Kina
Asset Management
Limited

ANNUAL REPORT 2015

KINA
ASSET MANAGEMENT
LIMITED

Contents

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.

2015 HIGHLIGHTS

The Company recorded a net profit after tax of K4.74 million for the year ended December 2015 compared to the net loss of K0.39 million for the year ended December 2014. The net profit of K4.74 million was driven by:

- the growth of its international portfolio buoyed by investor optimism toward the back end of the year, and income from its higher yielding investments and;
- the weakening of the PGK against the AUD which also increased the value of the international equity portfolio for the period

Investment Portfolio had increased by K4.14 million from K48.01 million in 2014 to K52.15 million in December 2015

Continued the review of offshore equities to adhere to our long term investment strategy offering optimal, risk adjusted performance to shareholders

K1.6 million capital raised from Monian and the Dividend Reinvestment Plan

The Board initiated the development of a new and improved website, aimed at providing shareholders with the most up-to-date information on their investments through a user friendly interface

Paid a dividend of 2 Toea on 7 August 2015 for the financial year 2014

Year-end NTA of K1.10 after paying dividend and operational expenses

HISTORICAL PERFORMANCE

	2010	2011	2012	2013	2014	2015
Financial Perfomance						
Net Asset (K'm)	48.60	37.66	42.39	49.23	47.23	52.58
Movement (%)	7.93	(22.51)	12.56	16.14	11.42	6.80
Investment Income (K'm)	7.78	(8.77)	6.18	9.94	0.67	4.53
Investment Return (%)	17.25	(18.96)	14.85	21.00	1.30	9.00
Net Profit (K'm)	5.53	(9.43)	4.73	8.19	(0.39)	4.74
EPS (Toea)	12.00	(21.00)	10.00	18.00	(1.00)	10.00
NTA (PGK)	1.09	0.82	0.93	1.06	1.02	1.10
Dividend (Toea)	5.00	–	4.00	4.00	2.00	3.00
Share Price (PGK)	1.00	0.94	0.90	1.10	1.00	0.85

CHAIRMAN'S REPORT

Shareholders will be well aware of the volatility that ensued in 2015, and the negative implications on the global market.

Bearish themes continued to resonate into the year, as the world's major economies continued to diverge, amidst a backdrop of commodity economies stressed by a supply-demand disparity.

In spite of the diversity in the market, the perceived dependence of the global economy on commodities was apparent in the correlation of commodities, economic growth and subsequently, investor confidence.

The global economic outlook, whilst not overwhelmingly positive, leaves room for optimism over the longer term, as artificial stimuli makes way for the normalization of market dynamics. In spite of overwhelming market timidity, it is anticipated that the stabilization of key variables will succour the return of confidence and a sustainable pace of growth and recovery.

On the domestic front, the economy remains stressed as a direct result of the country's large dependence on the extractive industries. There remains a huge void in revenue and subsequent activity that has resulted from the completion of the construction phase of the LNG and the absence of parallel stimulus. Exacerbating circumstances, the collapse of global commodity prices has further restrained the capacity of the state to exert fiscal influence, the result, subdued consumer sentiment, and domestic commerce.

Whilst there are indications of foreseeable respite on the horizon, we recognize the impromptu nature of our chosen markets and hence, maintain cautious optimism; a realistic aspiration in light of the present circumstances and a willingness to weather the storm in belief of our strategy and management's capabilities.

Amidst the volatility Kina Asset Management (KAML) have held steadfast in its strategy, and have reaped tremendous benefit; generating an investment return of 9.0% for full year 2015, a very positive and satisfying result for KAML, despite the fact that much of the year in review has again been one adversely at the impact of ongoing global uncertainty.

The fact that we are able to report of 9.0% is indeed heartening and clearly indicates that the long term investment strategy embarked on by KAML and its adherence to the firm investment guidelines determined for the long term investment return program for the company.

