



COMRADE TRUSTEE SERVICES LIMITED

Defence Force Retirement Benefits Fund

CTSL ANNUAL REPORT 2024



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VISION, MISSION & VALUE STATEMENT

Our Vision

To create wealth and improve the well-being of members through the prudent management of investments of the fund.

Our Mission

To continuously deliver services to meet the identified needs of the Accumulation & Defined Benefit scheme members and to prudently manage the Fund to ensure their values are maintained and enhanced.

Our Corporate Values

To achieve our mission statement, all CTSL directors and employees, and our core service providers, must adhere to our corporate values:

01

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03

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ACT WITH HONESTY

Operating in honesty and integrity. Demonstrates principled leadership and sound business ethics. Shows consistency among principles, values and behaviors.

MAINTAIN INTEGRITY

Demonstrates honest and ethical behavior in all business transactions. Ensures that company/professional standards are maintained and being transparent in our dealings with all parties.

POSSESS UBUNTU

Behaving well towards others and acting in ways that benefits the company. Always putting the interest of our members first. We will avoid drama by exhibiting civility, empathy and restraint. "I am because we are, "and also "humanity towards others".

PRACTICE EXCELLENCE

Aiming continually to improve our services and efficiency levels. Pursuing an employment policy that is based on merits and does not discriminate on the gender, race, religion or ethic persuasion.

05

06

07

DEMONSTRATE LEADERSHIP

Treating each other with respect and consideration and encouraging team work and cooperation. Being responsible and accountable for our actions.

PROVIDE PROFESSIONALISM

We are capable, lifelong learners, who model the competencies associated with our field, specialty or area of expertise.

BE COMMITTED

Builds trust with others through personal authenticity and follows through commitments. We are committed to the organization and generally feel a connection with the

organization, feel that we fit in and, feel we understand the goals of the organisation. We tend to be more determined in our work, show relatively high productivity and more proactive in offering our support.

CHAIR OF THE BOARD REPORT

On behalf of the Board of Directors of Comrade Trustee Services Limited (CTSL) it is my distinct pleasure and honour to present our 2024 Annual Report.

Beyond the numbers, 2024 was about continuing to strengthen the Fund intrinsically, including a continuation of a systematic correction of legacy issues.

In 2024 we made a bold but necessary decision to implement asset impairments totalling K39.3 million, including adjustments to the value of the commercial land at Taurama and the residential property at Ela Makana, based on professional valuations and as recommended by our Licenced Investment Manager. These impairments are part of our strategy to correct long-standing issues and ensure our assets reflect true market value, thus strengthening the viability of the Fund into the future. I am proud of our Board and our Executive Management for this decision as it reflects a prudent, forward-looking approach to portfolio management, commitment to good governance, and a capacity to address difficult issues in a pragmatic manner, and make decisions based on facts and driven by our commitment to the wellbeing of our members and our Fund.

Accumulation and Defined Benefits Accounts

I am pleased to inform you that we are on track to address the distribution of annual nett income by the end of 2025 with the support of our regulator the Bank of Papua New Guinea (BPNG/ the Central Bank) and the engagement of an Actuary. In the meantime, through payments from the State to reduce its liability, we have shifted the income split to 49/51 from last years 45/55 to the Accumulated account and Defined Benefits account respectively.

Opening of the Fund

The opening of the Fund is necessary for its ongoing viability. With the support of the Central Bank, this continues as a work in progress with our completion target rescheduled from 2024 to 2025. Be assured this matter remains in our sight as we navigate some complex issues to deliver a successful outcome.

Unfunded State Liability

In 2024 we received K11.4 million from the Department of Treasury to reduce the state's liability to our members. We extend our sincere thanks to the Department of Treasury and the Department of Finance for their support and look forward to a continued systematic reduction of the state's liability which at year end is K184.3 million.

Toea Homes Limited

Our Board continues to monitor Toea Homes Limited (THL) through our Investment Committee. Work is progressing both administratively and on the development of the residential properties at Taurama in Port Moresby and near Igam Barracks in Lae. We continue to monitor THL's progress and viability.

Strategy

We advanced our 2024–2026 Strategic Plan, including the implementation of a refreshed Property Strategy. This framework brings sharper alignment between asset management and the Fund's long-term objectives.

Prudential Standards Onsite Review by Bank of Papua New Guinea

Our Regulator, the Bank of Papua New Guinea, successfully conducted a standard onsite Review of our entire operations from 19-30 August 2024. This was followed up by an Exit Meeting on 8 October. There were no major compliance issues, and management is addressing any issues raised methodically with oversight of the Board through our Audit, Risk & Compliance Committee.

Our People

Our people have remained central to our success.

The Board was pleased to endorse the CEO Succession and Career Development Plan to nurture the next generation of leadership through structured training programs, mentorship and performance planning. We also have our Staff Training and Development Plan which includes three of our staff undertaking master's degrees. We are proud to support these comprehensive Plans as they encourage company loyalty, staff retention, low staff turnover and increased productivity. On a macro level, we are making a significant investment in nation building through educated, informed, productive citizens.

We also recognise the importance of ensuring that the Board collectively and Directors individually continue contributing optimally to CTSL. To this end, the Board has endorsed a Board Review and Evaluation to commence in 2025. This process is an integral part of the life of a Board as it will identify opportunities for improvement, realign focus, and enhance board members' skills and contributions.

The Future

After sixteen months of operating as a full Board, and the subsequent establishment, implementation and familiarisation of governance processes, we are now settling into a solid governance phase with an upside of internal restructuring that we intend to be a protective buffer to the Fund for any global movements.

Looking ahead, our focus for 2025 includes executing the next phase of our property and investment strategies; further strengthening risk and compliance systems; addressing the distribution of annual nett income; and opening up the Fund.

I wish to thank our CEO Charlie Gilichibi, his Executive Management and staff for their stewardship of CTSL and their dedication to the sustainable growth and protection of our Fund.

I also wish to acknowledge the support of our valued stakeholders – the Department of Treasury, the Department of Finance, the Department of Defence and the Bank of Papua New Guinea, and our valued members of the Papua New Guinea Defence Force whose support and trust gives our work meaning.

Finally, I wish to thank our Board of Directors for their commitment to good governance, integrity and sheer hard work. We remain mindful that CTSL exists to serve its members. As Trustees that mission remains our greatest responsibility, and our greatest honour.



Michelle Hau'ofa
Chair of the Board
Comrade Trustee Services Limited

The year of 2024 was a defining year for CTSL as our Board settled into our first full year of governance. I am proud to report that CTSL delivered one of its strongest financial performances to date, with:

- + comprehensive income of **K75 million** – an increase of 53.8% from 2023
- + income distribution of **49/51** between the Accumulation account and Defined Benefits respectively, resulting in
- + an interest crediting rate of **10.5%**; and
- + a nett asset base of **K803.8 million** – an increase of **12.6%** from 2023.

I wish to congratulate our Chief Executive Officer Charlie Gilichibi, Executive Management and staff on these excellent financial results.



CEO'S STATEMENT

Dear Members and Stakeholders,

I am delighted to report that 2024 has been a highly successful year from strategic, governance, financial and operational perspectives.

Cash and equivalents now make up just under 10% of Fund assets, giving flexibility to restructure the balance sheet for future growth. As capital outflow controls tighten and economic challenges persist, securing quality investments is a major hurdle for super funds nationwide.

To enhance sales performance and project execution, Toea Homes Limited (THL) has established a full-time team led by a newly appointed manager. The supporting team includes a sales team leader, a sales officer, and an accounting officer.

2024 marks a full year since CTSL and THL completed their migration from the Attache accounting system to Xero. The new system has proven fit for purpose, delivering notable enhancements to the accounting operations of both entities.

Since the Board's adoption of CTSL's 2024–2026 strategic plan in December 2023, significant progress has been made, with over 50% of objectives already met. The plan's core focus areas are:

- managing operating costs and risks,
- growing cash,
- optimizing investment returns,
- improving member services and brand awareness,
- improving processes and technology to lift productivity, and
- recruiting, retaining and developing talent in the organization for the long-term.

CTSL has developed a comprehensive Governance, Risk, and Compliance (GRC) framework and is building the necessary internal capacity to ensure it aligns with and supports the Fund's strategic objective of delivering sustainable value to members and stakeholders. To lead this function, the Board has approved the recruitment of a General Manager – Risk and Compliance.

I make special mention of our key stakeholders for their continued and invaluable support over 2024 to make it a successful one for the Fund:

- Bank of Papua New Guinea
- PNGDF Command and Hierarchy
- Department of Treasury
- Department of Lands

I thank the Chairwoman, Michelle Hau'ofa and the board of directors for their shrewd leadership and guidance over 2024. The good work of the regulator, PNGDF and Treasury Department are all highly valued and appreciated.

To our management and staff, thank you for your valued efforts that made 2024 a strong year for our members and shareholders. I look forward to your support as we strive for more success in 2025.



Charlie Gilichibi
Chief Executive Officer



For the first time in five years, your Fund has had the benefit of operating under a permanent Board for a full year, marking a significant milestone.

CTSL achieved sound financial results for 2024 as follows:

- + total comprehensive income of **K75 million** increased by **53.8%** against K48.8 million in 2023
- + the Board approved a **10.5%** interest crediting rate to member accounts
- + impairment of **K39.3 million**, or **5%** of net assets was recognized to address legacy issues
- + net assets increased by **K89.8 million (12.58%)** to **K804 million**
- + contributions to net asset growth came from **K75 million** in net profit after tax (NPAT) and **K14.74 million** from net member contributions
- + the management expense ratio remained consistently around **2%**, specifically 2.1% in 2022, 1.8% in 2023, and **2.2% in 2024**
- + cost to income ratio continue to show a favorable trend from 57.9% in 2021, 41.2% in 2022, 21.1% in 2023 and **17.58% in 2024**
- + the accumulation scheme assets ratio to defined benefit assets improved to **49-51** from previously at 45-55. This is due to ongoing receipts from the State for Unfunded Contributions since 2022.

FIVE YEAR FUND PERFORMANCE ANALYSIS

STATISTICAL INFORMATION	2024	2023	2022	2021	2020
Assets & Liabilities					
Net Asset Value (K)	803,793,245	713,945,989	630,335,046	615,041,308	618,845,051
Growth Rate	12.58%	13.26%	2.49%	-0.61%	3.40%
Profitability					
Total Comprehensive Income (K)	75,108,079	48,844,850	15,299,986	10,746,300	24,654,300
Interest Crediting Rate	10.50%	7.30%	2.30%	2.00%	5.00%
Reserves (% NAV)	0.00%	0.07%	0.08%	0.01%	0.00%
Members					
Accumulation Members	3,953	4,275	4,257	4,324	4,104
Defined Benefits Members	1,768	1,589	1,784	1,904	1,903
Expenses					
Total Expenses (K)	17,733,023	13,229,893	13,406,362	15,045,104	11,661,330
Management Expense Ratio	2.21%	1.85%	2.13%	2.45%	1.88%
Cost to Income Ratio	17.58%	21.12%	41.20%	57.88%	32.73%
Fund Administrator's Fees (K)	1,044,092	924,438	988,810	916,947	795,356
Investment Manager's Fees (K)	1,309,999	1,088,998	1,287,787	1,558,048	1,296,635
Full Time Staff	40	38	33	34	26
Cashflows					
Contributions (K)	48,048,827	63,315,250	31,935,186	30,818,508	30,381,376
Benefit Payments (K)	33,309,650	28,549,157	31,941,434	45,368,551	34,829,027
Net Contributions (K)	14,739,177	34,766,093	-6,248	-14,550,043	-4,447,651
Number of AC Members Paid	363	397	357	301	288
Member Returns					
Gross Return (Fair Value Gains)	97,936,483	26,796,490	-3,017,899	8,039,290	14,342,603
Impairment	-40,688,681	-6,190,515	-3,240,015	-15,056,697	-5,138,153
Net Return (Fair Value Gains)	57,247,802	20,605,975	-6,257,913	-7,017,407	9,204,450
Gross Return (Cash Income)	43,606,380	42,049,698	38,800,759	32,306,495	26,167,485

BOARD OF DIRECTORS



A Board comprises individuals who can contribute critically needed skills, experience, perspective, wisdom, time and other resources to the organisation.

Michelle Hau'ofa

AGE 55 / RESIDENCE PORT MORESBY, PNG

Chairperson & Independent Director

Undertaking a Master of Business Administration with Torrens University, and continuing professional development as an alumnus of the Harvard Business School and the London School of Economics and Political Science certificate programs.

Contribution to the Board

Michelle brings broad experience in business, property development, corporate governance, community development and public health program administration. Michelle has previously served on the boards of Westpac PNG as an Independent Director, and Transparency International PNG as Treasurer and later Secretary. Along with her corporate board positions, Michelle contributes to her community by serving on the advisory boards of Callan Services for Persons with Disabilities National Unit as Deputy Chair, and Samaritan Aviation. Michelle maintains an active membership of the PNG Institute of Directors and the Australian Institute of Company Directors.

Other current external appointments

Toea Homes Ltd, Samaritan Aviation, Callan Services for Persons with Disabilities, Roger Hau'ofa Kidney Foundation.

Directorships of other Bank of PNG regulated entities

Nil

Member PNG Institute of Directors and Australian Institute of Company Directors.

Affiliations



Rear Admiral Philip Polewara CBE

AGE 58 / RESIDENCE PORT MORESBY, PNG

Non-Independent Director
& Shareholder: Represents the
contributory members of the Fund.

Bachelor of Business in Public Policy from University of PNG
and a Master of Liberal Arts in International Relations from
Salve Regina University in Newport, US.

Contribution to the Board

Rear Admiral Polewara served as a Naval Officer in various
capacities on Landing Craft Heavy and Fast Patrol Boats as
a Navigating Officer and Executive Officer. His operational
experiences include the command of various Naval Units
from 1992 to 2022, including security operations during the
Bougainville crisis.

The Rear Admiral is a graduate of the US Naval Staff College, the
US Joint Forces Staff College, and the US Naval Command College.
He also served as an International Fellow at the Naval War College
after graduating in 2013.

Other current external appointments

PNG Defence Force and Toea Homes Ltd.

Directorships of other Bank of PNG r egulated entities

Nil

Affiliations

Member PNG Institute of
Directors and Australian
Institute of Company
Directors.



Colonel Fred Aile

AGE 54 / RESIDENCE PORT MORESBY, PNG

Non-Independent Director:
Represents the contributory
members of the Fund.

Bachelor of Business Administration, majoring in Accounting
from Pacific Adventist University and graduate of the Malaysian
Armed Forces Staff College in 2010 and the US Naval Command
College 2018/2019.

Contribution to the Board

Colonel Aile represents the contributory members of the Fund.
He served as an Infantry Officer in various capacities as a
Platoon Commander up to a Battalion Commander in the two
Infantry Regiments, and as a Staff Officer at the Headquarters
PNG Defence Force, Murray Barracks. He has served on
Bougainville, Regional Assistance to Solomon Islands (RAMSI)
and National State of Emergencies.

Other current external appointments

PNG Defence Force and Toea Homes Ltd.

