KINA

KINA ASSET MANAGEMENT LIMITED

ANNUAL REPORT 2008

KINA ASSET MANAGEMENT LIMITED

CONSOLIDATED ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

INVESTMENT OBJECTIVES

Over time the Company aims to:

- provide a positive rate of return to Shareholders via a combination of capital growth and income.
- provide Shareholders with regular dividends; and
- preserve the capital of the Company

Approach to Investing

The investment philosophy is built on taking a medium to long-term view of value,which means the aim is to buy and hold stocks over the longer term.

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CHAIRMAN'S REPORT

It has been a very challenging period following the successful launch of KAML, the first investment company to be listed on the Port Moresby Stock Exchange this year.

This is the first annual report that is being delivered to shareholders and it is important that we all understand that it occurs at a time when the global investment community is facing significant market fallout from an economic crisis which unfolded in the northern hemisphere.

There is significant concern that as a result of the global economic crisis there will be significant repercussions for some time as recovery strategies being administered by the major economic powers take effect.

For investors in KAML, the company retains the majority of its funds in cash investments and will continue to manage its portfolio in a conservative manner in line with the global economic recovery.

It is important for shareholders to be aware that the company remains well positioned to take full advantage of investment opportunities as a result of the global recovery forecast by the major nations who have acted to support banks and major industries to continue to maintain operations.

At the time of this report, the forecast indications were that a significant recovery would not occur until 2010.

KAML was successfully launched, indeed oversubscribed and was listed on the POMSoX on July 15, 2008. On the opening day KAML closed up 12% over its initialK1.00 issue price and 110,500 shares were traded on that day.
KAML continues to be actively traded on POMSoX.
KAML raised K44.9m less floating and operational expenses and under the strategy policy and guidelines outlined in the prospectus, commenced investment activities.

However, as indicated following ongoing assessments of the development and impact of the global economic crisis, the development of the portfolio was restricted.

In the first period of operations, KAML is reporting a decrease in portfolio assets of 5.5%. This result is mainly due to the exchange rate loss in the international cash and equities portfolio due to the appreciation of the Kina against the Australian dollar and the decline in the share prices of international equities, as a result of the ongoing global financial crisis.

It has been pleasing to note that at the time of this report, there was strong market recognition of the positive position KAML maintains and that the company's continues to trade positively in the market.

Your directors continue to adhere to the investment policies determined by our expert advisory panels and the company remains alert to future opportunities which will emerge during the recovery cycle period.

The importance of the company to provide a special investment vehicle for PNG investors to be able to invest on a strong portfolio of local and regional stocks was evident in the strong support of more than 3500 successful subscribers to the Initial Public Offer.

Directors believe that KAML provides an important opportunity for PNG investors to benefit from the ongoing diversity of development that is taking place in the nation during the 21st century.

The global economic crisis of which Pacific nations had no control over has resulted in positive actions by the world's leading nations to exercise far greater governance measures to ensure greater stability and in risk management of investments.

KAML has a committed transparent governance program which was outlined to all investors and as a result, the company is ready to take up new opportunities to achieve the long term investment results outline in the strategy programs outlined in the IPO.

Your directors will continue to provide all shareholders with detailed and regular progress reports, including the development of an information web site.

As a pioneer asset management company established to provide new more diverse investment opportunities for the PNG community, your directors are keen to ensure that investors remain well informed of the progress of their company and its role in the commercial, life of PNG.

The challenge that the company faces in the light of the global financial situation will continue to be the prime focus of directors as we continue to progress the development of the company.

Our first year has been exciting in the challenge of establising the company and its operations.

We are very conscious of our responsibilities in the current circumstances which although beyond our control in terms of the timing of the crisis, are being managed successfully at the local level, through our adherence to the strong governance guidelines established for the operation of the investment policies.

KAML and its establishment remains an important historic development in the financial investment and management opportunities.

We thank you for your support in this new and exciting venture.

Chairman

Sir Rabbie Langanai Namaliu GCL, CSM, KCMG

CEO'S REPORT

The successful initial launch year of KAML will always be regarded as a watershed event in a period which will be seen as a milestone in global economic terms.

The take up of the KAML initial public offer was extremely pleasing and clearly indicated that PNG investors were keen to support an investment vehicle which allowed them to share in the profits and growth of locally and regionally based companies.

The lead up period to the release of the IPO saw share markets across the world reach new heights as the investment community supported the continuing strong growth of major economies.

The development of the KAML investment strategy recognised the need for investment strategy protocols which supported the opportunity to benefit from the record growth of equities, but also recognized the strong need for sound governance.

This first annual report of KAML therefore records the strong start-up interest from the local investment community and then the impact of what has developed to be the world's most significant global financial crisis in the past 70 years. KAML will always be linked to launching at this period of adverse economic outcomes.

Thus KAML is reporting a 5.5% loss on overall trading, but also reports significant liquidity as a result of the early cessation of its original acquisition program. KAML thus has significant cash reserves on hand to re-enter the equities and trading market during the recovery phase following the global economic crisis.

Despite the deepening impacts of the global economic recession, KAML continues to be of interest to investors and has been the most traded stock on the POMSoX since its listing. The stock continues to be supported above its listing price.

KAML has invested in a strong basket of diversified local and international stocks and while all have been affected by the global economic crisis, they are still regarded as blue chip assets who will rebound once the global recovery takes effect.

It has been interesting to note that the PNG economy has so far stood up remarkably strongly compared to many other nations in the world. The local currency has traded strongly against all the major international currencies and it is clearly evident that the economic and political stability within the nation has been an important factor in weathering this global recession.

The world wide economic challenges developed rather rapidly during late 2008 but Papua New Guinea export commodities have still been strongly sought, although some prices have fallen as a result of a softening in worldwide demand.

A strong level of foreign exchange reserves and the persistent prudent monetary policy and strong governance settings demanded by the Central Bank, the Bank of Papua New Guinea, has meant that PNG has been better placed than most nations to meet the challenges that are being presented by the global economic downturn.

The management of KAML reflects this new era of commitment to governance which has seen the private sector grow and prosper during the past decade. PNG as a nation continues to progress strongly and local companies remain resilient to the changed business conditions that have emerged.

The management of KAML are using the current period to bed down corporate practices and responsibilities, to provide further comprehensive reporting of activities through the development of initiatives such as an interactive website and information streams.

We believe that this work will be important to have in place as part of the overall recovery strategy for investors based in PNG.

I wish to take this opportunity to thank the team at KAML for their dedication to the challenges of listing and their commitment to assisting all our new shareholders during this start up period.

Importantly, our strategic investment program has been thoroughly tested in its first period of operation in market conditions unprecedented for seven decades, outperforming many of the long established and traditional investment models.

We look forward to a change in the global picture during the forthcoming year, which will allow KAML to benefit from the expected recovery, in world economic conditions.