KAML has and will continue to hold steadfast its objectives as a Listed Investment Company (LIC) to: provide a positive rate of return to shareholders by a combination of capital growth and income; providing shareholders with regular dividends; and preserving the capital of the company

This year's report outlines and defines the professional approach that KAML has undertaken to ensure that we manage investment funds with integrity. KAML is pleased to continue to provide the opportunity for Papua New Guineans to share in the diversity of investment opportunities by owning shares in the nation's first LIC, enabling shareholders to benefit from major local, regional and international opportunities.

“KAML have held steadfast in its strategy, and have reaped tremendous benefit; generating an investment return of 9.0%”

KAML was able to again pay a dividend to shareholders for the financial year 2014, upholding KAML’s commitment to provide regular dividends, despite the challenging circumstances. The payment of dividends a testament to the strength of the company’s cash position and an investment strategy anchored by high yielding, stable investments, whilst providing impetus for growth through its more protean assets.

We move into the New Year to meet the continuing uncertainties of the global economy, but with a sound background of judicious and considered investment which has always been the key driver of the KAML commitment to shareholders.

I and my fellow directors thank you for your unwavering support and confidence in the Board and of KAML. Uncertainty notwithstanding, KAML is well placed and will to continue to uphold its commitment to you our most valued shareholders.

Sir Rabbie Namaliu, GCL, KCMG, CSM
Chairman

EXHIBIT 1.0 – NET ASSET & SHARE PRICE PERFORMANCE

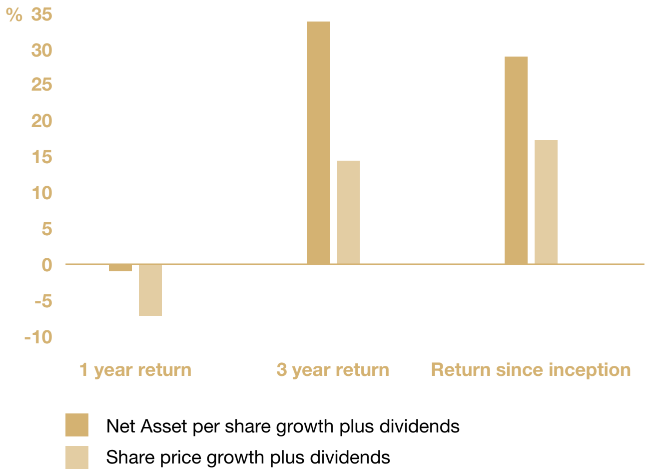
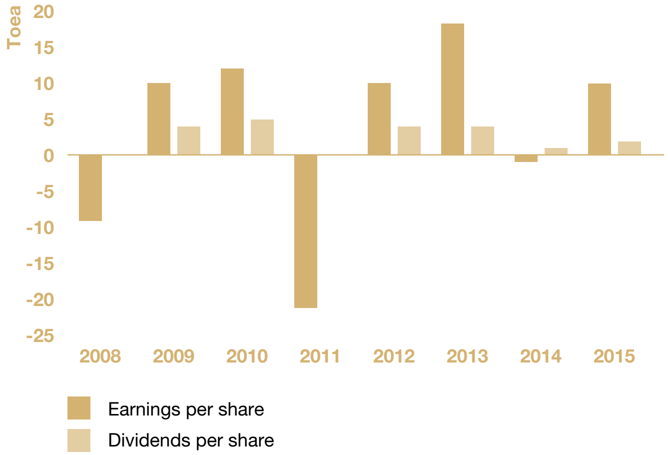


EXHIBIT 2.0 – EARNINGS PER SHARE & DIVIDENDS PER SHARE



CHIEF EXECUTIVE OFFICER'S REPORT

2015 was another testing time for KAML. Despite the global and domestic economic challenges that continued into the year, KAML was able to gain firm footing and deliver a sector high 9.0% return.