Directorships of other Bank of PNG regulated entities

Nil

Affiliations

Member PNG Institute of
Directors and Australian
Institute of Company
Directors.



Charles Lee

AGE 40 / RESIDENCE PORT MORESBY, PNG

Independent Director,
Chair – Investment
Committee

Bachelor's degree in Business Economics from the University of Papua New Guinea and postgraduate qualifications from Kaplan Institute Australia, Sydney University of Technology and Melbourne Business School in Applied Finance, Financial Analysis and Management respectively.

Contribution to the Board

Charles has over 18 years of practical experience in superannuation, banking, investment advisory, funds management and insurance, both at the executive management and board levels.

He was a former Chief Investment Officer at Nasfund before taking on Board and Committee roles at BSP Financial Group, Capital Insurance Group where he was Chair of the Audit and Risk Committee, Trukai Industries, and Amalgamated Packaging Limited. Charles was the recipient of the 2018 Papua New Guinea Institute of Director's Young Director of the Year Award.

Other current external appointments

Toea Homes Ltd.

Directorships of other Bank of PNG regulated entities

Nil

Affiliations

Member PNG Institute of
Directors and Australian
Institute of Company
Directors.



Chetan Chopra

AGE 66 / RESIDENCE PORT MORESBY, PNG

Independent Director,
Chair – Audit, Risk
& Compliance Committee

Bachelor's in Science, Mumbai University and Master of Business Administration, Melbourne Business School, University of Melbourne, Australia.

Contribution to the Board

Chetan is a widely experienced finance executive and joins the CTSL Board after spending the past six years as CFO of Kina Securities Limited. Prior to that, he was the CFO of PNG's largest superannuation fund, Nambawan Super Limited. An accountant by profession, Chetan previously worked for many years as a PNG partner for KPMG and as CFO for Dun & Bradstreet South Asia. He has also held several senior leadership roles in both private companies and public sector organisations, including the Australian Taxation Office.

Chetan brings a complementary mix of entrepreneurial CFO skills and financial governance expertise which he has developed during 35 years working in the financial services industry in investment, superannuation and financial services globally, including 16 years in PNG. He has significant experience-based understanding of provincial and community development needs in PNG communities, supported by extensive networks, professional relationships, and business partnerships globally and in PNG.

Other current external appointments

Paradise Group Ltd and Invexa Business Solutions Limited.

Directorships of other Bank of PNG regulated entities

Nil

Affiliations

Member PNG Institute of
Directors and Australian
Institute of Company
Directors.



Warwick George Vele

AGE 57 / RESIDENCE PORT MORESBY, PNG

Independent Director,
Chair – Membership
Committee

Bachelor's in Science from the University of Sydney, Australia.

Contribution to the Board

Warwick brings to the role a wealth of industry experience in superannuation, banking and finance, ICT, and investment roles. His capability also extends to International Development, both in the regional and global space. He was previously the Chief Technology Officer and then the General Manager Strategic Partnerships for Kina Securities Limited. Warwick was also the Chief Operating Officer at Nasfund. His current role is Program Implementation Director for DT Global (which acquired Cardno International Development).

Other current external appointments

Nil.

Directorships of other Bank of PNG regulated entities

Nil

Affiliations

Member PNG Institute of
Directors and Australian
Institute of Company
Directors.



Vera Raga

AGE 52 / RESIDENCE PORT MORESBY, PNG

Independent Director,
Chair– Remuneration
& Nomination Committee

Bachelor of Law, University of Papua New Guinea.

Contribution to the Board

Vera was previously a board member of Nasfund and NCSL before joining the board of CTSL, so he has experience in the superannuation and savings and loans industries. Vera is also the Executive Officer of the Association of Superannuation Funds of Papua New Guinea. He has also been a board member of past and present companies and state-owned government and regulatory boards including National Housing Corporation and Special Economic Zone Authority (SEZA) of Papua New Guinea. Vera practises law as an associate to Diwenis Lawyers. Vera has extensive experience as a trade union advocate for workers, has been a member of the National Tripartite Consultative Council (NTCC) representing the PNG Banks & Financial Institutions Workers Union, and he maintains a good network in the best interest of the Fund.

Other current external appointments

Diwenis Lawyers, Association of Superannuation Funds of PNG, SEZA and NTCC.

Directorships of other Bank of PNG regulated entities

Nil

Affiliations

Member PNG Institute of
Directors, Australian Institute
of Company Directors
and PNG Law Society.

THE FUND

The Fund is an established Authorized Superannuation Fund (ASF) pursuant to Section 8 of the Superannuation General Provisions Act 2000 (SGP Act) with a current active contributor base of 4,257 and 1,589 pensioners as of 31 December 2024.

The primary objective of the Defence Force Retirement Benefits Fund (DFRBF) is to provide retirement benefits to members and their dependents upon discharge from the Defence Force, or in the event of medical discharge and/or death.

In addition to this, the SGP Act allows access to retirement savings before retirement for purposes related to housing.

LICENSED CORPORATE TRUSTEE

Comrade Trustee Services Limited (CTSL) has been approved by the Bank of Papua New Guinea (BPNG) as the licensed corporate trustee for the Fund.

The trustee company is administered under the direction of a Board of Directors comprising seven Directors, two of whom are drawn from the members of the Fund and five independent Directors who collectively plan, oversee and set corporate goals, and determine the strategic direction of the Fund.

CORPORATE GOVERNANCE

The Board is committed to upholding and implementing the principles of good corporate governance. This is considered critical as recent experiences have shown that the lack of good corporate governance has contributed directly to corporate fraud and, in worst-case scenarios, corporate failures leading to a serious erosion of confidence in those entrusted with the responsibility of managing companies – the Directors.

The enhanced accountability, transparency and integrity flowing from improved corporate governance creates value for shareholders and other stakeholders, reduces costs, increases competitiveness and restores confidence.

The Board is responsible for the corporate governance of the Fund, including its corporate planning, establishing goals for management and monitoring achievement of these goals. This statement sets out the principle corporate governance practices and disclosures that were in operation during the year.

THE TRUSTEE

CTSL is the successor in law to the DFRBF Board and has been approved by the BPNG as the licensed trustee for the Fund. As a licensed trustee, it has ultimate legal responsibility for the prudent management of the Fund and, subject to the requirements of the Superannuation Act and the governing rules of the Fund, has the power, authority and the discretion generally to do all such acts as it considers necessary or expedient for the sound administration, maintenance, investment and preservation of the Fund.

SHAREHOLDER INFORMATION

There are five shareholders who each hold one ordinary share “in trust” on behalf of the members of the Fund. These shares attach no beneficial rights to the shareholder, except to ensure compliance with the Companies Act 1997 and the Superannuation Act, and are transferable – in the case of the Commander of the Defence Force, to his successor and, in the case of the other shareholders when they cease to be Directors of the company, to their successors. Shareholders of the company as at the year-end are listed in the table below.

NAME OF SHAREHOLDER	CLASS OF SHARES	NO. OF SHARES	VALUE (K)	SPECIAL NOTES
Major General Gilbert Toropo, DMS, CBE	Ordinary	1	K1.00	Share held in trust for members
Moses Koiri	Ordinary	1	K1.00	Share held in trust for members
Colonel Fred Aikung, LSGCM, OBE (Rtd)	Ordinary	1	K1.00	Share held in trust for members
Colonel Raymond Numa DMS, MBE, CBE	Ordinary	1	K1.00	Share held in trust for members
Captain (N) Philip Polewara, DMS, MBE	Ordinary	1	K1.00	Share held in trust for members
TOTAL		5	K5.00	

THE BOARD

The names of members of the Board at the date of this report, including their remuneration, status on the Board and information relating to their attendance at meetings as at 31 December 2024 are listed in the table below. The Board complied with its approved calendar of meetings planned for the year. All meeting papers are circulated seven days in advance to all Directors. This enables adequate time to read and understand the matters requiring Board action and ensures that informed decisions are made for ultimate benefit of the Fund.

BOARD MEETINGS

Statutory Manager was in place up to 2nd of February 2023. An interim board was appointed by BPNG from 3rd of February to 2nd of August 2023.

A full board of five independent directors and two shareholder directors were appointed by BPNG from 2nd of August 2023 facilitated by Total Governance Solutions (TGS) as an independent board assessor. TGS is a Brisbane based entity that provides governance services around the Australasian region.

ATTENDANCE OF MEETINGS

Director	Fee Received	Board Status	Date of Appointment/ Resignation	Board Meeting	Audit, Risk & Compliance Committee	Remuneration & Nomination Committee	Investment Committee	Membership Committee
Michelle Hau'ofa		Current	02/08/2023	5/5	8/8	5/5		5/5
Colonel Fred Aile		Current	02/08/2023	4/5	6/8	4/5		4/5
Commodore Philip Polewara		Current	02/08/2023	4/5			7/7	4/5
Charles Lee		Current	04/08/2023	5/5			7/7	
Chetan Chopra		Current	02/08/2023	5/5	8/8	4/5		
Vera Raga		Current	04/08/2023	4/5	7/8	5/5		5/5
Warwick Vele		Current	04/08/2023	5/5			7/7	5/5

AUDIT RISK & COMPLIANCE COMMITTEE

The Committee had full membership and held eight meetings during the year. The role of the Committee includes reviewing: the Fund's financial statements; audit reports; company's accounting policies; internal control systems and procedures (including risk assessment and management strategies); the actuarial report; tenders; annual budgets; investment policy and guidelines; and related matters. Members of this committee as at 31 December 2024 are shown below.

Committee Member	Committee Status
Chetan Chopra	Chairman
Michelle Hau'ofa	Member
Vera Raga	Member
Colonel Fred Aile	Member

REMUNERATION & NOMINATIONS COMMITTEE

The Committee had full membership and held five meetings during the year. The role of the Committee includes succession planning, review and recommendation of candidates for Board vacancies, review of Board fees and remuneration, appointment of executive management, review of salary and remuneration including terms of employment of senior management and related matters. Members of this committee as at 31 December 2024 are shown below.

Committee Member	Committee Status
Vera Raga	Chairman
Michelle Hau'ofa	Member
Chetan Chopra	Member
Colonel Fred Aile	Member

INVESTMENT COMMITTEE

The Committee had full membership and held seven meetings during the year. The role of the Committee is to assist the Board of Directors in fulfilling its responsibility to provide oversight for the investments of the fund, in line with the investment strategy and policy. The Committee shall provide reports and make recommendations to the Board on matters pertaining to the Fund's investments. Members of this committee as at 31 December 2024 is shown below.

Committee Member	Committee Status
Charles Lee	Chairman
Commodore Philip Polewara	Member
Warwick Vele	Member

MEMBERSHIP COMMITTEE

The Committee had full membership and held five meetings during the year. The role of the Committee is to assist the Board of Directors in fulfilling its responsibility to provide an oversight of the membership and any related issues, enquiries or complaints on behalf of the members that should be dealt with at this committee and implement the Fund's strategic objectives, operational matters and systems relevant to key delivery of member services, products and benefits. The Committee shall provide reports and make recommendations to the Board on matters pertaining to the Fund. Members of this committee as at 31 December 2024 are shown below.

Committee Member	Committee Status
Warwick Vele	Chairman
Michelle Hau'ofa	Member
Commodore Philip Polewara	Member
Colonel Fred Aile	Member
Vera Raga	Member

EXECUTIVE TEAM



Charlie Gilichibi

CHIEF EXECUTIVE OFFICER

Charlie Gilichibi was appointed Chief Executive Officer of Comrade Trustee Services Limited on 27 January 2020, bringing with him over 21 years of extensive experience in the superannuation industry.

He holds a Master of Business Administration (MBA) from the University of Papua New Guinea, a Bachelor's degree in Information Technology from the University of Canberra, and a Diploma in Economics from the International Training Institute. In addition, his executive credentials include advanced management programs from INSEAD (Singapore) and Melbourne Business School (University of Melbourne), as well as an advanced finance program from the Wharton School, University of Pennsylvania, and specialization in finance and accounting from Harvard Business School.

Charlie's career achievements encompass a range of leadership roles, including IT Manager at Nasfund (2004–2013), Chief Officer of Member Services at Nasfund (2017–2019), and Chief Operating Officer at Nambawan Super (2014–2016). He is a professional member of the Papua New Guinea Institute of Directors (PNGID) and the Australian Institute of Company Directors (AICD), underscoring his commitment to excellence in corporate governance and leadership.



Jackraho Morea

GENERAL MANAGER – FINANCE

Jackraho Morea serves as the General Manager – Finance, overseeing the fund's financial strategy, accounting operations, and risk management to drive strong and sustainable financial outcomes. With over 15 years of extensive experience in superannuation and financial services, Jackraho plays a pivotal role in ensuring financial efficiency, regulatory compliance, and long-term stability within an evolving economic and regulatory landscape.

Jackraho holds a Bachelor's degree in Accounting from the PNG University of Technology and is a professional member of Certified Practising Accountants (CPA) PNG, CPA Australia, and the PNG Institute of Directors. His expertise spans financial planning, corporate governance, and risk mitigation, making him an integral part of the fund's leadership team.

A strong advocate for financial stewardship and operational excellence, Jackraho is committed to enhancing financial performance, optimizing fund management strategies, and fostering transparency. His leadership ensures that the fund remains resilient, adaptive, and positioned for sustained growth, delivering long-term value to its stakeholders.



Darusilla Musi

GENERAL MANAGER – CORPORATE SERVICES

Darusilla Musi serves as the General Manager – Corporate Services at Comrade Trustee Services Limited, overseeing administration, human resources, payroll, and ICT to ensure operational efficiency and strategic alignment. With extensive experience in human resources, corporate management, financial services, and ICT Darusilla plays a critical role in enhancing workplace efficiency, employee development, policy implementation, and ICT governance.

She holds an Executive Master's in Business Administration from the University of Papua New Guinea, a Bachelor's in Business & Management from University of Papua New Guinea, and a Diploma in Arts (PNG Studies) from Divine Word University. She is a dedicated professional with expertise in HR strategy, corporate governance, ICT management, and business operations.

Passionate about leadership and organizational development, Darusilla is committed to driving sustainable growth, fostering a high-performance culture, and ensuring that CTSL's corporate services function effectively supports its mission and strategic objectives.

Darusilla is a member of the PNG Human Resources Institute and Australia Human Resources Institute, Associate Member – PNG Institute of Directors



Mary Tamarua

GENERAL MANAGER – INVESTMENTS

Mary Tamarua became General Manager – Investments at Comrade Trustee Services Limited on 1 April 2024, bringing over 14 years of experience in the investment industry. She holds a Bachelor of Commerce (Business Economics) with Merit from the PNG University of Technology, a Diploma in Accounting from the IEA College of TAFE, and an Investment Foundations Certificate from the CFA Institute. Her background includes senior roles in financial institutions where she gained expertise in portfolio management, financial analysis, and risk management. Mary's broad experience spans multiple asset classes, and she is skilled at navigating volatile markets to design investment strategies that align with clients' specific goals and risk profiles. Her leadership and insight have earned her a reputation as a trusted financial advisor.