Chief Executive Officer

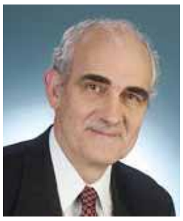
Sydney George Yates OBE

THE BOARD OF DIRECTORS

The names, particulars and other office holdings of the directors and office holders of the company during or since the end of the financial year are:

Name of Director	*Position*	*Entity*
Sir Rabbie Namaliu	**GCL, CSM, KCMG**	
	Director	Kina Securities Limited
	Director	Lalokau Holdings Limited
	Director	Marengo Mining Limited
	Director	Tobit Investments Ltd
	Director	RDN International Limitied
Richard Sinamoi		
	Vice President	Association of Superannuation Funds of PNG
	Director	Banora Trading Limited
	General Manager	Comrade Trustee Services Limited
	Director	Hunter Limited
	Director	Pacific Capital Limited
	Director	Paradise Foods Limited
	Director	PNG Institute of Directors Inc

Gregory Taylor AO



Director / Chairman	Kumul Hotels Limited
Director	Nambawan Super Limited
Director / Chairman	Paradise Foods Limited
Director	TFG International Pty Ltd

Sydney George Yates OBE

Director	Kina Asset Management Limited
Director	Kina Securities Limited
Director	Kina Finance Limited
Director	Kina Funds Management Limited
Director	Kina Investment and Superannuation Services Limited
Director	Kina Morgan Corporate Limited
Director	Kina Nominees Limited
Director	Air Niugini Limited
Director	Columbus Investments Limited
Director	Ela Makana Developments Limited
Director	Media Niugini Limited

Esther Nombri

Company Secretary	Kina Asset Management Limited

CORPORATE GOVERNANCE

Kina Asset Management Limited (KAML) has adopted an approach to Corporate Governance that seeks to match global practice.

The Board ensures that it complies with the requirements of the Port Moresby Stock Exchange ("POMSoX"). It also closely monitors developments in corporate governance principles and practice in other countries.

KAML is mindful of the advantages of demonstrating to investors that its corporate governance standards meet the requirements expected of companies listed in countries such as Australia. This Corporate Governance Statement therefore compares KAML's corporate governance practices to the ASX Corporate Governance Council and Best Practice Recommendations as far as possible.

The Board of KAML is very aware of its responsibilities to shareholders. The set of Corporate Governance principles developed by KAML is therefore intended to provide a framework that will help to ensure that KAML deals fairly and openly with all its stakeholders.

KAML intends to publish its corporate governance practices on its web site, which is currently under construction.

1. THE BOARD OF DIRECTORS

a) Code of Conduct

The Board has adopted the following code, providing guidance to directors in performance of their duties.

1. Care, Skill and Diligence
   A director has a duty to use reasonable care and diligence in fulfilling the functions of the office of director and exercising the powers attached to that office.
2. Good Faith
   A director must act honestly, in good faith, and in the best interests of the Company as a whole and for a proper purpose.
3. Proper Purpose
   A director must use the powers of office for a proper corporate purpose. A director's primary responsibility is to the Company but the director should also have regard to the interests of people who have dealings with the Company.
4. No Misuse of Information
   A director must not use information acquired as a director improperly to gain advantage for the director or for someone else or to cause detriment to the Company.
5. No Misuse of Position
   A director must not misuse his or her position as a director improperly to gain advantage for the director or for someone else or to cause detriment to the Company.
6. Conflicts of Interest
   A director must not give preference to personal interests, or to the interests of any associate or other person, where to do so would be in conflict with the interests of the Company.
7. Disclosure of Interests
   A director must disclose to all other directors any material personal interest that he or she or any associate may have in a matter that relates to the affairs of the Company.
8. Accountability
   A director has a duty to account to the Company for business opportunities which arise as a result of his or her being a director of the Company and to use Company resources only for the benefit of the Company.
9. Confidentiality
   Confidential information received by a director in the course of his or her duties remains the property of the Company and should not be disclosed to any other person without the prior written consent of the Chairman of the Company unless the disclosure is required by law.
10. Business Decisions
    When making a business decision, a director must make the decision in good faith for a proper purpose and without material personal interest, inform himself or herself about the subject matter of the decision, and rationally believe the decision to be in the best interests of the Company.
11. Reliance on Information
    A director may rely on information or advice from Company Board committees, officers and competent experts and advisers provided he or she does so in good faith and makes an independent assessment of the information or advice.
12. Delegation
    When delegating powers, a director must enquire as to a delegate's reliability and competency and must reasonably believe in good faith that the delegate will act in conformity with the director's duties and the Company constitution.
13. Compliance
    A director should not engage in conduct likely to have an adverse effect on the reputation of the Company. A director must comply with all laws and regulations and act in accordance with this Code of Conduct.

b) Role and Responsibility of the Board

Key functions of the Board include:

- overall strategy of the Company, including operating, financing, dividend, and risk management.
- approving an annual strategic plan and an annual budget for the Company and monitoring results on a regular basis.
- ensuring that appropriate risk management systems are in place, and are operating to protect the Company's financial position and assets.
- ensuring that the Company complies with the law and relevant regulations, and confirms with the highest standards of financial and ethical behaviour.
- establishing authority levels
- directors' remuneration
- selecting, with the assistance of the Audit Committee, and recommending to shareholders, the appointment of external auditors.
- approving financial statements.

The Board has delegated to management responsibility for:

- developing the annual operating and capital expenditure budgets for Board approval, and monitoring performance against these budgets.
- developing and implementing strategies within the framework approved by the board, and providing the Board with recommendations on key strategic issues.
- developing and maintaining effective risk management policies and procedures.
- keeping the Board and the market fully informed of material developments.

c) Membership, expertise, size and composition of the Board

The Corporate Governance Principles determine that the majority of the Board should be independent.

At the date of this Report there are 4 directors, with 3 Non Executives designated as independent, plus the Managing Director. Under the Constitution, at each annual general meeting one-third of the company's Directors, in addition to any Director appointed during the year, excluding the Managing Director, must offer themselves for re-election by the shareholder. Normally, Non-Executive Directors are expected to serve a maximum of four three-year terms, dating from the AGM at which the newly elected Director is first confirmed by shareholders.

The Board has a broad range of skills, experience and expertise that enables it to meet its objectives. The Board accepts that it has responsibility to shareholders to ensure that it maintains an appropriate mix of skills and experience within its membership.

As is typical of small financial markets generally there are, in Papua New Guinea, very considerable demands on the relatively small numbers of people with the skills and experience to fill the demanding role of Non-Executive Director on the Boards of the nation's corporate institutions. In these circumstances it is inevitable that a number of the Non-Executive Directors of KAML will also have roles on the Boards, or in Senior Management, of institutions that may be significant shareholders in, or substantial customers of, the Company. Directors of KAML are meticulous in handling situations where there could potentially be conflicts of interest, by declaring their interests in advance, and absenting themselves from any consideration of matters where a conflict might arise. The Company's Corporate Governance Principles require Directors to disclose any new Directorships and equity interests at each Board meeting.

