**3,508**
12. Trade creditors			
Trade creditors		7,054	3,322
Accruals		1,767	1,214
Provisions		3,450	1,592
Surety and bonds		574	548
VAT control and withholding taxes		1,108	1,042
Clearing accounts		2,841	4,492
		17,385	**12,210**
13. Other payables			
Other payables and accruals		285	5,706
Borrowing from parent company (KCH Limited)	**(i)**	30,000	20,000
		29,715	**25,706**

(i) The borrowing from parent company includes a loan of K8.1m from Kumul Consolidated holdings for an interest at 6.5% per annum for a term of 4 years. A total of K7.7m was received in 2022 and the balance was paid in 2023 with additional loan of K11.9m raising the total to K20 million. Interest is waived in the first year and charged for the remaining 3 years with principal repayments to commence in the year 2024.

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Notes to the Financial Statements

For the year ended 31 December 2024

14. Employee provisions

a. Provisions

	Annual leave	Long service leave	Total
	K ('000)	K ('000)	K ('000)
Balance as at 1 January 2024	**867**	**2,070**	**2,936**
Benefit arising from payments/ other	-	-	-
Sacrifices of future economic benefits	-	-	-
Additional provisions recognised	115	345	460
Balance as at 31 December 2024	**981**	**2,415**	**3,396**

b. Employee benefits

The Company contributes to the National Superannuation Fund for its employees. This is an accumulation fund, whereby the company matches contributions to the fund made by employees up to 8.4% of the employee's gross salary. Employee contributions are based on 6.0% of their gross salaries. During the year the Company expended **K1,511,232.71 (2023: K1,679,552)**

c. Number of employees

The Company has **386** employees at the end of 31 December 2024 **(2023: 340).**

15. Leases

a. Right of use asset

	2024	2023
	K ('000)	K ('000)
Balance at 1 January	3,485	4,391
Derecognized leases	-	-
New lease arrangement	-	-
	3,485	**4,391**
Depreciation charge for the year	(906)	(906)
Balance at 31 December	**2,579**	**3,485**

b. Lease Liability

Balance at 1 January	3,617	4,391
Derecognized leases	-	-
2023 principle repayments	838	774
New lease arrangement	-	-
	4,455	**5,165**
Interest expense	259	323
Rental Payment	(1,417)	(1,871)
Balance at 31 December	**2,779**	**3,617**

AUDITOR-GENERAL'S OFFICE

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

	2024 K ('000)	2023 K ('000)
Current	838	1,097
Non-current	1,941	2,520
Total	**2,779**	**3,617**

Maturity analysis – minimum lease payment:

Not later than 1 year	1,097	1,097
Later than 1 year and not later than 5 years	2,257	3,977
Later than 5 years	189	340
	3,543	**4,640**
Unexpired finance charges	(764)	(1,023)
Balance at 31 December	**2,779**	**3,617**

Maturity analysis – present value of lease liabilities:

	2024 K ('000)	2023 K ('000)
Not later than 1 year	1,097	1,097
Later than 1 year and not later than 5 years	1,372	2,065
Later than 5 years	310	456
Balance at 31 December	**2,779**	**3,617**

c. Amounts recognized in profit or loss

Finance Cost	259	323
Depreciation Charge	(906)	(906)
Variable and short-term lease payments not included in the measurement of lease liabilities	-	-

16. Issued capital

In accordance with the provision of the Companies Act 1997, the share capital does not have a par value and the Board of Directors of the Company may issue ordinary shares as it thinks fit. Accordingly, there is no limit on the number of ordinary shares that may be issued.

2024 K ('000)	2023 K ('000)
74,237	74,237
74,237	**74,237**

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Notes to the Financial Statements

For the year ended 31 December 2024

17. Asset revaluation reserve

	2024 K ('000)	2023 K ('000)
Balance at 1 January	45,484	45,484
Valuation decrement	-	-
Transfer to retained earnings	-	-
Balance at 31 December	**45,484**	**45,484**

18. Notes to the statement of cash flow

a. Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2024 K ('000)	2023 K ('000)
Cash on hand	450	405
Cash at bank	11,561	6,050
	12,011	**6,455**

b. Reconciliation of profit/(loss) for the year to net cash flows from operating activities