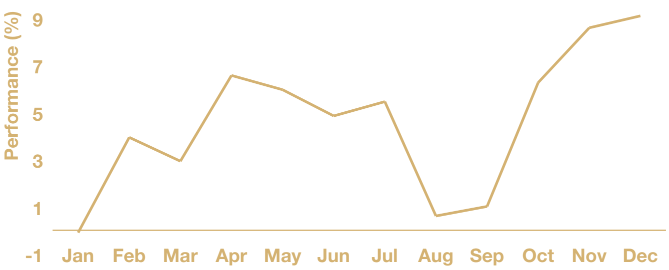
Investment Performance

KAML's 2015 performance was much improved from the previous year on the back of a rebound in key assets and the effective reallocation of investment resources. The Company generated a total investment gain of K4.5m representing an increase of 9.0%. Accordingly the portfolio improved to K52.2m (2014: K48.1m).

The performance was driven by a combination of factors:

- **Capital gains** on international investments as market confidence was restored following the effects of the August stock market crash,
- **Performance of Key Investment Assets**; as the portfolio's largest exposure in Bank South Pacific regained lost capital value as interest in the institution peaked, and
- **A Depreciation of the Kina** which supported a favourable translation of the portfolio's international constituents.

EXHIBIT 1.0 – INVESTMENT PERFORMANCE



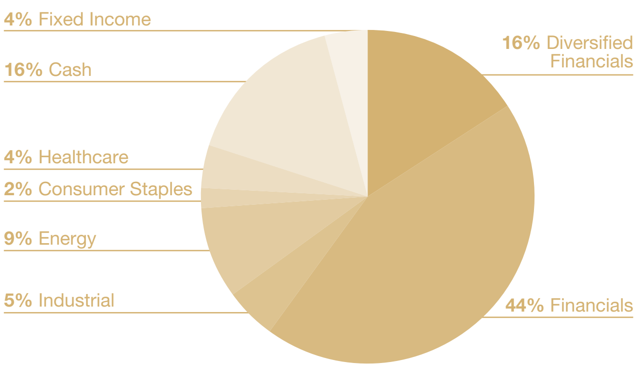
Investment Strategy Review

In light of the prevalent volatility, we undertook a review of our Investment Strategy to ensure ample ballast and return amid resounding uncertainty.

Accordingly the following changes were initiated:

- **Increased Cash allocation** from 9.0% to 16.1% in 2015, with the aim of preserving capital amidst volatility, whilst capitalizing from translation gains as the Kina continued to depreciate,
- **Crystallized gains**; reducing exposure as prices rose to lock in gains and increase exposure to cash, and
- **Increased allocation to Fixed Income** to generate higher returns utilizing idle domestic cash given the limited attractive investments in the domestic market, and the observed illiquidity of the Foreign Exchange market.

EXHIBIT 2.0 – PORTFOLIO BY SECTOR



Investment Portfolio

Transurban Group (TCL: ASX) was again the star performer in the portfolio. TCL generated 37.6% in total returns, comprised largely of valuation gains supported by the acquisition of strategic assets and investor optimism in the current low oil price environment.

CSL also performed exceptionally well, with a return of 31.8% as investors priced-in the value of the Company's investment in research and development, and its weighty exposure to the US markets. The stock continued to win favor amongst investors in an Australian market that was feeling the effects of a slowdown in growth as a result of the global commodity glut.

Our Global Managed Funds, again anchored our international exposures, the asset class generating a total return of 14.3%, led by Vanguard International Share Index (*11.6% of KAM portfolio*) which generated a 15.6% investment gain, supported by the strength of its constituents.

In our domestic market, the aftershocks of an LNG boom and the slowdown of the extractive industries were ever so apparent, as business struggled to adapt to the changes in domestic market dynamics. Some private enterprise succumbed to the reduced levels of demand and flailing sales, whilst others attempted to "fill the gaps"; trading on volumes and alternative income streams.