The Board does not accept that any office bearer and/or employee of an institutional shareholder will have an automatic right to be appointed to the Board.

d) Role and selection of the Chairman

The Chairman is elected by the Directors and his role includes:

- ensuring all new Board members are fully aware of their duties and responsibilities.
- providing effective leadership on the company's strategy
- presenting the views of the Board to the public.
- ensuring the Board meets regularly throughout the year, and that Minutes are taken and recorded accurately.
- Setting the agenda of meetings and maintaining proper conduct during meetings.
- reviewing the performance of non-executive Directors

The Chairman is not permitted to occupy the role of the Managing Director.

Sir Rabbie Namaliu, who sits on the Board as an independent Non-Executive Director, is the current Chairman.

e) Director independence and Conflict of Interest

Directors are determined to be independent if they are judged to be free from any material or other business relationship with the Company that would compromise their independence.
In assessing the independence of Directors the Board will consider a number of criteria including:

- whether a Director is an executive of the Company.
- whether a Director is a substantial shareholder of the Company or otherwise associated directly with a substantial shareholder of the Company.
- whether a Director has a material contractual relationship with the Company or other group member other than as a Director of the Company.
- whether a Director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

This information is assessed by the Board to determine whether on balance the relationship could, or could reasonably be perceived to, materially interfere with the exercise of the Director's responsibilities. Materiality is assessed on a case-by-case basis.

As noted earlier, the Board is cognisant of the need to avoid conflicts of interest and it has in place policies and procedures for the reporting of any matter, which may give rise to a conflict between the interests of a Director and those of the Company. These arrangements are designed to ensure that the independence and integrity of the Board are maintained.

Financial Note 13, Related party transactions, provides details of Directors' interests.

f) Meetings of the Board attendance

Scheduled meetings of the Board are held normally every two months, and the Board meets on other occasions as necessary to deal with matters requiring attention.
The Chairman, in consultation with the Managing Director, determines meeting agendas. Meetings provide regular opportunities for the Board to assess KAML's management of financial, strategic and major risk areas. To help ensure that all Directors are able to contribute meaningfully, papers are provided to Board members one week in advance of the meeting. Broad ranging discussion on all agenda items is encouraged, with healthy debate seen as vital to the decision making process.

g) Review of Board Performance

The Board is cognisant of the need to continually identify areas for improvement; to ensure that it meets the highest standards of corporate governance; and for the Board and each Director to make an appropriate contribution to the Company's objective of providing value to all its stakeholders. It is intended to extend the assessment of the Board as a whole to include an assessment of the contribution of each individual Director.
The performance review is conducted annually, and may involve assistance from external consultants.

h) Board Access to Information and Advice

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational reports to enable them to carry out their duties.
The Chairman and the other Non-Executive Directors have the opportunity to meet with the Managing Director for further consultation, and to discuss issues associated with the fulfilment of their roles as Directors.

2. COMMITTEES

a) Board Committees and Membership

The Board has established one Committee; namely the Audit Committee.

b) Committee Charter

The Committee Charter is still in the process of being finalised, and will soon be available in the shareholders information section of the KAML web site under construction.

c) Committee Structure

Committee members are chosen for the skills, experience and other qualities they bring to the Committee. At the next Board meeting following each Committee meeting, the Board is given a report by the Chairman of the respective Committee and Minutes of the meeting are tabled. The Audit Committee is comprised of two Non-Executive Directors, who are duly appointed by the Board.

d) Audit Committee

The Audit Committee is delegated by the Board with responsibility for reviewing monitoring the:

- integrity of the financial statements and the financial reporting and audit process.
- external auditor's qualifications, performance and independence.
- systems of internal control of KAML
- systems for ensuring operational efficiency and cost control.
- systems for approval and monitoring compliance with laws and regulations (both in Papua New Guinea and overseas).
- implementation of Board decisions by management and making recommendations to the Board for the appointment of the external auditor.

In the course of fulfilling its mandate, the Committee meets with the external auditors.

MEMBERSHIP OF BOARD COMMITTEES AS AT 31DECEMBER	
	AUDIT COMMITTEE
Richard Sinamoi – Chair	1 meetings attended out of 1
Gregory Taylor	1 meetings attended out of 1

i. Annual Financial Statements

The Audit Committee reviews the annual financial statements to determine whether they are complete and consistent with the information known to Committee members and to assess whether the financial statements reflect appropriate accounting principles.

ii. External Audit

The Audit Committee is responsible for making recommendations to the Board on appointment and terms of engagement of the external auditors. The selection is made from appropriately qualified companies in accordance with Board policy. The Board submits the name of the recommended appointee to shareholders for ratification.

The Committee ensures that significant findings and recommendations made by the external auditors are received and discussed promptly, and that management responds to recommendations by the external auditors in a timely manner. The external auditor is invited to the Annual General Meeting of shareholders and is available to answer relevant questions from shareholders.

iii. Compliance

The Audit Committee reviews the effectiveness of the systems for monitoring compliance with all legal and regulatory obligations and the Constitution of the Company. The Committee obtains regular updates from management and satisfies itself that all regulatory compliance matters have been considered in the preparation of the financial statements.

Reviews of the findings of any examinations by regulatory agencies are undertaken and the Chairman of the Audit Committee has the right to approach a regulator directly in the event of a prudential issue arising.

iv. Risk Management

The Committee's role in the Group's risk management process are detailed in 3(b) below.

3. RISK MANAGEMENT

a) Approach to Risk Management

The Company's Risk Management activities are aligned to the achievement of KAML's Objectives, Goals and Strategic Focus Plans.
KAML distinguishes the following major risks:

Credit Risk – The potential for financial loss where a customer or counter party fails to meet their financial obligation to the Company.
Market Risk – The potential financial loss arising from the Company's activities in financial, including foreign exchange, markets.
Liquidity Risk – The risk of failure to adequately meet cash demand in the short term without incurring financial losses.
Interest Risk – Risk to earnings from movement in interest rates.
Operational Risk – The risk of loss resulting from inadequate or failed internal processes, people, or from external events, including legal and compliance risk.
The Board of Directors monitors the above risks. Operational risk is managed by the Managing Director.
The Company's risk management policy ensure that KAML has in place acceptable limits for the risks identified. The risk management approach encompasses the following:

- defining the types of risks that will be addressed by each functional or policy area.
- ensuring that mechanisms for managing (identifying, measuring, and controlling) risk are implemented and maintained to provide for organisation wide risk management.
- developing information systems to provide early warning, or immediate alert, of events or situations that may occur, or already exists, that could create one or more types of risk for the Company.
- creating and maintaining risk management tools, such as policies, procedures, controls and independent testing, personnel management and training, and planning.

b) Risk Management roles and Responsibilities

The Board accepts responsibility for ensuring it has a clear understanding of the types of risks inherent in the Company's activities. Therefore responsibility for overall risk management in KAML is vested with the Board.