In her current role, Mary oversees the investment portfolio, focusing on growth, risk management, and diversification. She collaborates with her team to craft strategies that deliver strong returns while aligning with the Fund's long-term goals. Mary is known for promoting transparency, accountability, and cross-functional collaboration to ensure smooth execution of investment plans. She is also committed to staff development and mentorship, helping grow future leaders.



Freddy Manihoru

GENERAL MANAGER – MEMBER SERVICES

Freddy Manihoru is a strategic and results-driven General Manager with nearly 15 years of experience in the financial services industry, including superannuation and banking. Since joining Comrade Trustee Services Limited in 2019, Freddy has led key reforms and innovations within the Member Services Division, including the digital transformation of pension processing, the development of a CRM platform for enhanced member engagement, and the streamlining of member benefit payments and financial policies.

Freddy has played an instrumental role in securing funding from the State to fund outstanding employer superannuation and pension obligations for PNGDF retirees, ensuring long-overdue entitlements were met. He also led the successful marketing and sales of CTSL's subsidiary, Toea Homes Ltd. The success of these sales provided vital liquidity for Toea Homes Ltd, enabling the company to progress to Phase 2 of its land development at the Taurama Residential Precinct.

His leadership extends beyond CTSL. Freddy actively contributes to community development and financial inclusion initiatives and currently serves as the Chairman of the Board for Badili Vocational Centre. He holds a bachelor's in business management, a Diploma in Economic Policy Analysis, and has undertaken governance training with AICD and PNGID.

Freddy continues to lead with integrity and innovation, driving member-focused service excellence while contributing to CTSL's long-term strategic goals.

EXECUTIVE TEAM



Seno Wekina

GENERAL MANAGER – LEGAL

Seno Wekina is the General Manager for Legal Division with a strong focus on statutory and fiduciary responsibilities, investment legalities, and organisational integrity—ensuring that the fund's operations are aligned with superannuation laws and best practice governance frameworks.

Bringing over two decades of senior legal and corporate governance experience across both the public and private sectors. Seno holds a Bachelor of Laws from the University of Papua New Guinea and professional credentials from the Legal Training Institute, Mt Eliza Business School (General Management), and the Australian Institute of Company Directors.

Prior to joining CTSL, Seno served in pivotal legal leadership roles, including General Manager Legal and Company Secretary at NASFUND and Chief Legal Officer at the National Superannuation Fund. He was responsible for the end-to-end legal oversight of fund governance, statutory compliance, litigation management, property lease frameworks, and corporate secretarial duties. He also provided legal advice to the Board and Management on investment transactions, legislative interpretation, and organisational risk.

Seno's earlier consultancy experience includes senior roles with Chesterfield Lawyers and the legal divisions of Steamships and Eda Ranu/Water PNG. He has also served as Director on several boards including the PNG Land Board and private sector companies.

At CTSL, Seno leads the Legal, Risk and Compliance Division with a strong focus on statutory and fiduciary responsibilities, investment legalities, and organisational integrity—ensuring that the fund's operations are aligned with superannuation laws and best practice governance frameworks.



Pais Noki

CHIEF INTERNAL AUDITOR

Pais Noki was appointed Chief Internal Auditor of Comrade Trustee Services Limited (CTSL) on 18 December 2023, bringing over 16 years of experience in accounting, taxation, internal audit, and risk management.

He holds a Bachelor in Business Studies (Accountancy) and a Diploma in Business Studies from Divine Word University. Before joining CTSL, he was Manager Internal Audit at Nambawan Super Limited for five years, overseeing risk management, audit strategy, fraud investigations, and compliance. His experience includes senior audit roles at International Education Agency PNG, SP Brewery Limited, and OM Holdings Limited.

A recognized leader in internal audit and governance, Pais served as President of the Institute of Internal Auditors PNG (IIA PNG) from 2018 to 2024, where he played a key role in strengthening audit practices nationwide. He is also a Certified Practicing Accountant (CPA PNG) and a Professional Member of the PNG Institute of Directors (PNGID). His expertise and leadership continue to drive excellence in risk management, financial governance, and internal controls at CTSL.



Raka Raula

COMPANY SECRETARY

Raka Numa Raula was appointed Company Secretary of Comrade Trustee Services Limited (CTSL) in August 2023. In this role, she leads the corporate secretariat function, supporting the Board of Directors and its committees to ensure effective corporate governance, regulatory compliance, and streamlined board decision-making. She serves as the principal governance advisor to the Board.

Raka brings over 15 years of legal, governance, and policy experience across the financial services, superannuation, and public sectors. Prior to joining CTSL, she served as Assistant Company Secretary (and Acting Company Secretary) at Nambawan Super Limited from 2016 to 2023, where she was responsible for managing board operations, shareholder relations, and governance oversight of investee companies. Her earlier career included legal and policy roles with government and regional organizations in Papua New Guinea and Samoa, focusing on legislative reform, international law, and governance frameworks.

Raka holds a Master of Law & Development from the University of Melbourne, a Bachelor of Laws (Honours) from the University of Papua New Guinea, and a governance certification from the Australian Institute of Governance. She completed the Harvard Business School Executive Program in Board Leadership in 2024 and is admitted to legal practice in Papua New Guinea, Fiji, and Samoa.

Beyond her professional role, Raka contributes to leadership and community development through roles such as Division Director of Toastmasters International and Co-Vice President of the PNG Women Lawyers' Association.

FUND MANAGER'S REPORT

Licensed Investment Manager's Statement

Frontier Equities Limited



Dear Members,

Frontier Equities Limited (FEL) is pleased to report on another year of strong growth for your Fund. In a challenging investment environment, the Fund was able to achieve a gross investment return of 16.1% and a resulting crediting rate of 10.5%, the highest result recorded in the last 5 years.

While this outcome is exceptional, we encourage members to view performance through a long-term lens. Markets will inevitably experience highs and lows, but our focus remains on managing volatility and delivering sustainable outcomes over time. Through disciplined investment and prudent risk management, we will continue to aim for consistent, long-term value creation for the Fund and its members.

2024 Market Summary

Global economic growth in 2024 remained stable albeit slower than expected. Despite persistent geopolitical tensions, trade policy uncertainties and regulatory restrictions, global trade volume as a share of world GDP did not deteriorate. Economic activity in major economies appeared to gain momentum, helping to improve cyclical disparities which helped to bring inflation rates across countries closer together. The global disinflation trend continued supported by a shift toward more accommodative monetary policy in several advanced economies.

Domestically, Papua New Guinea's economic outlook remained broadly positive throughout 2024 withstanding the well-documented challenges with law and order led by the Black Wednesday, social and political instability, and continued delays in final investment decisions for major resource projects Papua LNG and Wafi Golpu. Economic growth was supported by the tough policy decisions made by the government to address inflation

and foreign exchange issues through a USD903 million International Monetary Fund (IMF) program and AUD570 million budget support from the Australian Government linked to governance reform areas. The resumption of Porgera Gold Mine was also a positive contributor to the economy despite some of its challenges with ramping up its operations to full capacity.

Investment Portfolio Review

CTSL's Funds Under Management (FUM) grew from K676.5 million to K775.5 million, an increase of K99.0 million or 14.6% year-on-year.

Domestic equities remained the primary driver of portfolio growth, underpinned by capital gains from the Fund's shareholding in BSP Financial Group Limited (PNGX: BSP). A secondary but notable contributor to domestic performance was the fixed income portfolio—comprising Government Inscribed Stocks and Treasury Bills which benefited from the continued recovery in yields from recent lows.

The international portfolio also delivered strong returns for the Fund, outperforming the previous year's result. This performance was driven primarily by capital gains and dividend income from the Fund's investment in the Vanguard International Shares Index Fund and Kina Securities Limited. Foreign currency denominated assets also benefitted from the managed depreciation of the PNG Kina against the US Dollar.

Historical Performance (5 years)

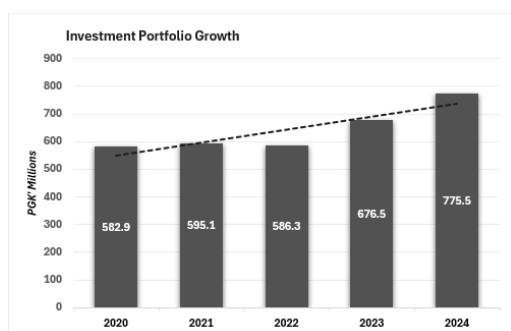
Over the past five years, FUM has grown by more than 33.0%, rising from K582.9 million in 2020 to K775.5 million in 2024 (refer Figure 1.1). This is a remarkable achievement, particularly given the backdrop of slow membership growth and the lingering



Licensed Investment Manager's Statement Frontier Equities Limited

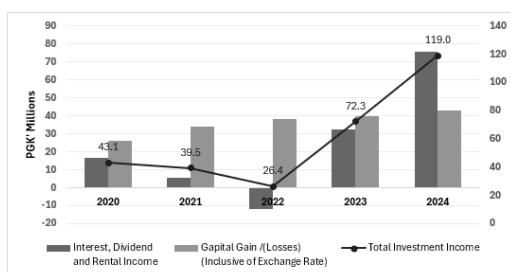
effects of global market disruptions in the post-COVID-19 period.

Figure 1.1 – Historical FUM Growth



Importantly, this growth has been driven not by an expansion in membership, but by strong investment performance underpinned by disciplined portfolio management and prudent investment decisions.

Figure 1.2 – Historical Investment Returns



Together with CTSL, FEL has played a critical role in optimising the portfolio through the pandemic and the year's since, ensuring consistent upward momentum in investment returns despite periodic volatility.

Property Asset Class Performance

The domestic property asset class continues to present challenges for the Fund, as it does for many property owners across Papua New Guinea. Elevated operating costs and an oversupplied market have constrained the ability to achieve targeted returns. In response, Frontier Equities Limited (FEL), in partnership with Comrade Trustee Services Limited (CTSL),

has initiated a refreshed property strategy aimed at enhancing portfolio performance. This includes the divestment of underperforming assets, the activation of under-utilised land holdings, and a more structured investment approach that reflects lessons learned from past projects.

Strategic Asset Allocation (SAA)

At the core of the Fund's investment approach is its Strategic Asset Allocation (SAA), which serves as a guiding framework for achieving long-term, risk-adjusted returns in line with the Fund's objectives and obligations.

The current portfolio allocation stands at 86.3% domestic and 13.7% international, compared to approved SAA targets of 72.0% and 28.0% respectively. The Fund remains overweight in domestic equities and underweight in international assets. The key impediments continue to be the prevailing foreign currency constraints and illiquidity of domestic investments.

Figure 1.3 – Asset Allocation vs SAA Target

Asset Class	Curent Portfolio Weightings	SAA Target
Domestic Cash	2.7%	10.0%
Domestic Fixed Income	22.1%	20.0%
Domestic Equities	46.6%	27.0%
Domestic Properties	14.9%	15.0%
Domestic Assets - Total	86.3%	72.0%
International Cash	2.7%	1.0%
International Fixed Income	0.0%	5%
International Equities	11.0%	15.0%
Emerging Markets Equities	0.00%	7.0%
International Assets - Total	13.7%	28.0%
Total Investment Assets	100%	100%

While we remain grounded in our domestic investment strategy, CTSL and FEL are fully aware of the diversification benefits that international exposure brings. We actively explore offshore opportunities and closely monitor foreign exchange market conditions to enable alignment with the SAA.

Licensed Investment Manager's Statement Frontier Equities Limited



Looking Ahead

We anticipate that geopolitical developments will continue to shape global market performance. While short-term volatility is expected, we remain confident in the overall resilience of markets. Although our domestic market often diverges from global trends, we expect the current pace of extraordinary growth to moderate. However, the illiquidity of local assets may serve to limit downside risk.


Guided by the investment strategy, we are working closely with CTSL to restructure the

portfolio—ensuring each asset performs to expectation and embedding greater discipline in the investment process. This approach is aimed at delivering more sustainable returns over the long term.

In closing, we are pleased to report on another outstanding year and look forward to continuing our collaboration with the Team at CTSL to ensure the Fund continues to deliver better retirement outcomes for its members.

Adam Kramer
Director
Frontier Equities Limited

Rabbie Namaliu Jnr
General Manager
Frontier Equities Limited



We are making a significant investment in nation building through educated, informed, productive citizens.



Fund Administrator's Statement

Kina Investment & Superannuation Services Limited - 'A wholly owned subsidiary of Kina Securities Limited and Licensed Fund Administrator for Comrade Trustee Services Limited.

2024 Year in Review

Kina Investment & Superannuation Services Limited (KISS) is pleased to present its annual fund administration statement for the period ending December 31, 2024, on behalf of Comrade Trustees Services Limited (CTSL). Throughout the year, KISS has maintained its commitment to providing superior fund administration services and has continued to enhance its technological infrastructure to effectively support the evolving requirements of CTSL and the members of the fund.

Key highlights for the fund administration services in 2024, are as follows:

- **Membership:** Total membership under administration experienced a decrease of 2.9%, reaching 4,133 members as of December 31, 2024.
- **Funds Under Administration:** Total funds under administration demonstrated growth of 6%, increasing from PGK 521.74 million in 2023 to PGK 553.72 million as of 31 December, 2024.
- **Contributions:** Total contributions received amounted to PGK 58.03 million in 2024, a significant increase compared to PGK 23.22 million in 2023.
- **Entitlement Benefits:** Total entitlement benefits paid remained consistent at PGK 32.01 million in 2024, with a notable PGK 25 million attributed to State share contributions payout.
- **Pension Membership:** Total pension membership remained relatively stable at 1,588 in 2024, compared to 1,589 pensioners in 2023.
- **Pension Payments:** Total pension payments increased slightly to PGK 14.89 million in 2024, compared to PGK 14.70 million in 2023.

In terms of technological advancements, KISS successfully implemented significant upgrades to its core fund administration platforms: the Core Acurity Registry Platform was upgraded to Version 22, and the Acurity Online Portal upgraded to Version 13. The implementation of these upgrades is intended to enhance the efficiency, transparency, accessibility and security of the fund administration system.

Fund Membership

As of 31 December 2024, the total fund membership was 4,133 individuals. Of this total, 28% represent members with over 20 years of service, while the remaining 72% have a comparatively shorter service period. The defined benefit scheme comprises 180 members, and the accumulation scheme experienced a 3% decrease from the previous year, resulting in a membership of 3,953 soldiers.

Scheme	Yr. 2022			Yr. 2023			Yr. 2024		
	Active Members	Inactive Members	Total	Active Members	Inactive Members	Total	Active Members	Inactive Members	Total
Accumulation	3,878	379	4,257	3,789	286	4,075	3,714	239	3,953
Defined Benefit	88	96	184	88	94	182	87	93	180
Total	3,966	475	4,441	3,877	380	4,257	3,801	332	4,133



Funds under Administration

Total funds under administration at year ending 31 December 2024 was PGK533.7 million, an increase of 6% representing PGK31 million since December 2023.