EXHIBIT 3.0 – INVESTMENT PORTFOLIO

Portfolio as at 31 December 2015

ASSETS CLASS	EXPOSURE (%)
Domestic	
Cash	1.9%
Fixed Income	3.5%
Equities	
Bank South Pacific	20.0%
Credit Corporation	5.0%
Kina Securities Limited	2.3%
City Pharmacy	1.8%
Oil Search Limited	9.5%
Total Domestic Portfolio	43.8%
International	
Cash	14.2%
Equities	
ANZ Bank Limited	4.4%
National Australia Bank	3.9%
Westpac Bank Limited	3.7%
Mirvac Group	5.2%
Transurban Group	4.9%
CSL Limited	4.0%
Global Index Fund	
Vanguard International Shares Index	11.4%
Blackrock Wholesale Indexed International Equity Fund	4.6%
Total International Portfolio	56.2%
Total Portfolio	100.0%

* Global Industry Classification Standard (GICS) Classification

CHIEF EXECUTIVE OFFICER'S REPORT

In light of the challenges, the domestic portfolio's performance was restrained, although generating a positive return of 5.6%. Our largest portfolio constituent Bank South Pacific (BSP: POMSoX) maintained double digit returns, as the country's largest bank utilized its market share and effective resource allocation to support growth in a down market. BSP returned a total return of 16.2% comprised largely of dividend income.

In contrast, Oil Search (OSH: POMSoX) and Credit Corp (CCP: POMSoX) failed to effectively circumvent the subdued trading conditions with large valuation losses offsetting gains in income.

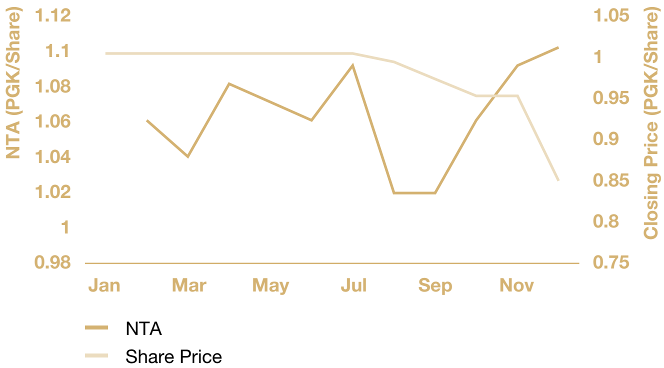
CCP's value declined subsequent to the cessation of its buyback program whilst OSH, despite showing positive gains during the year, declined as oversupply issues weighed down on the energy sector.

Further Developments

In other developments, Monian Limited completed their purchase of additional shares subsequent to seeking and receiving approval at a Special General Meeting, resulting in an increase in total shareholding to 25.0%. The share purchase provided existing shareholders with liquidity through Monian's open market purchases also providing additional investment funds for KAML to capitalize on opportunities.

Individually our performance was outstanding, with growth in our portfolio and resultantly our NTA. However, this was not reflected in our share price, as the stock depreciated as illiquidity pushed prices below support levels. Nevertheless, we remain optimistic that further growth and development of our market will enable the attainment of a share price which is a fair representation of our performance.

EXHIBIT 4.0 – NTA VS SHARE PRICE



Summary

The year 2015 was a challenging year for KAML as markets continued to exhibit a great degree of volatility, nevertheless, as the performance indicates the company remains in good stead and will continue to perform as an unwavering long-term investor, despite the resounding uncertainty in our chosen markets.

Finally, I would like to thank you, our most valued shareholders, for your continued confidence, and we assure you that we will maintain a proactive approach to the management of KAML in the pursuit of continued growth.

Syd Yates, OBE
Chief Executive Officer & Managing Director

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:

Sir Rabbie Namaliu
GCL, CSM, KCMG
Chairman

Sir Rabbie Namaliu, GCL, CSM, KCMG, a distinguished statesman, is a former Prime Minister of Papua New Guinea, a former Speaker of the Papua New Guinea National Parliament, and committed Papua New Guinean with ministerial experience in Foreign Affairs & Trade, Treasury, Primary Industry, Petroleum and Energy, and other areas of government responsibility including being Chairman of the Public Services Commission. Sir Rabbie Namaliu holds directorships of various Papua New Guinean and international companies, including non-Executive Director of Marengo Mining Limited, Bouganville Copper Limited and Director of InterOil Corporation Limited. Sir Rabbie Namaliu is the Chairman of Kramer Ausenco and also the Chairman and non-Executive Director of Kina Securities Limited. He is also Director of the Post Courier and is a member of the Papua New Guinea Institute of Directors.