There is a formal system of financial and operational delegations from the Board to the Managing Director.
The Board has also delegated to the Audit Committee responsibility for overview of loss control and for overseeing the risk management function. The Audit Committee is responsible for providing regular reports and recommendations to the Board on the risk management activities of the Company.

c) Management Assurance

The Board is provided with regular reports about KAML's financial condition and its operating performance by KFM. Annually the Managing Director certifies to the Board that:

- the financial records of the Company have been properly maintained and that they accurately record the true financial position of the Company.
- the financial statements and notes meet all appropriate accounting standards.
- there are sound systems of risk management and control that re operating effectively.

4. ETHICAL BEHAVIOUR

Kina Asset Management Limited recognises its responsibilities as an investment company and is committed to being a responsible corporate citizen. The Company interprets its responsibilities as not only requiring it to abide by Papua New Guinean laws, but also requiring it to conduct its business in accordance with internationally-accepted practices and procedures.
The Company believes that these same responsibilities extend from the board and management to all workers providing services for the Company, whether or not they are employees of the Company.

Code of operations

The Company recognises the importance of conducting its operations in a manner consistent with the principles of honesty, integrity and fairness. Compliance with the relevant laws and regulations of each province in which it operates is expected.

Shareholders and the Financial Community

The Company is committed to increasing shareholder value in a manner consistent with its responsibilities to all stakeholders. The Company recognises the benefits of fair, accurate, timely and understandable disclosure and aims to keep shareholders informed as to its true and fair financial position and performance.

Political Involvement

The Company may represent its views to governments and other third parties on matters which affect its business interests and the interests of its shareholders, employees and others involved in their businesses and operations.

Competition

The Company supports the principles of free and fair competition in the market in compliance with applicable competition and consumer protection laws.

Privacy and Information

The laws in relation to privacy, and the use of confidential or price sensitive information, will be respected by the Company.

Conflicts of Interest

Conflicts of interest should be avoided. Where a conflict of interest does arise, full disclosure must be made and all relevant persons must not participate in any related decision-making process.

Directors and Management of the Company are subject to restrictions for buying, selling or subscribing for securities in the Company if they are in possession of inside information, i.e. information which is not generally available and, if it were generally available, a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

Further Directors and management may only trade in the securities of the Company, subject to the foregoing insider trading restrictions, during each of the eight weeks following the announcements of half yearly profit and yearly profit or the date of issue of a prospectus. Management should discuss proposed share trades with the Managing Director in advance, who in turn will keep activities. Directors should discuss proposed share trades with the Chairman in advance.

In addition Directors and management must not trade in any other entity if inside information on such entity comes to the attention of the Director or management by virtue of holding office as an Officer of the Company.

5. MARKET DISCLOSURE

The Company's continuous disclosure regime is fundamental to the rights of shareholders to receive information concerning their securities. The most important aspect of the Company's shareholder communication policy is to comply with the continuous disclosure regime and to implement best practice disclosure policy.

As a listed public company, the Company is required to comply with a continuous disclosure obligation contained in the Listing Rules of Port Moresby Exchange Limited (POMSoX). This continuous disclosure obligation is complemented by requirements under the Securities Act 1997 (PNG) (Securities Act).

Under Listing Rule 3.1, the Company is required to notify POMSoX immediately it is or becomes aware of: any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company must not release this information to any other person (such as the media) until it has given the information to POMSoX and received an acknowledgment that POMSoX has released the information to the market (Listing Rule 15.7).

Exceptions to disclosure

Disclosure under Listing Rule 3.1 is not required where each of the following conditions is satisfied:

a. a reasonable person would not expect the information to be disclosed; and
b. the information is confidential, and
c. one or more of the following applies:

(i) it would be a breach of a law to disclose the information;
(ii) the information concerns an incomplete proposal or negotiation;
(iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
(iv) the information is generated for the Company's internal management purposes; or
(v) the information is a trade secret.

The Company must meet its continuous disclosure obligation as soon as any one of paragraphs (a), (b) and (c) is no longer satisfied. For example, any information which is not confidential does not qualify for the exceptions from disclosure. It is therefore essential that information which is to be withheld is and remains subject to strict confidentiality obligations and is not leaked. If the information has been leaked, even in breach of a duty of confidentiality, it is no longer confidential, and disclosure of the information to POMSoX will be required.

Disclosure may also be required if POMSoX forms the view that the information has ceased to be confidential. In any event, information will have to be disclosed if a reasonable person would expect it to be disclosed, regardless of the fact that it is confidential and falls within any of the categories in paragraph (c) above (eg, it is a trade secret or relates to an incomplete proposal).

Awareness of information

Under POMSoX Listing Rule 19.12, the Company becomes aware of information if a director or executive officer of the Company has, or ought reasonably to have, come into possession of information in the course of the performance of their duties as a director or executive officer of the Company. That is, the disclosure obligation applies not only to information of which the directors or executive officers are actually aware, but also information of which those persons ought reasonably to have been aware.
Accordingly, whenever a director or executive officer is in possession of information which may have a material effect on the price or value of the Company's shares, it is critical that the information is immediately communicated in accordance with this Disclosure Policy.

Materiality of information

For the purpose of Listing Rule 3.1, a reasonable person will be taken to expect particular information to have a material effect on the price or value of any of the Company's securities if the information would, or would be likely to, influence persons who commonly invest in such securities in deciding whether to acquire or dispose of the securities.

Appointment of an Authorised Officer

The Company has appointed the Company Secretary as the officer who has primary responsibility for administration of the Company's Disclosure Policy. The Company Secretary's responsibilities include:

a. making sure that the Company complies with its continuous disclosure obligation, and monitoring that compliance;
b. overseeing and co-ordinating disclosure of information to POMSoX, analysts, brokers, shareholders, the media and the public; and
c. educating directors and employees on this Disclosure Policy and raising awareness of the principles underlying continuous disclosure.

Contravention and Liability

Contravention

The Company will contravene its continuous disclosure obligation if it fails to notify POMSoX of information required by Listing Rule 3.1 to be disclosed.

Liability

If the Company contravenes its continuous disclosure obligations, it may face criminal and civil liability under the Securities Act.

The Company's officers (including its directors and employees) and advisers who are involved in a contravention by the Company may also face criminal and civil liability. Similarly, directors, officers and advisers may be criminally liable under the Criminal Code if they aid or abet, or are in any way knowingly concerned in, the Company's contravention.

Enforcement

The court has the power under the Securities Act to order the Company and its directors to comply with the Listing Rules, on the application of POMSoX, the Securities Commission or an aggrieved person (for example, a shareholder).