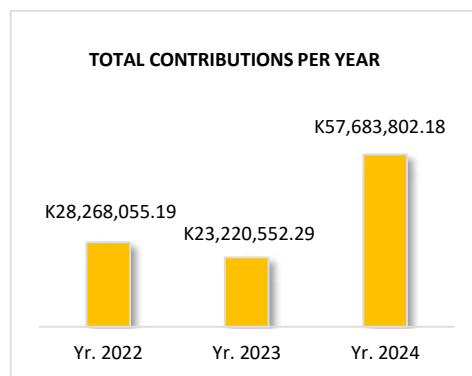
Scheme	Yr. 2022			Yr. 2023			Yr. 2024		
	Active Mship	Inactive Mship	Total	Active Mship	Inactive Mship	Total	Active Mship	Inactive Mship	Total
Accumulation	514,353,462.18	10,650,853.36	525,004,315.54	503,959,408.76	12,543,675.12	516,503,083.88	538,196,714.58	10,054,922.81	548,251,637.39
Defined Benefit	3,820,091.75	1,247,860.66	4,358,229.00	4,096,712.29	1,147,283.27	5,243,995.56	4,310,533.00	1,165,667.35	5,476,200.35
Total	518,173,553.93	11,898,714.02	529,362,544.54	508,056,121.05	13,690,958.39	521,747,079.44	542,507,247.58	11,220,590.16	553,727,837.74

Contributions

In 2024, total contributions received and allocated was PGK58 million for both the Defined Benefit and Accumulation Schemes.

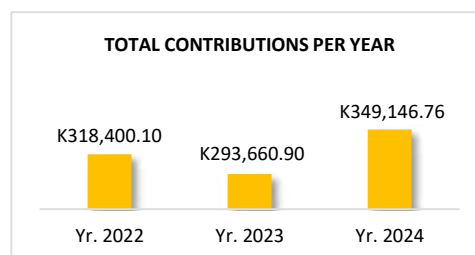
Accumulation fund

Description	Yr. 2022	Yr. 2023	Yr. 2024
Member Contributions	10,250,992.27	7,891,868.06	8,946,927.53
Employer Contributions	14,350,223.52	11,975,921.86	13,109,261.02
Member Voluntary	2,920,835.06	2,726,780.94	3,147,194.55
Employer Voluntary	0.00	0.00	0.00
Member Salary Sacrifice	1,693.91	11,150.22	0.00
Housing Advance Repayment	432,352.87	459,483.76	571,068.20
Transfers from other ASF	311,957.56	155,347.45	145,182.70
State Share	0.00	0.00	31,764,168.18
Unallocated Contributions	0.00	0.00	0.00
Total	28,268,055.19	23,220,552.29	57,683,802.18



Defined Benefit fund

Description	Yr. 2022	Yr. 2023	Yr. 2023
Member Contributions	261,566.59	233,852.89	252,037.72
Employer Contributions (Gratuity)	- 6,568.45	0.00	4,483.47
Housing Advance Repayment	32,880.30	21,514.45	37,819.30
Member Voluntary	40,521.66	38,293.86	54,806.27
Unallocated Contributions	0.00	0.00	
Total	318,400.10	293,660.90	349,146.76



Key Highlights:

- **Accumulation scheme** - Experienced an increase in employer contributions totalling PGK31.7 million attributed to the collection of state share contributions.
- **Defined Benefit Scheme** - Recorded 19% increase from member, member voluntary and housing advance repayments.

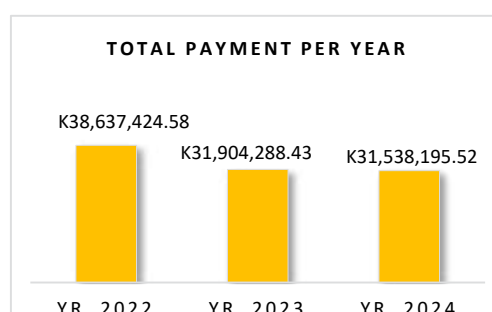
Benefit Payments

The total value of benefit payments disbursed in 2024 across both the Defined Benefit and Accumulation schemes reached PGK 32.01 million.



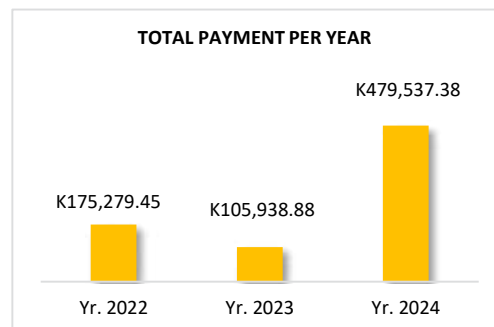
Accumulation fund

Description	Yr. 2022	Yr. 2023	Yr. 2024
Normal Retirement	8,689,966.46	1,509,408.30	5,252,876.43
State Share Payments	30,388,780.56	25,986,076.72	16,092,672.57
Medical Retirement	0.00	0.00	-
Death	1,508,062.69	549,541.15	1,856,813.53
Transfer Out (to other ASF)	473,840.42	338,883.22	4,346,896.95
Unemployment Benefits	8,123.55	8,756.46	4,596.13
Housing Advance	2,910,442.14	2,878,527.22	3,535,958.16
Tax on Full Benefits	874,677.52	74,197.09	448,317.86
Tax on Partial Benefits	369.21	558,898.27	63.89
Total	38,637,424.58	31,904,288.43	31,538,195.52



Defined Benefit fund

Description	Yr. 2022	Yr. 2023	Yr. 2024
Refund/Commutation	46,943.84	0.00	304,871.89
Normal	13,021.97	12,616.35	0.00
Medical	47,925.49	0.00	0.00
Death	40,990.72	0.00	0.00
Transfer Out (to other ASF)	0.00	0.00	0.00
Transfer Out (to DFAC)	0.00	0.00	0.00
Housing Advance	20,000.00	92,905.46	170,962.59
Tax on Full Benefits	6,397.43	417.07	3,702.90
Tax on Partial Benefits	0.00	0.00	0.00
Total	175,279.45	105,938.88	479,537.38



Key Highlights:

- **Overall movement** - reflecting a 29% decrease compared to the prior year's K 45 million payout
- **Unfunded State Share payments** - Disbursed PGK 16 million to 73 existing members from the Accumulation Scheme in normal and death benefit payments upon receiving government funding
- **Transfer out to other ASF** - Four employers transferred out from the Accumulation Scheme to another ASF with K4.35 million in member savings.
- **Defined Benefited Scheme** - Increase of over 100% in housing advance payments and commutation payments.

Pension

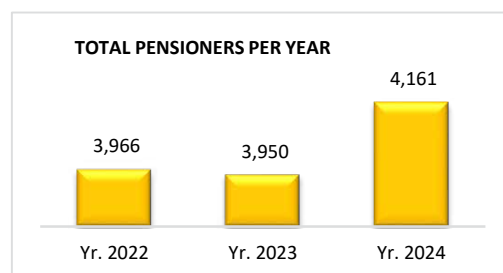
Pension payments increase by a modest 1% in 2024 totalling PGK 14.89 million from the previous year. Three new pensioners were created closing the year with 1,588. Suspended pensioners increased by 7 from 403 to



410, with those reaching Ages over 65 recording a significant increase of 41 from 1,147 to 1,188 while 172 additional pensioners became eligible for 6-months advance payment. The beneficiary pool deceased by 1 down to 481 widows with 12 child pension recipients remained consistent.

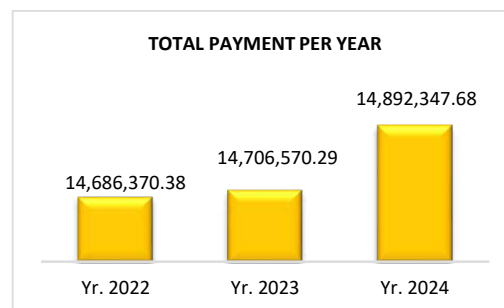
Pension statistics

Description	Yr. 2022	Yr. 2023	Yr. 2024
Normal	1,134	1,186	1,178
Suspended	466	403	410
Widow	486	482	481
Child	13	12	12
Age greater than 65	1,073	1,147	1,188
Eligible for six months advance	794	720	892
Total (Normal + Suspended)	1,600	1,589	1,588



Pension payments

Payments	Yr. 2022	Yr. 2023	Yr. 2024
On-off Pension	3,117,593.62	2,344.33	0.00
Regular	11,568,776.76	14,704,225.96	14,892,347.68
Total	14,686,370.38	14,706,570.29	14,892,347.68



Looking Ahead 2025 and beyond

With a strategic vision for the future, KISS is making significant investments in advanced technologies to further enhance the value of fund administration services for CTSL and its members. We remain committed to driving innovation, driven by our long-standing partnership with CTSL.

Our envisioned future initiatives include the exploration of an Intelligent Document Analysis (**IDA**) software. This tool will provide robust capabilities for automated, high-quality data capture, extraction, and understanding, specifically designed to streamline the management of Member Details Update Forms. Furthermore, leveraging our advanced technological capabilities and Bank as a Service model, we are planning the design and development of CTSL x Kina Visa Debit Cards. This initiative will utilize our proprietary DigiBankr e-KYC platform and Kina's existing data assets to create a seamless, fully digital onboarding experience, ensuring automated regulatory compliance, and offer fee-free transaction accounts with a co-branded VISA debit card.

We remain committed to our long-standing partnership with CTSL by consistently delivering innovative and superior member experience service to CTSL members, with service excellence as the foundational principle of our operations.

Deepak Gupta
Executive General Manager

2024 HIGHLIGHTS

FUND SIZE

K803.79m

Net Assets at 31 Dec 24

NET SURPLUS

K75.11m

Net Surplus at 31 Dec 24

MEMBERSHIP

5,721 Members across both schemes

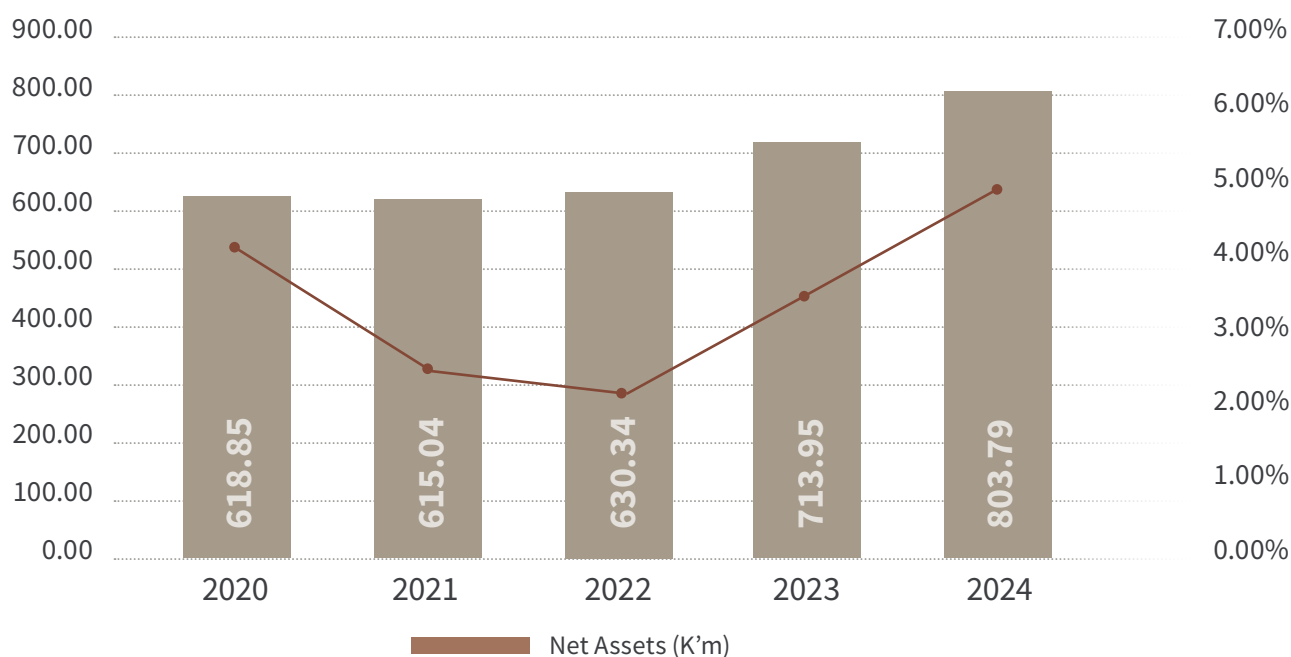
CREDITING RATE

10.5% For the year 2024

FIVE YEAR PERFORMANCE SUMMARY

Year	2020	2021	2022	2023	2024
Net Assets (K'm)	618.85	615.04	630.34	713.95	803.79
Net Asset Growth (K'm)	20.21	-3.81	15.30	83.61	89.84
5 Year CAGR	4.09%	2.22%	1.97%	3.59%	5.37%

5-YEAR NET ASSET GROWTH



INVESTMENT PORTFOLIO

Investment Portfolio	2024	2023	Current Allocation	Target Allocation*
Asset Classification	K	K	%	%
Domestic				
Cash	22,898,950	108,533,114	2.9%	10.0%
Fixed	170,667,289	58,331,486	22.0%	20.0%
Equities	361,077,452	276,671,770	46.5%	27.0%
Properties	115,441,630	153,695,850	14.9%	15.0%
DOMESTIC TOTAL	670,085,321	597,232,220	86.3%	72.0%
International				
Cash	21,161,322	24,617,202	2.7%	1.0%
Fixed	0	0	0.0%	5.0%
Equities	85,414,327	66,112,422	11.0%	22.0%
INTERNATIONAL TOTAL	106,575,649	90,729,624	13.7%	28.0%
TOTAL PORTFOLIO VALUE	776,660,970	687,961,844	100.0%	100.0%

Value as at 31-Dec

MAJOR INVESTMENTS**

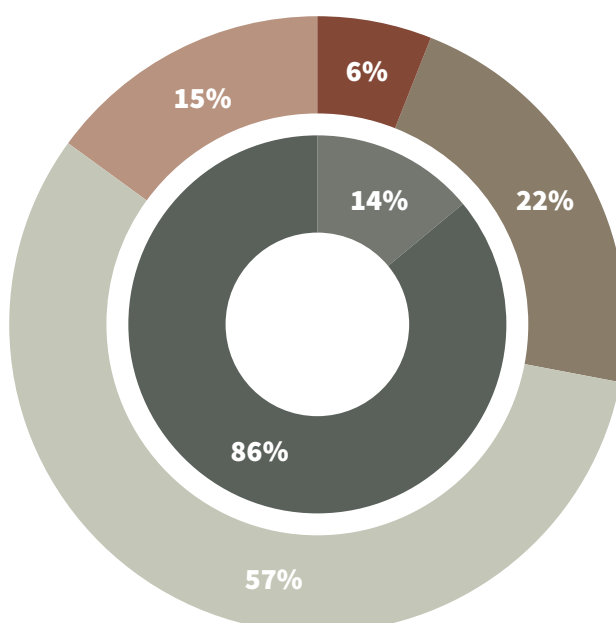
Investments	Asset Class	Exposure
Bank South Pacific	Listed Equities	31.92%
Government Securities	Fixed Income	21.64%
Toea Homes Limited	Unlisted Equities	7.92%
Defens Haus	Properties	5.60%

*The Strategic Asset Allocation is subject to change upon review and acceptance of the revised Investment Strategy.