Syd Yates, OBE
Chief Executive Officer
& Managing Director

Syd Yates, OBE, holds a number of directorships including the Port Moresby Stock Exchange Limited, Kina Securities Limited and its Subsidiaries, Media Niugini Limited, and is a director of Papua New Guinea Olympic Committee. Mr Yates has significant experience in the banking, finance and investment industries. He joined Kina Securities Limited in 1997 as the Chief Executive Officer and Managing Director and has been responsible for the significant growth of Kina Finance Limited and Kina Funds Management Limited. He spearheaded the drive for the establishment of the Port Moresby Stock Exchange and established Kina Asset Management Limited. He is a Fellow of the Australian Institute of Company Directors, Fellow of Australian Institute of Management and a Fellow of Financial Services Institute of Australasia.

Gregory Taylor, AO
Non-executive Director

Gregory Taylor, AO, has been Chairman of Kumul Hotels Limited, Chairman of Paradise Foods Limited and Director of Nambawan Super Limited. Greg has had extensive experience in Australian Government administration, across senior positions in Treasury and Prime Minister and Cabinet before being appointed to the position of Chairman, Industries Assistance Commission. He then headed in turn three Departments of State responsible respectively for employment, education and training; primary industry and resources; and industry, science and technology. In 1997 he became Executive Director at the IMF for Australia, PNG and a number of other Pacific and East Asian countries, as a consequence directly representing PNG's economic interests at the IMF. He advised the then Secretary of the Treasury in PNG, and Chaired the original Superannuation Task Force which led to the current superannuation system now in place.

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.

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.

1 The Board of Directors (continued)

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 3 directors, with 2 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.

CORPORATE GOVERNANCE

1 The Board of Directors (continued)

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 17, 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 will be 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 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.

c) 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.

2 Committees (continued)

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).

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.

CORPORATE GOVERNANCE

3 Risk Management (continued)

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 are 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.

a) 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.

b) 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.

c) 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.

d) Competition

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

e) Privacy and Information

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

f) 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).

a) 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;
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) (e.g. it is a trade secret or relates to an incomplete proposal).

b) 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.

c) 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.

d) 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.

e) 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.

CORPORATE GOVERNANCE

5 Market Disclosure (continued)

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

Any information which is not confidential does not qualify for the exceptions described in paragraph 5 a). 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.

a) 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 75 business days after the end of the accounting period. 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. The document must be lodged with the Registrar and POMSoX at this time.

b) Announcements to POMSoX

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

c) 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.

d) Email

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

e) 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.

Kina
Asset Management
Limited

FINANCIAL STATEMENTS

Contents

DIRECTORS' REPORT

For the financial year ended 31 December 2015

The directors of Kina Asset Management Limited (the Company) submit herewith the annual financial report of the Company and the Group including the consolidated financial statements for the financial year ended 31 December 2015. In order to comply with the provisions of the Companies Act 1997, the directors report as follows:

The names, particulars and other office holdings of the directors and office holders of the Company as at the end of the financial year are:

Directors

Syd Yates	Executive director
Sir Rabbie Namaliu	Non-executive director
Gregory Taylor	Non-executive director

Company Secretary

The Company secretary is Syd Yates.

Review of operations

During the period, the Holding Company reported a net profit of K898,475 (2014: net profit of K1,928,939) after income tax expense of K151,701 (2014: income tax expense of K35,469), while the Group reported a net profit of K4,745,696 (2014: net loss of K391,445) after income tax benefit of K1,076,394 (2014: income tax expense of K88,085).

Changes in state of affairs

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 declared by the company in respect of the financial year ended 31 December 2015. K954,366 of dividend was paid on 7th August 2015 in respect of the year ended 31 December 2014.