Roles and responsibilities of POMSoX and Securities Commission

The Securities Commission and POMSoX jointly administer the continuous disclosure regime for listed companies in PNG. POMSoX is responsible for administering the Listing Rules while the Securities Commission is responsible for enforcing the Securities Act. POMSoX is required to notify the Securities Commission where it believes that there is an actual or anticipated serious contravention of the Listing Rules.

Unwanted publicity

Contravention of its continuous disclosure obligation may also lead to unwanted negative publicity for the Company.

Confidential information

As noted above, any information which is not confidential does not qualify for the exceptions described above. Information may also need to be disclosed if POMSoX has formed the view that confidentiality has been lost. POMSoX will normally consult first with the Company if it has concerns about loss of confidentiality, which may be prompted by otherwise unexplained share price movements or by reference to media or analyst reports with significant, credible and reasonably specific information.

Other Specific Disclosure Requirements POMSoX Listing Rules

In addition to complying with Listing Rule 3.1, the Company also needs to comply with other disclosure requirements contained in the POMSoX Listing Rules.

6. SHAREHOLDER COMMUNICATIONS

As a public listed company, KAML seeks to communicate with its shareholders in a timely and effective manner. KAML seeks to encourage effective participation at general meetings by the shareholders. A key means of doing this is through complying with this policy.

Half Year and Full Year Report

KAML's Half-Year Report and Annual Report are the most important media through which the Company provides its shareholders with a detailed review and analysis of its objectives and performance.

The Half-Year Report must be lodged with the Registrar and POMSoX by 13 September each year. KAML endeavours to lodge the document with the Registrar and POMSoX by the end of the first week in September and send it to shareholders, other than those who have elected not to receive it, shortly after that.

The Annual Report must be sent to shareholders not less than one month before the date fixed for holding the annual meeting of shareholders, or, if earlier, by 12 May each year. The document must be lodged with the Registrar and POMSoX at this time. KAML has applied for an extension for this first report.

Announcements to POMSoX

Significant developments affecting the Company may be the subject of an announcement to POMSoX.

Analyst and Media Briefings

The Company may conduct analyst and media briefings from time to time when a significant event occurs or at other times throughout the year as necessary.

Email

Whenever possible the Company will use email to communicate with shareholders who wish to receive communications in electronic form.

Shareholder meetings

The Company will generally hold our general meetings of shareholders in Port Moresby and all shareholders are entitled and encouraged to attend. Notice of shareholder meetings will be given and will set out matters to be considered at the meeting.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2008

The directors take pleasure in presenting the financial statements of the company and the group for the year ended 31 December 2008. In order to comply with the provision of the companies act 1997, the director's report as follows:

Principle Activities

The principal activitiy of Kina Asset Management Limited is to build a portfolio of investments that will generate regular dividends and steady capital growth. The company is listed on the Port Moresby Stock Exchange Ltd (POMSoX). The company's registered office is Douglas Street, Port Moresby

Review of operations

During the period, the Holding Company reported a net loss of K1,375,277 after charging income tax of K nil, while the Group reported a net loss of K4,143,322 after charging income tax of K181,338.

Changes in state of affairs

The Company is an investment company and was incorporated on 9 October 2007. The subsidiary company also operates as an investment company, conducting business activities for the Group in relation to international interest-bearing deposits and investments in listed equities. The Company and the Group commenced trading on 15 July 2008 and accordingly, there is no comparative financial information.

During the financial year there was no significant change in the principal activities or state of affairs of the company other than that referred to in the financial statements or notes thereto.

Change in accounting policies

No changes in accounting policies occurred during the period.

Dividends

No dividends were declared or paid during the period.

Directors

Name of Director	Position	No. of meetings held
Sir Rabbie Namaliu	Chairman	5 of 5
Richard Sinamoi	Non - executive director	5 of 5
Gregory Taylor	Non - executive director	5 of 5
Sydney Yates	Executive director	5 of 5

Directors' remuneration

Remuneration paid to the directors is disclosed in note 12 to the financial statements. The total remuneration paid to directors' fees paid during the period was K192, 500 and consisted of fixed directors' fees.

Remuneration above K100,000 per annum

Nil.

Donations

No donations were made during the current period by the Company and the Group.

Independent audit report

The financial statements have been audited by Deloitte Touche Tohmatsu and should be read in conjunction with the independent audit report on page 39.

Subsequent events

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

FINANCIAL STATEMENTS

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Companies Act 1997, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the Group

Signed in accordance with a resolution of the directors.

On behalf of the Directors

Sir Rabbie Langanai Namaliu

Chairman

Port Moresby 30 June 2009

Sydney George Yates

Executive Director

Port Moresby 30 June 2009

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		CONSOLIDATED		COMPANY	
	NOTE	2008 K	2007 K	2008 K	2007 K
REVENUE	2(a)	969,743	-	365,284	-
DIRECTORS' FEES		(192,500)	-	(192,500)	-
INSURANCE		(40,824)	-	(40,824)	-
MANAGEMENT FEES		(221,738)	-	(221,738)	-
SHARE REGISTRY FEES		(11,051)	-	(11,051)	-
OTHER OPERATING EXPENSES	2(b)	(53,010)	-	(53,009)	-
		450,620	-	(153,838)	-
MOVEMENTS IN FAIR VALUE OF SHARES		(481,544)	-	-	-
EXCHANGE LOSSES		(2,709,622)	-	-	-
IPO EXPENSES	2(c)	(1,221,439)	-	(1,221,439)	-
LOSS BEFORE TAX		(3,961,984)	-	(1,375,277)	-
INCOME TAX EXPENSE	4	(181,338)	-	-	-
LOSS FOR THE PERIOD		(4,143,323)		(1,375,277)	
LOSS PER SHARE					
BASIC (TOEA PER SHARE)		(9)	-	-	-
DILUTED (TOEA PER SHARE)		(9)	-	-	-

Notes to the financial statements are included on pages 25 to 36.

BALANCE SHEET

AS AT 31 DECEMBER 2008

	NOTE	CONSOLIDATED 2008 K	CONSOLIDATED 2007 K	COMPANY 2008 K	COMPANY 2007 K
CURRENT ASSETS					
CASH AND CASH EQUIVALENTS	10(a)	23,022,121	-	11,912,693	-
TRADE AND OTHER RECEIVABLES		83,776	-	117,306	-
TOTAL CURRENT ASSETS		23,105,897	-	12,029,999	-
NON-CURRENT ASSETS					
FINANCIAL ASSETS	6	17,818,904	-	-	-
INVESTMENT IN SUBSIDIARY COMPANY	9	-		1	
DUE FROM RELATED PARTIES		-	-	31,606,555	-
TOTAL NON-CURRENT ASSETS		17,818,904		31,606,556	-
TOTAL ASSETS		40,924,801		43,636,555	-
CURRENT LIABILITIES			-		-
TRADE AND OTHER PAYABLES	5	107,025	-	107,025	-
CURRENT TAX LIABILITIES	4	56,292	-	-	-
TOTAL CURRENT LIABILITIES		163,317	-	107,025	-
TOTAL LIABILITIES		163,317	-	107,025	-
NET ASSETS		40,761,484	-	44,904,807	-
EQUITY					
ISSUED CAPITAL	3	44,904,807	-	44,904,807	-
ACCUMULATED LOSS		(4,143,323)	-	(1,375,277)	-
TOTAL EQUITY		40,761,484	-	43,529,530	-