**The Trustee has provided an Exposure Exit Plan and Request for Exemption to the Bank of Papua New Guinea for assets exceeding the single asset exposure limit as required by the Prudential Standards.

PORTFOLIO AT A GLANCE

■ Cash
 ■ Equities
 ■ International
 ■ Fixed
 ■ Properties
 ■ Domestic



EQUITIES PORTFOLIO

		2024	2023
Domestic	GICS Sectors	K	K
Listed			
Bank South Pacific	Financials	247,875,435	170,647,912
City Pharmacy	Consumer Staples	1,778,075	2,035,768
Kina Asset Management Ltd	Financials	8,681,643	4,883,424
Credit Corporation	Financials	5,622,299	4,164,666
TOTAL DOMESTIC LISTEDS		263,957,452	181,731,770
BPT(PNG) Ltd	Consumer Discretionary	14,236,000	13,300,000
Post Courier	Consumer Discretionary	2,509,000	2,450,000
South Pacific Brewery	Consumer Discretionary	18,885,000	17,700,000
Toea Homes Limited	Real Estate	61,490,000	61,490,000
TOTAL DOMESTIC UNLISTED		97,120,000	94,940,000
TOTAL DOMESTIC EQUITY PORTFOLIO		361,077,452	276,671,770
International	GICS Sectors	K	K
Listed			
Santos Ltd	Energy	15,771,221	12,684,857
Newmont Corporation (Newcrest Mining Ltd)	Materials	0	1,887,312
Kina Securities Ltd	Financials	26,420,159	16,470,902
TOTAL INTERNATIONAL LISTEDS		42,191,380	31,043,071
Unlisted			
Vanguard International Shares Indexed Fund	Financials	43,222,947	35,069,351
TOTAL INTERNATIONAL UNLISTED		43,222,947	35,069,351
TOTAL INTERNATIONAL EQUITY PORTFOLIO		85,414,327	66,112,422
TOTAL EQUITY PORTFOLIO		446,491,779	342,784,192

PROPERTY PORTFOLIO

		2024	2023
Properties	Type	K	K
Defens Haus	Commercial	43,500,000	44,800,000
Comrade Haus	Commercial	18,100,000	18,400,000
Latitude 9	Residential	9,070,000	9,000,000
Ela Makana 2	Residential	8,292,180	10,631,000
Ela Makana 1	Land Bank	4,906,300	5,705,000
Taurama Commercial	Land Bank	31,573,150	65,159,850
TOTAL PROPERTIES		115,441,630	153,695,850

CASH & FIXED INCOME

	2024	2023
	K	K
Cash		
Cash on hand	3,000	3,000
Cash in Banks	24,915,480	14,774,817
Term Deposits with maturities less than 90 days	19,141,792	118,372,499
TOTAL CASH	44,060,272	133,150,316
Fixed Interest		
Inscribed Stock	69,235,663	38,077,207
HBS Convertible Note	2,580,500	14,906,575
Treasury Bills	98,851,126	5,347,704
TOTAL FIXED INTEREST	170,667,289	58,331,486
TOTAL CASH & FIXED	214,727,561	191,481,802





DEFENCE FORCE RETIREMENT BENEFITS FUND

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2024

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Trustee's declaration to members

For the year ended 31 December 2024.

In our opinion, as Trustee of the Defence Force Retirement Benefits Fund (the "Fund"), the accompanying financial statements of the Fund which comprise of the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Net Assets, the Statement of Cash Flows, and the Notes to the financial statements, including a summary of significant accounting policies, give a true and fair view of the Fund's financial position and performance as at 31 December 2024 in accordance with International Financial Reporting Standards, the Superannuation (General Provisions) Act 2000, the Defence Force Retirement Benefits Fund Act and the Superannuation Prudential Standards issued by the Bank of Papua New Guinea.

Further, we are of the opinion that:

- a) the results of the Fund's operations for the year have not been materially affected by items, transactions or events of an abnormal nature or character. All significant transactions during the year have been appropriately identified and disclosed in the financial statements.
- b) no circumstances have arisen which would: (i) adversely impact the Fund's ability to meet its financial obligations and commitments as and when they become due and/ or (ii) render any amount in the financial statements misleading;
- c) there are no contingent liabilities that could materially affect the ability of the Fund to meet its obligations as and when they become due; and
- d) The Trustee has satisfied itself that:
 - i. key financial and operational risks have been identified and mitigating processes set in place;
 - ii. systems to control and monitor those risks have been established including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes;
 - iii. established risk management systems are operating effectively and are adequate to address the risks they are designed to control; and
 - iv. there are no apparent conflicts of interest with respect to the Fund's engagement of independent external auditors which may compromise their performance.

Dated at Port Moresby this 24th day of March 2025.

For and on behalf of the Board of Comrade Trustee Services Limited.

Michelle Hau'ofa
Chairwoman

Chetan Chopra
Director

Management's statement

For the year ended 31 December 2024.

In our opinion, as management of the Trustee of the Defence Force Retirement Benefits Fund ("the Fund"), the accompanying financial statements of the Fund which comprise of the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Net Assets, the Statement of Cash Flows, and the Notes to the financial statements including a summary of significant accounting policies, give a true and fair view of the Fund's financial position and performance as at 31 December 2024 in accordance with International Financial Reporting Standards, the Superannuation (General Provisions) Act 2000, the Defence Force Retirement Benefits Fund Act and the Superannuation Prudential Standards issued by the Bank of Papua New Guinea.

Further, we are of the opinion that:

- a) the results of the Fund's operations for the year have not been materially affected by items, transactions or events of an abnormal character. All significant transactions during the year have been appropriately identified and disclosed in the financial statements.
- b) no circumstances have arisen which would: (i) adversely impact the Fund's ability to meet its payment obligations and commitments as and when they become due and/ or (ii) render any amount in the financial statements misleading;
- c) there are no contingent liabilities that could materially affect the ability of the Fund to meet its obligations as and when they become due; and
- d) Management has satisfied itself that:
 - i. key financial and operational risks have been identified and mitigating processes set in place;
 - ii. systems to control and monitor those risks have been established including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes;
 - iii. established risk management systems are operating effectively and are adequate to address the risks they are designed to control; and
 - iv. there are no apparent conflicts of interest with respect to the Fund's engagement of independent external auditor which may compromise their performance.

Dated at Port Moresby this 24th day of March 2025.

For and on behalf of the Management of Comrade Trustee Services Limited

Charlie Gilichibi
Chief Executive Officer

Jackraho Morea
General Manager, Finance

Director's report

For the year ended 31 December 2024.

The directors of Comrade Trustee Services Limited take pleasure in submitting this report and the annual financial statements of the Fund for the financial year ended 31 December 2024 in compliance with the provisions of the Companies Act 1997 and the Superannuation (General Provisions) Act 2000.

The Fund remained under Statutory Management up to 2nd of February 2023. An interim board was appointed by BPNG for a period of six months up to 2nd August 2023. A permanent board was installed from 3rd of August 2023.

Board of Directors

The interim board as a condition for their appointment by the regulator, BPNG, engaged an external board assessor who did comprehensive work to recruit a permanent board. The directors of the permanent board installed from the 3rd of August 2023 are:

- Michelle Hau'ofa
- Chetan Chopra
- Charles Lee
- Vera Raga
- Warick Vele
- Commodore Philip Polewara
- Col Fred Aile

Trustee Secretary

Ms. Raka Raula

Review of operations

The Fund reported a net surplus after income tax and before other comprehensive income of

K75,108,079 (2023: 48,844,850) and an increase in net assets for the year of K89,847,256 (2023: increase of K83,610,943).

Changes in state of affairs

There have been no changes to the state of affairs of the Fund.

Change in accounting policies

There were no changes in accounting policies for the current year.

Entries in the interest register

There were no entries in the interest register made for the year.

Directors' remuneration

Remuneration paid to Directors has been disclosed in note 21.3 to the financial statements.

Donations

No donations were made during the current year (2023: Nil).

Independent audit report

The financial statements have been audited by Ernst & Young and should be read in conjunction with the Independent Auditor's report on pages 5 to 7. Fees paid for external audit services are disclosed in Note 19.2 to the financial statements.

Subsequent events

There has not been any other matter or circumstance other than that referred to in the financial statements, that has arisen since the end of the financial year that has significantly affected, or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years that would require an adjustment or disclosure in the financial statements.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Michelle Hau'ofa
Chairwoman



Chetan Chopra
Director

Dated at Port Moresby this 24th of March 2025



Ernst & Young
Credit House, Level 4
Cuthbertson St, Port Moresby
PO Box 1380, Port Moresby 121
National Capital District Papua New Guinea

Tel: 675 305 4100
Fax: 675 305 4199
ey.com/pg

Independent auditor's report to the members of Defence Force Retirement Benefit Fund

Opinion

We have audited the financial report of the Defence Force Retirement Benefit Fund (the Fund) for the year ended 31 December 2024 comprising the statement of financial position, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the Trustee's declaration

- a) In our opinion, the accompanying financial report of the Fund is in accordance with the *Superannuation (General Provision) Act 2000*, and the *Superannuation Prudential Standards issued by the Bank of Papua New Guinea* giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance for the year ended on that date; and
- b) complying with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial report in Papua New Guinea, and we have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The Fund's Trustee is responsible for other information. The other information is the Management Statement and Directors' Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee for the Financial Report

The Fund's Trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards, the *Superannuation (General Provision) Act 2000*, the Superannuation Prudential Standards issued by the Bank of Papua New Guinea and for such internal control as the Trustee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial report.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.



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with confidence**

- ▶ Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- ▶ Evaluated the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on other legal and regulatory requirements

The *Superannuation (General Provision) Act 2000* and the Superannuation Prudential Standards issued by Bank of Papua New Guinea requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- a) in our opinion proper accounting records have been kept by the Fund, so far as appears from our examination of those records; and
- b) we have obtained all the information and explanations we have required.

Ernst & Young

Matthew Savage
Partner
Port Moresby
24 March 2025

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2024

	Note	2024	2023
		K	K
Assets			
Cash and cash equivalents	7	44,060,272	133,150,316
Receivables from State	8	14,632,064	7,768,021
Financial assets:			
At fair value through profit or loss	9.1	446,491,780	342,784,192
At amortized cost	9.2	170,667,289	58,331,486
Investment properties	10	115,441,630	153,695,850
Asset classified as held for sale		-	8,600,000
Property and equipment		849,678	1,268,132
Other assets	11	9,372,314	9,507,269
Related party receivables	21.1	16,292,995	14,392,891
Current tax assets	12.4	(6,863,230)	1,402,363
Deferred tax assets	12.3(a)	600,411	310,732
Total assets		811,545,203	731,211,252
Liabilities			
Member's Benefits Payable	13	3,593,993	10,998,597
Employee provisions		1,187,279	892,931
Deferred tax liabilities	12.3(b)	50,518	781,263
Other liabilities	14	2,920,168	4,592,472
Total liabilities		7,751,957	17,265,263
Net assets available to pay benefits	15.1	803,793,246	713,945,989

Full notes to the financial statements are provided beginning page 39.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	Note	K	K
Revenue			
<i>Investment revenue</i>			
Interest income	16	9,384,049	6,867,552
Dividends		31,356,193	30,311,804
Property income net of property expenses	17	2,227,141	2,890,472
Change in fair value on investment properties	10	(39,276,944)	(6,190,515)
Change in fair value of financial assets	9.3	96,524,746	26,796,490
Net investment revenue		100,215,186	60,675,803
Other net income/(expense)		638,997	1,979,870
Total revenue		100,854,183	62,655,673
Administrative and management expenses			
Trustee administration and management expenses	19	(15,378,932)	(11,216,457)
Fund administration and investment fees	20	(2,354,091)	(2,013,436)
Total administrative and management expenses		(17,733,023)	(13,229,893)
Net profit before income tax		83,121,160	49,425,780
Income tax expense	12.1	(8,013,081)	(580,930)
Net profit after income tax		75,108,079	48,844,850
Other comprehensive income		-	-
Total comprehensive income		75,108,079	48,844,850

Full notes to the financial statements are provided beginning page 39.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2024

		2024	2023
	Note	K	K
Net profit for the year available to pay benefits		75,108,079	48,844,850
Contributions from members and state	18.2	48,048,827	63,315,250
Benefits paid to members	18.1	(33,309,650)	(28,549,157)
Change in net assets for the year		89,847,256	83,610,943
Net assets available to pay benefits at the beginning of the year		713,945,989	630,335,046
Net assets available to pay benefits at the end of the year		803,793,245	713,945,989

Full notes to the financial statements are provided beginning page 39.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024	2023
Note	K	K
<i>Cash flows from operating activities</i>		
Interest received	10,185,879	9,115,754
Dividends received	30,311,804	30,007,930
Property income received	2,227,141	2,890,472
Benefits paid to members	(36,432,508)	(37,940,446)
Cash payment to employees and suppliers	(17,587,543)	(15,502,037)
<i>Net cash flows from operating activities</i>	(11,295,226)	11,428,327
<i>Cash flows from investing activities</i>		
Proceeds from maturity of government inscribed stock	6,000,000	14,000,000
Purchase of treasury bills	(91,449,396)	(5,323,555)
Purchase of government inscribed stock	(37,000,000)	(10,000,000)
Investment in convertible note	-	-
Payment received on convertible note	12,159,500	4,000,000
Purchase of property and equipment	(73,394)	(1,241,361)
Additions to investment properties	(2,434,461)	(3,931,515)
Investment in Toea Homes Limited	(1,900,104)	(1,806,755)
Advanced receipt from sale of investment properties	-	2,000,000
<i>Net cash flows used in investing activities</i>	(114,697,855)	(2,303,186)
<i>Cashflow from financing activities</i>		
Contributions received from members & state	48,048,827	63,178,056
Cash receipt from the state share of benefits	(6,864,043)	3,817,817
Contributions from members other than PNGDF	(4,281,745)	781,243
<i>Net cashflows used in financing activities</i>	36,903,038	67,777,116
<i>Net increase in cash and cash equivalents</i>	(89,090,043)	54,045,603
Cash and cash equivalents at the beginning of the year	133,150,316	79,104,713
Cash and cash equivalents at the end of the year	7 44,060,273	133,150,316

Full notes to the financial statements are provided beginning page 39.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE FUND

Defence Force Retirement Benefits Fund (the “Fund” or “DFRBF”) was established and recognized as a Superannuation Fund on 1 January 2003 pursuant to Section 8 of the Superannuation (General Provisions) Act 2000 and governed under the Defence Force Retirement Benefits Fund Act, Chapter 79 (DFRBF Act) with the repeal of Section 17 of the DFRB Act (provision through which the Fund was initially established on 31 December 2002). DFRBF was a Defined Benefits Fund until November 2015, when Parliament passed a bill allowing members to choose between the existing Defined Benefits and the newly established Defined Contribution (Accumulation) Fund. This has effectively changed the Fund from being a Defined Benefits Fund to be a hybrid Fund with both Defined Benefits and Defined Contribution (Accumulation) Schemes as at 1 January 2016.