Directors' remuneration

Remuneration paid to the directors is disclosed in note 16 to the financial statements. The total remuneration paid to directors' during the period was K105,000 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 (2014:Nil).

Independent audit report

The financial statements have been audited by PricewaterhouseCoopers and should be read in conjunction with the independent audit report on page 17 and 18.

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.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

Syd Yates	**Sir Rabbie Namaliu**
Director	Director
Port Moresby,	Port Moresby,
9 March 2016	9 March 2016

Directors' Declaration

For the financial year ended 31 December 2015

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 generally accepted accounting practice in Papua New Guinea 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

Syd Yates	**Sir Rabbie Namaliu**
Director	Director
Port Moresby,	Port Moresby,
9 March 2016	9 March 2016

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Kina Asset Management Limited

Report on the financial statements

We have audited the accompanying financial statements of Kina Asset Management Limited (the Company), which comprise the statements of financial position as at 31 December 2015, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2015 or from time to time during the financial year.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation of these financial statements such that they give a true and fair view in accordance with generally accepted accounting practice in Papua New Guinea and the Companies Act 1997 and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, 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 Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements:

1. comply with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea; and
2. give a true and fair view of the financial position of the Company and the Group as at 31 December 2015, and their financial performance and cash flows for the year then ended.

PricewaterhouseCoopers
PwC Haus, Level 6, Harbour City, Konedobu. PO Box 484, Port Moresby, Papua New Guinea
T: (675) 321 1500 / (675) 305 3100, F: (675) 321 1428, www.pwc.com.pg

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Kina Asset Management Limited

Report on other legal and regulatory requirements

The Companies Act 1997 requires in carrying out our audit we consider and report on the following matters. We confirm in relation to our audit of the financial statements for the year ended 31 December 2015:

1. we have obtained all the information and explanations that we have required;
2. in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records; and
3. we have no relationship with, or interest in the Company, other than in our capacities as auditor and tax advisor. These services have not impaired our independence as auditor of the Company and the Group.

Restriction on distribution or use

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1997. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

PricewaterhouseCoopers

Grant Burns
Partner
Registered under the Accountants Registration Act 1996

Port Moresby, 9 March 2016

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	NOTE	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Continuing operations					
Revenue	3(a)	2,888,029	3,601,342	1,529,230	2,555,562
Changes in fair value of financial assets	8	1,224,000	(2,757,830)	–	–
Exchange gain/(loss)		420,672	(165,649)	–	–
Total income		4,532,701	677,863	1,529,230	2,555,562
Directors' fees	16	(105,000)	(105,000)	(105,000)	(105,000)
Insurance		(73,258)	(68,572)	(73,258)	(68,572)
Management fees		(366,095)	(372,469)	–	–
Share registry fees		(73,727)	(106,067)	(73,727)	(106,067)
Other operating expenses	3(b)	(245,319)	(329,115)	(227,069)	(311,515)
Profit/(loss) before tax		3,669,302	(303,360)	1,050,176	1,964,408
Income tax credit/(expense)	6	1,076,394	(88,085)	(151,701)	(35,469)
Net Profit/(Loss) for the year		4,745,696	(391,445)	898,475	1,928,939
Other comprehensive income		–	–	–	–
Total comprehensive income/(loss) for the year		4,745,696	(391,445)	898,475	1,928,939
Earnings per share					
Basic (Toea per share)		10	(1)		
Diluted (Toea per share)		10	(1)		