Notes to the financial statements are included on pages 25 to 36.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED	FULLY PAID ORDINARY SHARES K	ACCUMULATED LOSS K	TOTAL K
BALANCE AT 15 OCTOBER 2007	-	-	-
PROFIT FOR THE PERIOD	-	-	-
BALANCE AT 31 DECEMBER 2007	-	-	-
BALANCE AT 1 JANUARY 2008	-	-	-
ISSUE OF SHARES	44,904,807	-	44,904,807
LOSS FOR THE PERIOD	-	(4,143,323)	(4,143,323
BALANCE AT 31 DECEMBER 2008	44,904,807	(4,143,323)	40,761,484
COMPANY			
BALANCE AT 15 OCTOBER 2007			
EPROFIT FOR THE PERIOD	-	-	-
BALANCE AT 31 DECEMBER 2007	-	-	-
BALANCE AT 1 JANUARY 2008	-	-	-
ISSUE OF SHARES	44,904,807	-	44,904,807
LOSS FOR THE PERIOD	-	(1,375,277)	(1,375,277)
BALANCE AT 31 DECEMBER 2008	44,904,807	(1,375,277)	43,529,530

Notes to the financial statements are included on pages 25 to 36.

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		CONSOLIDATED		COMPANY	
	NOTE	2008 K	2007 K	2008 K	2007 K
CASH FLOWS FROM OPERATING ACTIVITIES					
RECEIPTS FROM CUSTOMERS		760,921	-	247,979	-
PAYMENTS TO SUPPLIERS AND THIRD PARTIES		(4,218,112)	-	(1,633,537)	-
TAX PAID		(125,046)	-	-	-
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	10(b)	(3,582,237)		(1,385,558)	
CASH FLOWS FROM INVESTING ACTIVITIES					
PAYMENT FOR INVESTMENT SECURITIES		(2,640,188)	-	-	-
AMOUNTS ADVANCED TO RELATED PARTIES		-	-	(15,946,294)	-
PAYMENT FOR BUSINESSES		-	-	(1)	-
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		(2,640,188)	-	(15,946,295)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
PROCEEDS FROM ISSUES OF EQUITY SECURITIES		29,244,547	-	29,244,547	-
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES		29,244,547	-	29,244,547	
NET INCREASE IN CASH AND CASH EQUIVALENTS		23,022,121	-	11,912,693	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	10(a)	23,022,121	-	11,912,693	-

Notes to the financial statements are included on pages 25 to 36 .

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

1. Significant accounting policies

Statement of compliance

The financial statements of Kina Asset Management Limited and its Subsidiary (The Group) have been prepared in accordance with International Financial Reporting Standards as adopted by the Accounting Standards Board of Papua New Guinea (ASB) and the requirements of the Papua New Guinea Companies Act 1997.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Papua New Guinea kina, unless otherwise noted. The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements) (refer to Note 9). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(c) Comparative amounts

The Company and its Subsidiary commenced operations on 15 July 2008 and therefore no comparative figures are available.

(d) Financial instruments

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

(i) has been acquired principally for the purpose of selling in the near future;

(ii) is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(iii) is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

1. Significant accounting policies (continued)

Available-for-sale financial assets

Where applicable, certain shares and redeemable notes held by the Group would be classified as being available-for-sale and are stated at fair value.. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.
Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

1. Significant accounting policies (continued)

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.
Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(e) Foreign currency

The individual financial statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Papua New Guinea kina.

(f) Income tax

Current tax

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

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period (s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

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

(g) Revenue

Changes in net market value of investments are recognised as income in the profit and loss in the period in which they occur. Changes in net market value are determined as the difference between the net market value at balance date or consideration received (if sold during the year) and the net market value at previous balance date or the cost (if the investment was acquired during the year).

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established. Interest revenue is accrued on a time 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.

1. Significant accounting policies (continued)

h) Goods and services tax

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

i) 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

ii) 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.

(i) Provisions

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

2. Profit and loss

a)

REVENUE	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
INTEREST INCOME	641,452	-	365,284	-
DIVIDEND INCOME	328,291	-	-	-
	969,743	-	365,284	-

b)

OTHER OPERATING EXPENSES	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
BANK CHARGES	940		940	
ENTERTAINMENT	596	-	596	-
INTERNET CHARGES	410	-	410	-
PROFESSIONAL FEES - ACCOUNTING	42,527	-	42,527	-
REGISTRATION FEES	2,331	-	2,331	-
TRAVEL AND ACCOMMODATION	6,205	-	6,205	-
	53,009	-	53,009	-

(C) IPO expenses

Initial Public Offering (IPO) expenses are costs incurred during the preliminary stage of the Company's operations. This is a oneoff cost and is not expected to recur:

IPO EXPENSES	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
ADVERTISING	141,202	-	141,202	-
BANK CHARGES	320	-	320	-
BROKERAGE FEES	370,465	-	370,465	-
LEGAL FEES	498,671	-	498,671	-
LISTING FEES	44,965	-	44,965	-
POSTAGE	46,454	-	46,454	-
PRINTING	7,065	-	7,065	-
SHARE REGISTRY FEES	34,283	-	34,283	-
TRAVEL AND ACCOMMODATION	57,647	-	57,647	-
	1,201,069	-	1,201,069	-

3. Share capital

ISSUED CAPITAL:	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
44,904,807				
FULLY PAID ORDINARY SHARES	44,904,807	-	44,904,807	-
	44,904,807	-	44,904,807	-

Fully paid ordinary shares carry one vote per share and the right to dividend.

4. Income taxes

Income tax recognised in profit or loss

TAX EXPENSE/(INCOME) COMPRISES:	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
CURRENT TAX EXPENSE/(INCOME)	181,338	-	181,338	-
TOTAL TAX EXPENSE/(INCOME)	181,338	-	181,338	-

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
LOSS BEFORE TAX	(3,961,985)	-	(1,375,277)	-
INCOME TAX EXPENSE CALCULATED AT 30%	(1,188,595)	-	(412,583)	-
EFFECT OF EXPENSES THAT ARE NOT DEDUCTIBLE IN DETERMINING TAXABLE PROFIT	1,126,730	-	169,380	-
EFFECT OF UNUSED TAX LOSSES AND TAX OFFSETS NOT RECOGNISED AS DEFERRED TAX ASSETS	243,203	-	243,203	-
	181,338	-	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Papua New Guinea corporate entities on taxable profits under Papua New Guinea tax law.