The Trustee at balance sheet date is Comrade Trustee Services Limited (“CTSL” or “Trustee”). CTSL is licensed by the Bank of Papua New Guinea as the corporate Trustee for the DFRBF. As the licensed corporate Trustee it has ultimate legal responsibility for the prudent management and preservation of the Fund subject to the requirements of the Superannuation Act and governing rules of the Fund.

The Fund is operated for the purpose of providing benefits to members of the DFRBF who are also members of the PNG Defence Force on retirement and or to their families in the event of death and for related purposes. The objective of the Trustee is to ensure that the benefit entitlements of members and their declared beneficiaries are fully funded by the time they become payable.

Total membership for the Fund as at 31 December 2024 was:

	ACCUMULATION BENEFIT MEMBERS	DEFINED BENEFIT MEMBERS	TOTAL
Contributors	3,953	180	4,133
Pensioners	-	1,588	1,588

The fund administration and investment management functions were outsourced to and performed by Kina Investment & Superannuation Services Limited (KISS) and Frontier Equities Limited (FEL) respectively, in compliance with the Superannuation (General Provision) Act 2000.

The principal place of business of the Fund is:

Comrade Trustee Services Limited

Level 1, Comrade Haus,
Off Frangipani Street, Hohola
Port Moresby, National Capital District
Papua New Guinea

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements of Defence Force Retirement Benefits Fund (the “Fund”) have been prepared in accordance with the Superannuation (General Provisions) Act 2000, International Financial Reporting Standards (“IFRS”), the Superannuation Prudential Standards issued by the Bank of Papua New Guinea.

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6. The principal accounting policies are set out below.

2.3 Summary of significant accounting policies

(a) Revenue recognition

The Fund’s income items are recognised on an accrual basis and are presented in the Statement of Comprehensive Income.

Interest revenue

Interest income is recognised when it is probable that the economic benefits will flow to the Fund and the amount of income can be measured reliably. Interest income is accrued on a periodic basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

Dividend revenue

Dividend revenue from investments is recognized when the shareholder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Fund and the amount of income can be reliably measured).

For listed equity, this is usually the ex-dividend date.

For unlisted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

Property rental income

Rental income from operating leases are 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 lease term.

(b) Taxes

The Fund is exempted from paying income taxes on Capital gains and dividends. However, interest income received by the Fund is subject to interest withholding tax while rental income is fully taxable.

Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date in the countries where the Fund operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant accounting policy (continued)

(c) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the basis of straight line to write-off the cost of such assets to their residual values over their estimated useful lives as follows:

Furniture and fittings	15%
Motor vehicles	30%
Office equipment	20%
Renovations	10%
Software	33%

The asset's residual values and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

Profits or losses on disposal (being the difference between the carrying value at the time of sale or disposal and the proceeds received) are taken into account in determining operating profit for the year. Repairs and maintenance costs are charged to the profit and loss and other comprehensive income statement when the expenditure is incurred.

(d) Investment property

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

Land and buildings, classified as investment property, are valued at 31 December 2024. In determining the fair value for financial reporting purposes, reference is made to the valuations performed by registered valuers ("the valuers") whose valuation reports indicate several methods that have been considered as a part of the valuation process and include methods such as capitalisation method, summation method and discounted cash flow method.

The valuations reports provided by the valuers are performed independently and the valuation methodology used takes into consideration the applicability of each methodology respectively with the type of assets being valued which are reflective of prevailing economic and market conditions to ensure that the values adopted are fair and appropriate for financial reporting purposes.

The registered valuers:

REGISTERED VALUER

CJ Valuers

Qualifications

BLST (PNGUT), PNGIVLA,
Member no. 29, Certified
Valuer No. 124

PROPERTIES

Defens Haus
Latitude 9
Ela Makana 1 & 2
Taurama Commercial
Comrade Haus

(e) Financial assets

i. Recognition and initial measurement

The Fund's financial assets are initially recognised at fair value through profit and loss (FVTPL) on acquisition. Other Financial Assets not recognised as FVTPL are recorded at cost. The classification depends on the purpose for which the investments are acquired. Management of the Trustee of the Fund determines the classification of its investments at initial recognition.

ii. Classification and subsequent measurement

With the introduction of IFRS 9 effective January 2018, financial assets are classified under the following three categories:

- financial assets at fair value through profit or loss (FVTPL);
- financial assets at fair value through other comprehensive income (FVOCI) and;
- amortized cost financial assets.

(1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those assets managed for which their performance is evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Fund after the introduction of IFRS 9 has maintained classifying its listed and unlisted equities under Financial Assets at Fair Value through Profit and Loss. These two-asset class basically met the "Other" business model test where they were not held for contractual cash flow or sale. The main purpose is for capital growth and dividends.

(2) Amortized cost

Financial assets held to maturity are non-derivative with fixed or determinable receipts and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity.

A financial asset is measured at amortized cost if the business model requires holding assets to collect contractual cash flows and the term of contract will give rise on specified dates to cash flows that are Solely Payment of Principal & Interest (SPPI) and that it is not designated as at FVTPL.

For BPNG Treasury bills, under investment securities classification, the 12-month ECL for these financial instruments are not material as:

- The financial instruments have a low risk of default,
- The BPNG, in the short term, is expected to have a strong capacity to meet its obligations given past behaviour, despite Papua New Guinea's relatively poor international credit rating and
- The Fund's management, in the longer term, believe the adverse changes in economic and business conditions, will not reduce the ability of BPNG to meet its obligations to pay Treasury bills upon maturity.

The Funds' investment in Government Inscribed Stock are measured at Amortized Cost as it is held to collect contractual cash flow. Upon settlement on specific dates in the future, the cashflow is "Solely Payment of Principal and Interest".

(3) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

(4) Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. The Fund carries no Financial Liabilities as the Bank regulations do not allow for it.

iii. Fair value measurement

Changes in fair market value of Financial Assets and Investment properties are recognised as income and are determined as the difference between the fair market value at year end or consideration received (if sold during the year) and the fair market value as at the prior year end or cost (if the investment was acquired during the period).

'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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a mid-price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

iv. Amortized cost measurement

Unlisted shares were independently valued as at 31 December 2024 as adopted by the Board. This valuation was performed by Kina Investment Banking as an independent professional valuer. The methodology used in the analysis was a combination of future maintainable earnings, dividend yields and discounted cash flows of assets, respectively as appropriate to the shares except for Toea Homes Ltd, a 100% subsidiary, where the adjusted net asset value is applied.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference.

v. Impairment of financial assets

Subsequent to the introduction of IFRS 9, the Fund recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECL, except cash and cash equivalents which are measured as 12 month ECL as credit risk (i.e the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Bank does not allow the Fund to issue loans to members and also does not allow interest bearing deposits with Financial Institutions that are not on the Bank's approved list. This mitigates the risk of possible impairments for the assets held at amortised cost. In addition, the Fund has K168 million out of its total assets of K811.2 million sitting as investments with BPNG through purchasing of the Government Inscribed Stocks and Treasury Bills. These have a high credit risk rating which further reduces the possible risk of impairments of these assets.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of Significant accounting policy (continued)

(f) Loans and impairment losses

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans originated by the Fund by providing money directly to the borrower are recognised as loans originated by the Fund and are carried at cost, which is defined as the fair value of cash consideration given to originate those loans as is determinable by references to market prices at origination date.

Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

The Fund does not issue or take loans as per Prudential Standards issued by the regulator, the Bank of Papua New Guinea.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and term deposits.

(h) Foreign currency

Functional presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Kina, which is the Fund's functional and presentation currency.

Transactions and balances

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

(i) Changes in accounting policies and comparatives

No changes to accounting policies in the current year impacted the Fund. See details IFRS Standards in Note 2.4.

(j) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, including salary sacrifices, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled wholly within 12 months are measured as the present value of the estimated future cash outflows to be made by the Fund in respect of services provided by employees up to reporting date.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The employees of the Trustee of the Fund do not contribute to the Fund but to a different Superannuation Fund.

(k) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that the Fund 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 estimate 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, 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.

(l) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(m) Payables

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

2.4 Application of new and revised International Financial Reporting Standards (IFRSs)**(a) New Accounting Standards with impact on the Fund introduced in 2024.**

The new and amended standards which are effective for annual periods beginning 1 January 2024 had no impact on the operations of the Fund in terms of its applications.

(b) Standards to be issued on and after 1 January 2025

The Fund will adopt, where applicable, the following standards, amendments to existing standards and interpretations when these become effective. Except as otherwise indicated, the Fund does not expect the adoption of these new standards and interpretations to have a significant impact on its financial statements:

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 10 – Fair Value Measurement of Non-financial Assets of Not-for-Profit Public Sector Entities	1 January 2024
Amendments to IAS 1 – Amendments to IASB 107 and IASB 7 – Disclosures of Supplier Finance Arrangements	1 January 2024
Amendments to IAS 3 – Disclosure of Non-current Liabilities with Covenants: Tier 2	1 January 2024
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2 Climate-related Disclosures	1 January 2024
Amendments to IAS 7 and IFRS 7 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025
Amendments to IAS 5 – Lack of Exchangeability	1 January 2025
Amendments to IAS 9 – Insurance Contracts in the Public Sector	1 July 2026

3. CONTRIBUTION ARRANGEMENTS**Defined Benefit scheme**

Contributions are made to the Fund in accordance with Part IV of the DFRBF Act at 6% of members' gross salaries for member contributions while the employer (State) contribution is 60% of pension benefits or resignation benefits calculated based on a formula provided in the DFRBF Act on retirement of a member.

Accumulation scheme

Contributions are as per the provisions of the Superannuation Act where the employer pays 8.4% and employees 6% every pay period. Additional contribution is up to each contributing members by way of voluntary contributions.

Contribution Receipts**Member contributions**

Contributions received from members are recognised on cash basis by way of bank credits from the Finance Department.

State (Employer) Contribution**Defined benefit scheme**

Contributions from the state are recognised on an accrual basis, based on 60% of the benefits payments made to pension members on a monthly basis.

Accumulation scheme

Employer contributions of 8.4% of gross salary are recognised when actually received by way of bank credits from the Finance Department.



4. LIABILITY FOR ACCRUED BENEFITS UNDER DEFINED BENEFIT

The liability for accrued benefits for Defined Benefit Scheme Members has been determined on the basis of the present value of the expected future payments that arise from membership of the Fund up to the measurement date. The figure reported has been determined by reference to the expected future salary levels and, by application of the market-based, risk-adjusted discount rate and relevant actuarial assumptions. The actuary (Mercer) undertook the valuation of accrued benefits for the Defined Benefit scheme as part of an actuarial review as at 31 December 2022. The actuarial investigation used an aggregate costing method, whereby the discounted values of future benefits were compared with the net assets of the Fund, plus the discounted value of contributions paid by the existing members only. No assumptions were made regarding new entrants. Detailed discussion of the review is provided in the 2022 actuarial report.

Significant assumptions applied in the actuarial report are as follows:

	2022
Investment Yield	5%
Salary Increase	6%
Pension Increase	4%
Pension Commutation	40 %

Accrued benefits were valued as part of a comprehensive review undertaken as at 31 December 2022 as follows:

	2022
	K
Liability for accrued benefits	120,435,000
Net value of assets	345,333,000

The vested benefits are calculated as the total benefits payable if every contributor to the Fund left voluntarily at the review date as follows:

	2022
	K
Liability for vested benefits	117,357,000
Net value of assets	345,333,000

Net value of assets under Defined Benefit scheme for the purposes of the above disclosure is calculated as net asset value as at balance sheet reporting date for the period of review, the actuarial value of the pensions currently paid is as follows:

	2022
	K
Total net assets available to pay benefits	630,335,000
Accumulation Fund	(285,002,000)
Net value of assets under Defined Benefit	345,333,000

The actuarial investigation indicated that 466 pensioners had suspended pensions. For the purpose of the valuation, suspended pensioners are valued as if they were alive and eligible to receive payment. The actuarial value of accrued benefits allocated to these suspended pensioners is K19.9 million which is 16.5% of the Fund's total actuarial value of accrued benefits. The Statutory Manager and the actuary are satisfied that, while the valuation approach will likely overestimate the liability for these suspended pensioners, it is a prudent approach, suitable for the purpose of the actuarial investigation.

In addition, inactive contributors are assumed to ultimately be deemed to have continuous full-time service for benefit purposes despite a period of inactivity. In practice, the vast majority of inactive contributors receive a return of member contributions rather than a pension. If the actuarial report assume that all inactive contributors receive a return of member contribution balances only, a lower liability will result, as shown in the sensitivity below:

	Value	Difference from member contribution balances	Proportion of Fund's total liabilities
Member contribution balances	1,220,000		
Vested benefits	2,714,000	+1,494,000	1.3%
Actuarial value of accrued benefits	3,979,000	+2,759,000	2.3%

Although the actuarial report is prepared as at 31 December 2022, in terms of the requirements of Section 24 of the Defence Force Retirement Benefits Act, Chapter 76, the next actuarial investigation of the fund should be carried out no later than 31 December 2025 for the year ending 31 December 2024.

5. LIABILITY FOR ACCRUED BENEFITS UNDER ACCUMULATION SCHEME

Under the Accumulation Scheme, the Fund's liability does not include the State component of the enhancement value and interests at the time of the transfer from the Defined Benefit Scheme to the Accumulation Scheme and annual interest credited to the members annually on those balances.

The Fund is only liable to pay the 6% component of the member's contribution, the Fund's enhancement values and interest earned at the time of transfer in addition to the interest and contributions received after the transfer to the date of exit from the Fund. This liability is limited to the AC scheme net asset of K402.4 million (see note 16.1(ii)).

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including future events that are believed to be reasonable under the circumstances.

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

Valuation of investment properties

The Fund has adopted the fair value approach in determining the carrying value of its investment properties. In determining the fair value for financial reporting purposes, reference is made to the valuations performed by registered valuers ("the valuers") whose valuation reports indicate several methods that have been considered as a part of the valuation process and include methods such as capitalization method, summation method and discounted cash flow method. The valuation reports provided by the valuers are performed independently and the valuation methodology used takes into consideration of the applicability of each methodology respectively with the type of assets being valued which are reflective of prevailing economic and market conditions to ensure that the values adopted are fair and appropriate for financial reporting purposes.

Valuation of financial assets and liabilities

The Fund carries most of its non-quoted financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, and volatility rates, the amount of changes in fair value would differ if the Fund utilised a different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity. (See note 2.3.e.4.iii).

Receivable from the State

The State owes significant debts to the Fund in relation to:

- (1) State's share of the Accumulation (AC) member exit payments. This component is not reflected in the Fund's accounting records until it is received;
- (2) The balance of the initial AC members crystallized liability paid by the Fund
- (3) State's share of the Defined Benefits (DB) member payments including the fortnightly pensions; and
- (4) Interest accrued on the outstanding payments.

Management continuously assesses the recoverability of these receivables considering the nature of the debt, past history, likelihood of settlement and any relevant information available to management.

These are then communicated to the Board of Directors. The Board of Directors considers the State's share of exit payments receivable to be fully recoverable.