	2024 K ('000)	2023 K ('000)
Results from operating activities	4,751	5,732
Gain on sale disposal of non-current assets	-	92
Depreciation of non-current assets	(3,593)	4,410
Increase/(decrease) in current tax liability	1,067	-
Increase/(decrease) in deferred tax	(41)	-
Changes in net assets and liabilities		
(Increase)/ decrease in assets		
Current receivables	(8,028)	(5,512)
Current inventories	(174)	(576)
Other current assets	200	(4,376)
Increase/ (decrease) in liabilities		
Current payables	5,175	319
Current provisions	459	(821)
Other current payables	(6,829)	1,008
Cash flows generated/(used) from operations	**(7,620)**	**(276)**

AUDITOR-GENERAL'S OFFICE

Notes to the Financial Statements

For the year ended 31 December 2024

19. Related party transactions

Compensation of key management personnel

The specified key management personnel during the year were as follows:

- Chief Executive Officer- Justin Worinu
- Chief Operating Officer- Ben Davies
- Chief Financial Officer- Zuke Kot
- Chief Strategy and Project Manager- Kenei Gumaru
- HR Manageress – Maryanne Ulitaia

Key management personnel compensation for the year amount to K2,641,500 **(2023: K2,641,400)**.

20. Financial instruments

a. Financial risk management objectives

The Company's management co-ordinates access to domestic and international financial markets and manages the financial risks relating to the operations of the Company. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Company's policies approved by the board of directors.

b. Capital risk management

The Company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2020.

The capital structure of the Company consists of cash on hand and at bank balances and equity of the Company (comprising Kumul Holdings Consolidated equity injection).

The Company is not subject to any externally imposed capital requirements.

c. Interest rate risk management

The Company is not exposed to interest rate risk because the Company does not borrow funds at both fixed and floating interest rates.

d. Foreign currency risk management

The Company undertakes transactions denominated in mainly Australian and US dollars; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing spot rates applicable at commercial banks at the time of transaction.

e. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the

aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the senior management team annually.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

f. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Maturity profile of financial instruments

The following table details the Company's exposure to interest rate risk:

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates						Non-interest bearing	Total
			Less than 1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5+ yrs		
31 December 2024	%	K('000)	K('000)	K('000)	K('000)	K('000)	K('000)	K('000)	K('000)	K('000)
Financial assets:										
Cash	-	-	-	-	-	-	-	-	12,011	12,011
Stock	-	-	-	-	-	-	-	-	3,682	3,682
Trade debtors	-	-	-	-	-	-	-	-	25,095	25,095
Sundry debtors	-	-	-	-	-	-	-	-	13,253	13,253
Financial liabilities:										
Trade payables	-	-	-	-	-	-	-	-	17,385	17,385
Other payables	-	-	-	-	-	-	-	-	(285)	(285)
Income tax payable	-	-	-	-	-	-	-	-	4,256	4,256
Employee benefits	-	-	-	-	-	-	-	-	3,396	3,396

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates						Non-interest bearing	Total
			Less than 1 year	1-2 yrs.	2-3 yrs.	3-4 yrs.	4-5 yrs.	5+ yrs.		
31 December 2023	%	K('000)	K('000)	K('000)	K('000)	K('000)	K('000)	K('000)	K('000)	K('000)
Financial assets:										
Cash	-	-	-	-	-	-	-	-	6,455	6,455
Stock	-	-	-	-	-	-	-	-	3,508	3,508
Trade debtors	-	-	-	-	-	-	-	-	17,067	17,067
Sundry debtors	-	-	-	-	-	-	-	-	12,547	12,547
Financial liabilities:										
Trade payables	-	-	-	-	-	-	-	-	12,210	12,210
Other payables	-	-	-	-	-	-	-	-	25,706	25,706
Income tax payable	-	-	-	-	-	-	-	-	2,730	2,730
Employee benefits	-	-	-	-	-	-	-	-	2,937	2,937

DEPUTY-GENERAL'S OFFICE

Notes to the Financial Statements

For the year ended 31 December 2024

21. Contingents liability

There were no contingent liabilities or contingent assets at balance date that require reporting.

22. Events after the reporting period

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

23. Commitments for expenditure

There were no significant commitments for capital expenditures at year end.

24. Bank Guarantees

The Company had to meet government tender bid conditions and customs clearing security deposits imposed by PNG Customs Office hence opted for bank guarantees as a security requirement prior to engaging in logistics and other business. The bank guarantees were held by transferring required amounts from the company's main operating account and placed as term deposits by the bank which accrues interest overtime. The company recognizes accrued interest income on these short-term investments.

25. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on **11th February 2026**.

AUDITOR-GENERAL'S OFFICE