CURRENT TAX LIABILITIES COMPRISE:	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
CHARGE TO THE INCOME STATEMENT	181,338	-	-	-
PAYMENTS	(125,046)	-	(412,583)	-
	56,292	-	-	-

5. Trade and other payables

	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
TRADE PAYABLES	1,100	-	1,100	-
ACCRUED EXPENSES	105,925	-	105,925	-
	107,025	-	107,025	-

6. Financial assets

Financial assets carried at fair value through profit or loss:

CURRENT	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
LISTED SECURITIES	17,818,904	-	-	-
	17,818,904	-	-	-

MOVEMENTS	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
BALANCE AT THE BEGINNING OF THE YEAR	-	-	-	-
PURCHASES	18,300,449	-	-	-
CHANGES IN FAIR VALUE	(481,545)	-	-	-
	17,818,904			

DETAILS:

COMPANY	MARKET PRICE	NUMBER OF UNITS	MARKET VALUE
BANK SOUTH PACIFIC (BSP)	0.98	5,935,455	5,816,746
CREDIT CORPORATION (CCP)	2.50	3,223,435	8,058,588
CITY PHARMACY (CPL)	2.50	350,000	875,000
NEW BRITAIN PALM OIL (NBO)	12.00	101,692	1,220,304
OIL SEARCH (OSL)	8.60	1,148	708,603
TELSTRA (TSL)	7.09	100,000	313,506
NEWCREST MINING (NCM)	62.70	5,000	281,591
BHP BILLITON (BHP)	56.32	5,000	534,690
COMMONWEALTH BANK OF AUSTRALIA (CBA)	53.47	10,000	708,603
			17,818,904

7. Earnings per share

Basic earnings and diluted per share

Total basic earnings per share

BASIC EARNINGS AND DILUTED PER SHARE	CONSOLIDATED
	2008 TOEA PER SHARE
TOTAL BASIC EARNINGS PER SHARE	(9)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	CONSOLIDATED
	2008 K
NET LOSS USED IN THE CALCULATION OF BASIC AND DILUTED EPS	(4,143,323)

	CONSOLIDATED
	2008 No.'000
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR THE PURPOSES OF BASIC AND DILUTED EARNINGS PER SHARE	44,904,807

8. Contingent liabilities and contingent assets

There are no contingent assets or liabilities at balance date that require disclosure in the financial statements.

9. Subsidiary Company

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
PARENT ENTITY		2008 %	2007 %
KINA ASSET MANAGEMENT LIMITED (KAML)	PAPUA NEW GUINEA		
SUBSIDIARIES			
Kina Asset Management No 1 Limited	PAPUA NEW GUINEA	100	100

- KAML holds the cash assets of the group, whilist its wholly owned subsidary Kina Asset Management No.1 Limited holds all other investments.

10. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
CASH AND CASH EQUIVALENTS	9,218,584	-	-	-
INTEREST BEARING DEPOSIT	13,803,537	-	11,953,398	-
BANK OVERDRAFT	-	-	(40,705)	-
	23,022,121		11,912,693	

(b) Reconciliation of loss for the period to net cash flows from operating activities

	CONSOLIDATED 2008 K	CONSOLIDATED 2007 K	COMPANY 2008 K	COMPANY 2007 K
LOSS FOR THE YEAR	(4,143,323)	-	(1,375,277)	-
(GAIN)/LOSS ON REVALUATION OF FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS	481,545	-	-	-
INCREASE/(DECREASE) IN CURRENT TAX LIABILITY	56,292	-	-	-
CHANGES IN NET ASSETS AND LIABILITIES:				
(INCREASE)/DECREASE IN ASSETS:		-		-
TRADE AND OTHER RECEIVABLES	(83,776)	-	(117,306)	-
INCREASE/(DECREASE) IN LIABILITIES:				
TRADE AND OTHER PAYABLES	107,025	-	107,025	-
NET CASH FROM OPERATING ACTIVITIES	(3,582,237)	-	(1,385,558)	-

11. Financial instruments

(a) Financial risk management objectives

Kina Funds Management Limited's finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and fair values.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Transactions and balances are largely in the nature of foreign currency denominated purchased from suppliers. Although there are no specific hedging activities, to mitigate any currency risks, this exposure is being monitored by management on a going concern basis. The Group does not engage in any hedging activities at this stage.

(d) Interest rate risk management

The Group maintains its cash and bank balances with financial institutions that have credit standing.

(e) Liquidity risk

The Group invests the majority of its assets in investments that are traded in an active market. The Group holds securities that are listed on both the Port Moresby Stock Exchange (POMSOX) and the Australian Stock Exchange (ASX). Those securities listed on the ASX are considered readily realisable while those listed in the POMSOX are not due to illiquidity of the market. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities.

(f) Fair value of financial instruments

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

12. Key management personnel compensation

Details of key management personnel

The directors and other members of key management personnel of the Group during the year were:

- Sir Rabbie Langanai Namaliu
- Richard Kiokwikora Sinamoi
- Gregory Frank Taylor
- Syd Yates

The total remuneration paid to directors' fees paid during the period was K192,500 and consisted of fixed directors' fees, as follows:

Sir Rabbie Langanai Namaliu	K 60,000
Richard Kiokwikora Sinamoi	K 45,000
Gregory Frank Taylor	K 87,500
Sydney George Yates	K NIL

Sydney George Yates received no fees for his services as director.

13. Related party transactions

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 9 to the financial statements.

(b) Transactions with key management personnel

i. Key management personnel compensation

Details of key management personnel compensation are disclosed in note 11 where as director's fees noted to the financial statements.

ii. Loans to key management personnel

There have been no loans to key management personnel of the Group or to their related entities.

iii. Related trustee transaction

Transactions with key management personnel of the Group

Sydney George Yates through his company Columbus Investments Limited purchased 50,000 shares in the company after listing.

George Frank Taylor purchased 34,000 shares in the company after listing.

There were no further transactions between the company and key management.

(c) Transactions with other related parties

Other related parties include:

- entities with joint control or significant influence over the Group
- associates
- subsidiaries

Transactions between the Group and its related parties

During the financial year, the following transactions occurred between the company and its related parties:

- KAML entered into a Management Agreement with Kina Funds Management Limited, who owns 15.19% of the Group. Under this Management Agreement Kina Funds Management Limited manages the Group portfolio and all of the Group's investments. KAML is liable for (and must reimburse Kina Funds Management Limited where necessary) any fees, costs, charges and expenses properly incurred in connection with the investment and management of the portfolio, the discharge of Kina Funds Management Limited's reporting obligations or the acquisition, disposal or maintenance of any investment of the portfolio (excluding in-house administration costs of Kina Funds Management Limited in the nature of rent for Kina Funds Management Limited's premises, computer charges, salaries and like expenses) or in acting under the Management Agreement.

  The management fee is equal to 1% per annum on the basis of the value of the portfolio on the last day of the month. This is payable monthly and is calculated as 0.0833% of the value of the portfolio on the last day of the month.