As at 31 December 2024, the State owes the Fund K14.6 million (Refer to Note 8) in respect of the State's share of members' benefits payments made by the Fund for both the AC and DB schemes.

The Fund pays pensions and commutations to eligible DB members on behalf of the State. Since 2018, the Fund has also made a one-off State share benefit payment to AC members who have retired on behalf of the State. The Fund recognizes these payments as receivables when invoiced to the State. All outstanding payments in respect of these invoices attract penalty interest of 5% plus the Treasury bill rate as at the end of each month.

As at 31 December 2024 the State's crystallised liability due for settlement to AC members who have since resigned and exited the PNG Defence Force stands at K6.3 million out of a total of K185.3 million owed to the AC members. This balance does not include the current year's interest. The Fund is not obliged to pay on behalf of the State and this liability is not recognised in the books of the Fund until the State releases money into the Fund.

7. CASH AND CASH EQUIVALENTS

	2024	2023
	K	K
Cash on hand	3,000	3,000
Cash in banks	24,915,480	14,774,817
Term deposits with original maturity less than 90 days	19,141,792	118,372,499
	44,060,272	133,150,316

8. RECEIVABLES FROM STATE

	2024	2023
	K	K
State's share on benefits paid	14,632,064	7,768,021
	14,632,064	7,768,021

9. FINANCIAL ASSETS**9.1 Financial assets at fair value through profit or loss**

	Note	2024	2023
		K	K
Listed shares	23.1.1	349,371,780	247,844,192
Unlisted shares	23.1.2	97,120,000	94,940,000
		446,491,780	342,784,192

9.2 At Amortized Cost

	Note	2024	2023
		K	K
Government Inscribed stock	23.2	69,235,663	38,077,207
Convertible note in HBS	23.2	2,580,500	14,906,575
Treasury bills	23.2	98,851,126	5,347,704
		170,667,289	58,331,486

HBS (PNG) Ltd issued a K10 million and K5 million convertible note to the Fund in 2021 and 2022 respectively. The interest was payable at a rate of 8% per annum, accruing daily from the issue date up to and including the date on which the convertible notes are converted or redeemed in accordance with the agreement. The Fund would have the option to convert the Convertible Notes into shares upon the occurrence of a liquidity event (IPO, trade sale, capital raising).

In 2023, the Fund entered a deed of variation with HBS (PNG) Limited following a default on the first convertible note. The variation agreement included the deletion of a clause on converting notes into secured debt instruments with interest, replacing the clause with an extension on the repayment schedule for the total redemption amount of K21 million.

Government inscribed stocks are held to their maturity which varies between 2025 and 2031. Interest ranges from 4.3% to 15.5%.

The fund purchased Treasury bills with Bank of Papua New Guinea during the year. These are short-term discounted paper with fixed maturities redeemable at par on maturity.

Government inscribed stock, -loan receivable from HBS and Treasury Bills are carried at amortised costs in accordance with IFRS 9.

9.3 Change in value of financial assets

	2024	2023
	K	K
Net fair valuation gain/(loss) for listed financial assets at fair value through profit or loss	94,822,985	22,397,182
Net fair valuation gain/(loss) for unlisted financial assets at fair value through profit or loss	2,180,000	4,207,000
Net gain movement for amortised cost assets	(478,238)	192,308
Gain/(loss) on change in fair value through profit and loss	96,524,746	26,796,490

10. INVESTMENT PROPERTIES

	2024	2023
	K	K
Balance at beginning of financial year	153,695,850	164,554,850
Additions	2,434,461	3,931,515
Reclassification to Assets held for sale	(1,411,737)	(8,600,000)
Net loss from fair value adjustments	(39,276,944)	(6,190,515)
Balance at end of financial year	115,441,630	153,754,850

The fair value of the Fund's investment properties as at 31 December 2024 has been arrived at by considering valuation assessments carried out by CJ Valuers (2023: LJ Hooker Real Estate) which is an unrelated entity to the Trustee and having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

**The Fund undertook and impairment assessment of its properties in accordance with applicable accounting standards. At the end of the reporting period, the carrying values of certain properties were compared with their recoverable amounts. For the year ended 31 December 2024, an impairment loss of K36,724,220 was recognized in relation to these underperforming properties.

Investment property comprises a number of commercial and residential properties that are leased to third parties as follows:

Investment Property	Valuation Basis 2024	Value as at 31 December 2024	Valuation Basis 2023	Value as at 31 December 2023
		K		K
Comrade Haus	Capitalization	18,100,000	Capitalization	18,400,000
DefensHaus	Capitalization	43,500,000	Capitalization	44,800,000
Taurama Commercial**	Direct Comparison	31,573,150	Direct Comparison	65,159,850
Ela Makana 1 Residential House	Direct Comparison	4,906,300	Direct Comparison	5,705,000
Ela Makana 2 Apartment	Direct Comparison	8,292,180	Direct Comparison	10,631,000
Latitude 9 Apartment	Capitalization	9,070,000	Direct Comparison and depreciated replacement cost	9,000,000
		115,441,630		153,695,850

Fair values were determined using the direct capitalization and comparison valuation methods, having regard to current market characteristics for similar properties located in Papua New Guinea. In the current year, the Board assessed that the carrying value of the investment properties are fairly stated.

Measurement of fair value, fair value model and significant unobservable inputs

Information about how the fair values of the Fund's investment properties are determined (in particular, the valuation method(s) and inputs used) is detailed as follows:

Direct capitalisation is a fair valuation model, which considers the annual gross income of the property adjusted for vacancies and expenses. The net operating income is divided by a capitalisation rate. The capitalisation rate is derived from comparable markets transactions and adjusted for certain property specific characteristics such as the physical deterioration of the property and its location (prime or secondary). Key unobservable input includes the capitalisation rates of 9.7% - 11.5% (2023: 10% - 11%), vacancy rates of 5% (2023:15%) and outgoings of 15% - 23% (2023:30% - 34.75%). The estimated fair value would increase or decrease if capitalization rate, vacancy rate or outgoings will be higher or lower.

Operating lease arrangements

Operating leases, in which the Fund is the lessor, relate to investment property owned by the Fund with lease terms of between 1 to 3 years, usually with an extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Fund, as they relate to property which is located in a location with a constant increase in value over the last 3 years. The Fund did not identify any indications that this situation will change. Rental income earned from investment properties and costs of property operations recognized are disclosed in note 17.

11. OTHER ASSETS

	2024	2023
	K	K
GST tax receivable	4,673,568	4,673,568
Debtors – Corporate	1,368,793	837,218
Accrued interest:	1,348,241	1,268,738
Term deposits and Government Inscribed Stock		
Prepayments	547,353	436,865
Sundry debtors	486,047	1,482,345
Other sales tax	1,653,518	808,535
Allowance for Doubtful Debts	(705,206)	-
	9,372,314	9,507,269

GST receivable represents credits sitting in CTSL books. This has accumulated over time as GST credits received, in particular those on investment projects, surpassed the GST payable collected from the Fund's rental income. Dividends and interest income do not attract GST while capital gain is exempt from tax.

12. INCOME TAXES

12.1 Income tax expense recognised in profit or loss

	2024	2023
	K	K
Comprising:		
Current tax	-	580,930
Current tax:	9,033,505	-
Uncertain tax provision		
Deferred tax:	(1,020,424)	(343)
Current year charge		
Income tax expense	8,013,081	580,587

In current year, a tax charge of K9.03 million which relates to provision for tax assessments in previous years. The Fund is not in agreeance with the assessments and has filed an objection which is currently pending with the tax authorities. The Board of Directors believes that the recorded provision is reasonable as at 31 December 2024.

12.2 The tax expense for the year can be reconciled to the accounting surplus as follows:

Note	2024	2023
	K	K
Income Tax expense		
Profit before tax	83,121,160	49,425,780
Income tax expenses calculated at 25%	20,780,290	12,356,445
Tax effect of permanent differences	(14,341,709)	(5,260,068)
Dividends rebate	(6,657,665)	(6,508,435)
Tax effect of temporary differences	(20,473)	(7,355)
Uncertain tax provision	9,033,505	-
Under/(over) provision in prior year	(780,867)	-
Income tax expense	8,013,081	580,587

12.3 Deferred tax recognised during the year

	Opening balance	Prior Year adjustments	Recognised in P&L	Closing Balance
(a) Deferred tax assets	K	K	K	K
2024				
<i>Temporary difference</i>				
Accruals	75,083	-	189,196	264,279
Employee benefits	219,654	-	77,128	296,782
Depreciation	15,995	-	23,356	39,351
	310,732	-	289,679	600,411
2023				
<i>Temporary difference</i>				
Accruals	75,372	-	(289)	75,083
Employee benefits	192,945	-	26,709	219,654
Depreciation	-	-	15,995	15,995
	268,317	-	42,415	310,732

12.3 Deferred tax recognised during the year (continued)

	Opening balance	Prior Year adjustments	Recognised in P&L	Closing Balance
(b) Deferred tax liabilities	K	K	K	K

2023*Temporary difference*

Interest receivable	781,263	(727,999)	(2,746)	50,518
Depreciation	-	-	-	-
	781,263	(727,999)	(2,746)	50,518

2023*Temporary difference*

Interest receivable	735,191	-	46,072	781,263
Depreciation	3,314	-	3,314	-
	738,505	-	42,758	781,263

12.4 Current tax asset

	2024	2023
	K	K
Withholding tax	767,912	957,583
Uncertain tax provision	(9,033,505)	-
Income tax provision	1,402,363	444,780
	(6,863,230)	1,402,363

13. MEMBER'S BENEFIT PAYABLE

	2024	2023
	K	K
Members unclaimed monies and State accumulation scheme funding ¹	5,942,181	5,942,181
Payable to Nambawan ²	5,056,416	5,056,416
	10,998,597	10,998,597

1 This reflects the crystallised balance of AC members due and payable pending further details from AC members. Also included here are the returned funds and unallocated funds pending confirmation of details for allocation.

2 In 2021, the Fund took responsibility of Accumulation Accounts from other entities other than PNGDF, which were previously administered by Nambawan Super. Per the Central Bank's directive, DFRBF is a closed fund limited only to member of PNGDF. Funds were transferred back to Nambawan Super in accordance with the Licenced Fund Administrator's (LFA) records. The remaining balance will be transferred subject to the conclusion of reconciliations between the Fund and LFA.

14. OTHER LIABILITIES

	2024	2023
	K	K
Advance receipt from sale of investment property	22,879	2,000,000
BPNG Licence fees	40,442	251,126
Fund investment and administration	422,218	357,435
Tenants advance rentals & security bonds	1,061,104	827,200
Wages and salary tax ¹	330,017	206,329
Audit fees	351,908	300,330
Other accruals	550,114	650,052
Accounts Payable	141,486	-
	2,920,168	4,592,472

1 Wages and salary tax represents tax relating to staff and members benefits tax due and payable.

15. NET ASSETS AVAILABLE TO PAY BENEFITS

15.1 Statement of Members Funds

	Note	2024	2023
		K	K
Members Funds			
(i) - Defined Benefit			
Balance at beginning of year		365,313,782	345,332,758
Operating results (Note 16.2)		38,305,120	26,864,668
Net assets Available to pay Defined Benefits		403,618,902	372,197,426
Contributions received	19.2.1	9,369,351	8,139,033
Benefits paid	19.1.1	(15,099,559)	(15,022,677)
Net assets Available to pay Defined Benefits at the end of the year		397,888,695	365,313,782
(ii) - Accumulation Benefit			
Balance at beginning of year		348,632,208	285,002,288
Operating results (Note 16.2)		36,802,958	21,980,182
Net assets Available to pay Accumulation Benefits		385,435,166	306,982,470
Contributions received	18.2.2	38,679,476	55,176,217
Benefits paid	18.1.2	(18,210,091)	(13,526,480)
Net assets Available to pay Accumulation Benefits at the end of the year		405,904,552	348,632,207
<i>Comprising of:</i>			
Members Accounts - opening balance		348,114,283	284,517,412
Movements for the year		20,469,386	41,649,737
Interest allocation		37,292,671	21,947,134
Members Accounts - closing balance		404,810,835	348,114,283
Reserve		28,2124	517,924
Total Accumulation Members Funds		405,904,552	348,632,207
(iii) - Total Members Funds			
Defined Benefits		397,888,695	365,313,782
Accumulation Benefits		405,904,552	348,632,207
Total Members Funds		803,793,246	713,945,989

15.2 Apportioning of Net Operating Surplus

The Fund's actuary provided the accounting apportioning basis for allocating revenue and cost from the investment and administrative operations to determine the net operating profit under each scheme.

The opening net assets under each scheme (as a percentage of the total opening net assets) has been used as the basis for apportionment.

	Total	Accumulation Benefit	Defined Benefit
	K	K	K
Income	100,854,183	49,418,549	51,435,633
Expenses	(17,733,023)	(8,689,181)	(9,043,842)
Tax	(8,013,081)	(3,926,410)	(4,086,670)
Net operating income from operations	75,108,079	36,802,958	38,305,121
Accounting apportioning ratios	100%	49%	51%

16. INTEREST INCOME

	2024	2023
	K	K
<i>Interest income is earned from the following assets:</i>		
Financial assets at amortised cost	4,699,953	4,022,452
Cash and short-term funds	4,684,096	2,845,100
	9,384,049	6,867,552

17. PROPERTY INCOME NET OF PROPERTY EXPENSES

	2024	2023
	K	K
Rent	6,679,083	6,739,335
<i>Less:</i>		
Agent management expense	(317,633)	(98,255)
Other property expenses	(4,134,309)	(3,750,608)
	2,227,141	2,890,472



18. CONTRIBUTIONS RECEIVED AND BENEFITS PAID IN DETAIL

	2024	2023
	K	K
18.1 Benefits Paid		
18.1.1 Defined Benefit Scheme		
Pension and back pension	14,919,937	14,779,545
Refunds	179,622	150,227
Housing Advance Benefit Payments	-	92,905
Total Defined Benefits Payment	15,099,559	15,022,677
18.1.2 Defined Accumulation Scheme		
Normal benefits paid	14,501,142	10,640,320
Unemployment benefits paid	4,660	7,630
Housing Advance Benefit Payment	3,704,289	2,878,530
Total Defined Accumulation Payments	18,210,091	13,526,480
18.1.3 Total Benefits paid		
Defined Benefit Scheme	15,099,559	15,022,677
Defined Accumulation Scheme	18,210,091	13,526,480
Total Benefits Paid	33,309,650	28,549,157
18.2 Contributions from members and state		
18.2.1 Defined Benefit Contribution		
State share of contributions towards defined benefits payments	9,001,292	7,834,520
Defined Benefits Scheme Members 6% contribution	329,181	258,659
Housing Repayments	38,877	45,854
Total Defined Benefits Contribution	9,369,351	8,139,033
18.2.2 Defined Accumulation Contribution		
State 8.4% Contribution to Accumulation Scheme Members	46,111,345	21,041,028
Members 6% Employee Contributions	14,793,846	10,723,226
Housing Repayments	621,439	426,318
Unallocated Receipts*	(22,847,153)	22,985,645
Total Defined Accumulation Contribution	38,679,476	55,176,217
* During the year, the State paid K11.4m as Unfunded State Share (employer contribution) for the Accumulated Scheme members. As at 31 December 2024, the State still owes Accumulated Scheme members K185.3m as disclosed in Note 6.		
18.2.3 Total Contribution		
Defined Benefit Scheme	9,369,351	8,139,033
Defined Accumulation Scheme	38,679,476	55,176,217
Total Contribution Receipts	48,048,827	63,315,250