  In addition, Kina Funds Management Limited is entitled to a performance fee calculated on the basis of the investment return of the investments in the portfolio. The performance fee is calculated and payable quarterly as follows: 20% x (portfolio outperformance + underperformance carryforward)

- KAML entered into a brokerage agreement with Kina Securities Limited, who owns 1.96% of the Group. Under this agreement Kina Securities Limited acts on a non-exclusive basis as the stockbroker for the Group and will charge KAML corporate brokerage charges for all share transactions undertaken on behalf of the Group. The rates charged are 0.30% for trades with a value under K249,999 and 0.25% for trades with a value over K250,000. During the year Kina Securities Limited was paid K370,465 in brokerage fees mainly relating to the Initial Public Offer of KAML.

- As part of KAML's Initial Public Offer, Kina Securities Limited entered into a Subscription Agreements with Kina Funds Management Limited. Under this Agreement, Kina Funds Management Limited was regarded as a sophisticated investor and was paid a pre-commitment fee of K17,056, being 0.25% of the total value of the consideration given by Kina Funds Management Limited for their shares in KAML.

- As part of KAML's Initial Public Offer, Kina Securities Ltd entered into a Subscription Agreements with Comrade Trustee Services Limited, who owns 16.43% of the Company and is the largest single shareholder. Under this Agreement, Comrade Trustee Services Limited was regarded as a sophisticated investor and was paid a pre-commitment fee of K18,450, being 0.25% of the total value of the consideration given by Comrade Trustee Services Limited for their shares in KAML.

- As part of KAML's Initial Public Offer, Kina Securities Ltd entered into a Subscription Agreement with Columbus Investments Limited, who owns 6.57% of the Company and is in turn owned by Mr Sydney Yates, the Group's Managing Director. Columbus Investments Limited was regarded as a sophisticated investor and was paid a pre-commitment fee of K7,375 being 0.25% of the total value of the consideration paid by Columbus Investments Limited for their shares in KAML.

The following balances arising from transactions between the Company and its related parties are outstanding at year end:

- Kina Funds Management Limited: K37,843
- Kina Securities Limited: K31,402

Transactions and balances between the Company and its subsidiary were eliminated in the preparation of consolidated financial statements of the Group.

(d) Equity interests held by key management personnel

- Sydney George Yates: 3,000,000 shares held through Columbus Investments Limited
- Sir Rabbie Langanai Namaliu: 50,000 shares held through Tobit Investments Limited
- Richard Kiokwikora Sinamoi: 100,000 shares held directly
- Gregory Frank Taylor: 34,000 shares held directly

AUDITOR OF THE PARENT ENTITY	CONSOLIDATED		COMPANY	
	2008 K	2007 K	2008 K	2007 K
AUDIT OR REVIEW OF THE FINANCIAL REPORT	25,000	-	25,000	-
	25,000	-	25,000	-

14. Remuneration of auditors

The auditor of the Group is Deloitte Touche Tohmatsu.

15. Subsequent events

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KINA ASSET MANAGEMENT LIMITED AND ITS SUBSIDIARY

Scope

We have audited the accompanying financial report of Kina Asset Management Limited and its subsidiary (the consolidated entity), which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Report

The directors of the consolidated entity are responsible for the preparation and true and fair presentation of the financial report in accordance with the Companies Act 1997. This responsibility includes implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Audit Approach

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion, and we have obtained all information and explanations required by us.

Audit Opinion

In our opinion,

(a) the financial statements of Kina Asset Management Limited and its subsidiary give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards; and comply with the Companies Act 1997.

(b) proper accounting records have been kept.

Other Information

We have no interest in the the consolidated entity or any relationship other than that of auditor of the the consolidated entity.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Suzaan Theron
Registered under the Accountants Act 1996
Partner, Chartered Accountants
Port Moresby, 30 June 2009

Member of
DeloitteTouche Tohmatsu

SHAREHOLDING INFORMATION

a. The distribution of ordinary shares ranked according to size as at 27 April 2009 is as follows:

SIZE OF HOLDING	NUMBER OF HOLDERS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1-1000	2086	1,359,461	3.03
1,001-5,000	580	1,560,784	3.48
5,001-10,000	124	1,101,870	2.45
10,001-100,000	108	3,670,876	8.17
100,001-999,999,999	29	37,211,816	82.87

b. The twenty largest shareholders representing 79.40% of the ordinary shares as at 27 April 2009 were as follows:

	SHAREHOLDER	NUMBER OF SHARES	% OF ISSUED CAPITAL
1	Comrade Trustee Services Limited	7,380,000	16.43
2	Kina Funds Management Limited	6,822,260	15.19
3	Monian Limited	3,000,000	6.68
4	Motor Vehicle Insurance Limited	3,000,000	6.68
5	Pacific MMI Insurance Limited	3,000,000	6.68
6	Columbus Investments Limited	3,000,000	6.68
7	Kina Nominees Limited	2,000,000	4.45
8	East New Britain S&L Society Limited	1,500,000	3.34
9	Mineral Resources DC	1,000,000	2.23
10	Misimuk Distributors Limited	1,000,000	2.23
11	Kina Securities Limited	880,000	1.96
12	Mineral Resources Ok Tedi no2 Limited	500,000	1.11
13	Mineral Resources Star Mountain Limited	500,000	1.11
14	Theodist Limited	500,000	1.11
15	Kokopo Microfinance	500,000	1.11
16	New Guinea Fruit Company Limited	270,300	0.60
17	Zogi Distributors Limited	253,805	0.57
18	Mae Limited	250,500	0.56
19	Mr NJ & Mrs DP Nightingale	250,500	0.56
20	Papindo Trading Co Limited	250,500	0.56
TOTAL		35,856,685	79.84

c. Issued capital as at 27 April 2009 was 44,904,807 ordinary fully paid shares.

CORPORATE DIRECTORY

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

REGISTERED OFFICE	Level 2, Deloitte Tower Douglas Street (PO Box 1141) Port Moresby National Capital District Papua New Guinea	
DIRECTORS	Sir Rabbie Langanai Namaliu	Chairman
	Richard Kiokwikora Sinamoi	Non - executive director
	Gregory Frank Taylor	Non - executive director
	Sydney George Yates	Executive director
SECRETARY	David Avusi Kulu	
AUDITORS	Deloitte Touche Tohmatsu Chartered Accountants PO Box 1275 Port Moresby Papua New Guinea	
BANKERS	Westpac Bank Limited, Papua New Guinea Bank South Pacific Limited, Papua New Guinea ANZ Bank Limited, Papua New Guinea Credit Suisse, Australia Bank of Queensland, Australia ANZ Bank, Australia	
Stock Exchange	Port Moresby Stock Exchange	
Broker	Kina Securities Limited	

KINA

ASSET MANAGEMENT

LIMITED