19. TRUSTEE ADMINISTRATION AND MANAGEMENT EXPENSES

	Note	2024	2023
		K	K
Staff expenses	19.1	7,341,169	5,572,493
Operating lease		1,593,784	1,179,672
Depreciation		491,760	617,692
Software cost		212,756	221,860
Other administrative expenses	19.2	5,739,463	3,624,740
		15,378,932	11,216,457

19.1 Staff expenses

Salaries and wages	3,545,291	3,124,318
Sacrifice - accommodation	1,141,212	757,831
Sacrifice - Employer contribution	16,174	697
Training	435,110	293,951
Sacrifice - airfare	66,868	57,845
Sacrifice - school fee	221,001	182,176
Insurance - medical	83,370	67,418
Other staff expenses	1,832,143	1,088,257
	7,341,169	5,572,493

19.2 Other administrative cost

Details of other administrative expenses follow:

License fee ²	-	(110,734)
Insurance	519,520	666,760
Office expense	70,636	153,813
<i>Professional fees:</i>		
Audit services ¹	528,163	459,937
Tax	-	147,724
Consulting	190,209	303,516
Legal	812,427	62,262
Other	566,194	68,561
Telephone	117,619	149,692
Internet service provider	200,282	261,019
Printing and stationery	125,074	160,050
Member services awareness	330,414	176,271
Electricity	-	54,345
Advertising	6,667	221,611
Board of Trustee expenses	937,219	615,486
Sundry expenses	438,618	381,935
Entertainment Expenses	83,939	34,550
Repairs & Maintenance	107,275	9,761
Disposal of fixed assets	-	(191,819)
Bad Debt Expense	705,206	-
	5,739,463	3,624,740

1 External Audit Service Fee is K360,000 while balance relates to additional out of scope.

20. FUND ADMINISTRATION AND INVESTMENT MANAGEMENT FEES

	2024	2023
	K	K
Fund administration fee	1,044,092	924,438
Investment management fee	1,309,999	1,088,998
	2,354,091	2,013,436

21. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The receivable from Toea Homes Ltd is unsecured, interest free and does not have a pre-determined payment term.

21.1 Toea Homes Limited

	2024	2023
	K	K
Related party receivable from THL	16,292,995	14,392,891

Toea Homes Limited (THL) is a wholly owned subsidiary of CTSL and was formed as a vehicle to manage the CTSL member home ownership scheme.

In 2020, THL's business model was amended from a vehicle to manage the CTSL member home ownership scheme to a commercial housing development company. The change in business model relates to directives from the Bank of Papua New Guinea for the treatment of investment and requirement for commercial returns.

The investment in THL is recorded at market value and is carried at K61,490,000 (2023: K61,490,000).

THL is a 100% subsidiary of Comrade Trustee Services Ltd.

21.2 Key management personnel remuneration specified in aggregate in the year 2024

	2024	2023
	K	K
Salary	3,014,909	2,115,070
Non-monetary ⁽ⁱ⁾	1,379,795	972,364
Superannuation	379,009	
- Employer		239,396
	4,773,713	3,326,830

(i) This pertains to the actual housing and other salary sacrificed allowances paid to suppliers as benefits to employees.

21.3 Board of Directors remuneration during the year

	2024	2023
	K	K
Board remuneration	935,814	615,486
<i>Committee and Director Fee:</i>		
Charles Lee	122,654	45,427
Chetan Chopra	136,283	54,513
Fred Aile	122,656	101,138
Michelle Hau'fa	168,084	93,884
Philip Polewara	115,842	133,693
Vera Raga	140,827	93,884
Warick Vele	129,469	47,231
	935,815	615,486

21.4 Other related party transactions

In 2024, the Fund acquired 1.2 million shares of Kina Securities Limited (KSL). Kina Bank Limited provides Fund Administration services to the Fund, through its 100% owned subsidiaries Kina Investment & Superannuation Services. Related fees paid are disclosed in Note 20.

During the 2024 financial year, the Fund earned interest on term deposits of K333,279 (2023: K492,290) while term deposits placed with Kina Bank Limited amounted to K53,438 (2023: K nil). The Fund also received dividends amounting to K2,108,111 (2023: K2,058,016) and generated unrealised capital gain of K6,377.58 (2023: K1,292,969 gain) from its investment in KSL.

22. FINANCIAL RISK MANAGEMENT

The Fund's strategy focuses on two primary objectives: to maximize long term Fund returns and to manage and control business and investment risks. This strategy inherently requires the Fund to pursue a balanced investment strategy which seeks capital growth over the medium to long term with moderate income streams.

All investment undertaken must balance risk against returns. In other words, the investment strategy pursued must determine a mix of growth and defensive assets that best suits the needs of the members.

The Fund can achieve better returns through disciplined application of a good investment process, one that is based on the analysis of investment fundamentals followed by an assessment of relative value.

The Fund is exposed to liquidity risk, interest rate risk, foreign exchange risk, credit risk, government security risk and country risk.

22.1 Liquidity risk

The Fund invests the majority of the assets in investments that are traded in an active market.

The Fund holds securities that are listed on both the Port Moresby Stock Exchange and the Australian Stock Exchange. Those securities that are listed on the Australian Stock Exchange are considered readily realizable while those listed on the Port Moresby Stock Exchange are not as the potential buyers may not be readily available at the point of sale.

The liabilities of the Fund are long term in nature and are well structured in terms of benefits comprising of a mix of a pension commutation and a fortnightly pension payable throughout the life-time of the member. The Fund is not exposed to liquidity risk arising from interest bearing financial liabilities.

22.2 Government security risk

The Fund has a significant exposure to the State through its holding of government inscribed stocks (Note 9.2) and through State contributions towards benefit payments (Note 8).

22.3 Country risk

To the extent that the Fund holds funds in foreign jurisdictions, a variety of risks may arise in addition to foreign exchange risk – such as changes in local economic condition, local regulatory requirements or non-transparent governance arrangements. The Fund's investments in foreign jurisdictions have been primarily in Australia as follows:

	2024	2023
	K	K
Listed securities (FVTPL)	85,414,327	66,112,422
Monetary financial assets (cash and cash equivalents)	21,161,322	662,506
Total	106,519,644	66,774,928

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.4 Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash equivalents are invested at short-term market interest rates.

The table in the following page summarizes the Fund's exposures to interest rates risk along with discounted contractual maturity profiles of financial assets and liabilities.

	Weighted average interest rate	Up to 1 Year	1 to 5 Year	Over 5 Year	Non-interest bearing	Total
		K	K	K	K	K
31 December 2024						
Assets						
Cash and cash equivalents	1.98%	44,060,272				44,060,272
Amount receivable from State	7.35%		14,632,064			14,632,064
<i>Financial assets: at:</i>						
FVTPL					446,491,780	446,491,780
Amortised Cost	6.96%	109,431,626	50,084,795	11,150,868	-	170,667,289
Other assets					1,149,634	1,149,634
Liabilities						
Other liabilities					(4,831,789)	(4,831,789)
Total		153,491,898	64,716,859	11,150,868	442,809,625	672,169,249
31 December 2022						
Assets						
Cash and cash equivalents	1.49%	133,150,316	-	-	-	133,150,316
Amount receivable from State	7.35%	-	7,768,021	-	-	7,768,021
<i>Financial assets:</i>						
FVTPL					342,784,192	342,784,192
Amortised Cost	6.86%	11,291,375	32,039,189	15,000,922	-	58,331,486
Other assets	-	-	-	-	4,833,701	4,833,701
Liabilities						
Other liabilities	-	-	-	-	(12,672,791)	(12,672,791)
Total		144,441,691	39,807,210	15,000,922	334,945,102	534,194,925

22.5 Foreign currency exchange risk

The Fund holds monetary assets denominated in currencies other than Kina, the functional currency. The Fund is therefore exposed to currency risk, in regards to assets denominated in foreign currency due to changes in exchange rates.

The table below summarizes Fund's exposure to currency risks.

	2024	2023
	K	K
PGK Value of overseas currency denominated in AUD	16,504,735	20,453,797
PGK Value of overseas currency denominated in USD	4,656,587	4,163,405
	21,161,322	24,617,202

Assuming that the impact of currency fluctuation is asymmetric, a 100 basis points shift in currencies in either direction would impact the profit or loss by K218,077 (2023: K246,172).

22.6 Fair values of assets and liabilities

(a) Fair value versus carrying values

Financial assets other than held to maturity investments and other assets that are carried at amortised cost comprising of investments at fair value through profit or loss and available for sale investments are measured at fair value and carrying values are disclosed in the Statement of Financial Position.

Management and the Board are of the opinion that the fair values of the following financial assets and liabilities approximate their carrying values as these are short dated instruments carried at amortised cost such as cash and cash equivalents, receivable from State and related party and other assets and liabilities. Carrying values of the financial instruments are disclosed in the Statement of Financial Position.

(b) Fair value hierarchy

Subsequent to initial recognition, the Fund uses the fair value hierarchy in determining the fair value of its available-for-sale financial assets, financial assets at fair value through profit and loss ("FVTPL") and financial liabilities at FVTPL. The fair value hierarchy groups the financial instruments into Levels 1 to 3 based on the degree to which the fair value is observable.

When measuring the fair value, the Fund uses observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents the basis of determining the fair value of each class of the Fund's financial instrument measured at fair value subsequent to initial recognition. There were no transfers between level 1, level 2 and level 3 during the year.

Level 3 investments identified below consist of unlisted shares (Refer note 9.1) and investment properties. The unlisted shares and investment properties are stated at fair value, which are based on external valuation reports provided by independent experts. The main methodologies in determining the fair value of unlisted equities and investment properties are based on capitalisation of earnings, capitalisation of dividends, net tangible assets and discounted cash flows. It is appropriate to consider all of the above methods in arriving at a fair value.

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.6 Fair values of assets and liabilities (continued)

(b) Fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
	K	K	K	K
31 December 2024				
At fair value through profit or loss (listed and unlisted shares)	349,371,780	-	97,120,000	446,491,780
At fair value through profit or loss (unlisted shares)	-	-	115,441,630	115,441,630
Total	349,371,780	-	212,561,630	561,933,410
31 December 2023				
At fair value through profit or loss (listed and unlisted shares)	247,844,192	-	94,940,000	342,784,192
At fair value through profit or loss (unlisted shares)	-	-	153,695,850	153,695,850
Total	247,844,192	-	90,733,000	496,480,042

22.7 Credit risk

The Fund is exposed to credit risk primarily through the balances it holds with banks, receivable from State and related party, investments in government inscribed stocks and other financial assets. The maximum exposure to credit risk is limited to the extent of the carrying values of these assets which are disclosed in the Statement of Financial Position. The Fund manages credit risk by dealing with reputed counterparties including financial institutions and the government and closely monitors receivables that are past due and the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

22.8 Equity price risk

The Fund is exposed to equity price risk mainly through its investments in listed shares that are listed in the stock exchanges in PNG and in Australia. The exposure to equity price risk is as follows:

	2024	2023
	K	K
At fair value through profit or loss		
Listed securities in PNG	263,957,453	181,731,770
Listed securities in Australia	85,414,327	66,112,422
Total	349,371,780	247,844,192

23 DETAILED LISTING OF FINANCIAL ASSETS HELD BY THE FUND

23.1 Financial assets at fair value through profit or loss

23.1.1 Listed shares

	Market Value 2024	Shareholding as a % of net assets of the Fund	Market Value 2023	Shareholding as a % of net assets of the Fund	Movements
	K		K		K
Companies					
Bank South Pacific	247,875,435	30.87%	170,647,912	23.90%	77,227,522
City Pharmacy	1,778,075	0.22%	2,035,768	0.29%	(257,692)
Santos Limited	15,771,221	1.96%	12,684,857	1.78%	3,086,365
Kina Asset Management Ltd	8,681,643	1.08%	4,883,424	0.68%	3,798,219
Credit Corporation	5,622,299	0.70%	4,164,666	0.58%	1,457,633
Newcrest Mining Ltd	-	0.00%	1,887,312	0.26%	(1,887,312)
Vanguard International Shares Index Fund	43,222,947	5.38%	35,069,351	4.91%	8,153,596
Kina Securities Ltd	26,420,159	3.29%	35,069,351	2.31%	9,949,257
Total	349,371,780	43.47%	247,844,192	34.71%	101,527,588

23.1.2 Unlisted shares

	Fair Value 2024	Shareholding as a % of net assets of the Fund	Fair Value 2023	Shareholding as a % of net assets of the Fund	Movements
	K		K		K
Companies					
Toyota Tsusho (PNG) Ltd*	14,236,000	1.77%	13,300,000	1.86%	936,000
Post Courier Limited*	2,509,000	0.31%	2,450,000	0.34%	59,000
South Pacific Brewery Limited*	18,885,000	2.35%	17,700,000	2.48%	1,185,000
Toea Homes Limited**	61,490,000	7.66%	61,490,000	8.61%	-
Total	97,120,000	12.09%	94,940,000	13.30%	2,180,000

Unlisted equity investments are valued by the Fund based on the independent valuations by Kina Bank using net asset approach and capitalisation of maintainable earnings approach. Management adopted the mid range in 2024 (2023: mid range).

* The fair value of these entities were arrived at using capitalisation of earnings approach.

** The value of THL was determined using the adjusted net assets approach.

23 DETAILED LISTING OF FINANCIAL ASSETS HELD BY THE FUND (CONTINUED)

23.2 Government Inscribed Stock and Convertible note

	2024	2023
	K	K
Beginning balance	52,983,782	60,729,900
Purchases during the year	37,000,000	10,000,000
Maturity during the year	(18,326,075)	(14,000,000)
Adjustments through P&L	158,456	(3,746,118)
	71,816,162	52,983,782

24. AUDIT FEES

The independent external audit firm is Ernst & Young. The audit fees for the audit of the financial statements are disclosed in Note 20.2.

25. CONTINGENT LIABILITIES AND COMMITMENTS

Statutory Management approved a 2022 capital budget of K14.8 million for the Defens Haus Upgrade and Modernization Program. As of 31 December 2024, K13.2 million was spent on the project.

The Fund has no contingent liabilities arising from its ordinary activities which are either pending decision by the courts or being contested, the outcome of which is not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these claims, if any, is currently not determinable and is not expected to have a material adverse effect on the financial statements.

There were no other contingent liabilities as at 31 December 2024, other than mentioned above.

26. EVENTS AFTER BALANCE SHEET DATE

There were no other events that occurred after 31 December 2024, the balance sheet date, other than what has been disclosed in the notes to the financial statements that would require an adjustment or disclosure in the financial statements.

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on 24th March 2025.



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