Notes to the financial statements are included on pages 23 to 34.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	NOTE	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Assets					
Cash and cash equivalents	12	8,377,652	4,136,815	46,387	63,708
Current tax receivables		359,704	55,063	-	52,467
Other receivables	4	422,194	210,216	522,756	339,878
Financial assets					
Fair value through profit and loss	8	41,965,684	42,566,500	–	–
Held to maturity	8	1,814,809	1,304,762	–	–
Investment in subsidiary company	11	–	–	1	1
Due from related parties	17	–	–	46,822,089	45,221,160
Net deferred tax assets	6	26,137	251,638	–	98,730
Total assets		**52,966,180**	**48,524,994**	**47,391,233**	**45,775,944**
Liabilities					
Other payables	7	313,556	292,721	278,346	259,718
Current tax liabilities		74,872	998,888	74,872	–
Net deferred tax liabilities	6	–	–	24,643	–
Total liabilities		388,428	1,291,609	377,861	259,718
Net assets		**52,577,752**	**47,233,385**	**47,013,372**	**45,516,226**
Equity					
Fully paid ordinary shares	5	47,899,583	46,346,546	47,899,583	46,346,546
Accumulated gain/(loss)		4,678,169	886,839	(886,211)	(830,320)
Total equity		**52,577,752**	**47,233,385**	**47,013,372**	**45,516,226**

Notes to the financial statements are included on pages 23 to 34.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	FULLY PAID ORDINARY SHARES K	ACCUMULATED GAIN/(LOSS) K	TOTAL K
Consolidated			
Balance at 1 January 2014	46,106,994	3,124,461	49,231,455
Issued shares	239,552	–	239,552
Dividend paid	–	(1,846,177)	(1,846,177)
Profit/(loss) for the year	–	(391,445)	(391,445)
Balance at 31 December 2014	**46,346,546**	**886,839**	**47,233,385**
Balance at 1 January 2015	46,346,546	886,839	47,233,385
Issued shares	1,553,037	–	1,553,037
Dividend paid	–	(954,366)	(954,366)
Profit/(loss) for the year	–	4,745,696	4,745,696
Balance at 31 December 2015	**47,899,583**	**4,678,169**	**52,577,752**
Company			
Balance at 1 January 2014	46,106,994	(913,082)	45,193,912
Issued shares	239,552	–	239,552
Dividend paid		(1,846,177)	(1,846,177)
Profit/(Loss) for the year	–	1,928,939	1,928,939
Balance at 31 December 2014	**46,346,546**	**(830,320)**	**45,516,226**
Balance at 1 January 2015	46,346,546	(830,320)	45,516,226
Issued shares	1,553,037	–	1,553,037
Dividend paid	–	(954,366)	(954,366)
Profit/(Loss) for the year	–	898,475	898,475
Balance at 31 December 2015	**47,899,583**	**(886,211)**	**47,013,372**

Notes to the financial statements are included on pages 23 to 34.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2015

	NOTE	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Cash flows from operating Activities					
Dividend, interest and other					
Income receipts		3,042,845	2,117,323	954,366	1,761,992
Purchase of Government					
Securities		(495,448)	(1,302,713)	–	–
Purchase of shares		(6,354,203)	(18,393,322)	–	–
Sale of shares		8,353,050	19,309,914	–	–
Payments to third parties		(873,324)	(930,458)	(513,539)	(605,432)
Tax paid		(30,754)	(121,635)	(30,754)	(27,635)
Net cash provided by operating activities		3,642,166	679,109	410,073	1,128,925
Cash flows from financing activities					
Issued shares		1,553,037	239,552	1,553,037	239,552
Dividend paid		(954,366)	(1,846,177)	(954,366)	(1,846,177)
Amounts advanced to related parties		–	–	(1,026,065)	510,158
Net cash used in/(provided by) financing activities		598,671	(1,606,625)	(427,394)	(1,096,467)
Net increase/(decrease) in cash and cash equivalents		4,240,837	(927,516)	(17,321)	32,458
Cash and cash equivalents at the beginning of the financial year		4,136,815	5,064,331	63,708	31,250
Cash and cash equivalents at the end of the financial year	12	8,377,652	4,136,815	46,387	63,708

Notes to the financial statements are included on pages 23 to 34.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

1 General information

Kina Asset Management Limited (the Company) and its subsidiary Kina Asset Management No. 1 Limited (the Group) is an investment company incorporated as a limited liability Company in Papua New Guinea.

2 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 and the requirements of the Papua New Guinea Companies Act 1997.

Changes in accounting policies and disclosures

a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2015

The following new standards, amendments and interpretations are mandatory for the first time for the financial year beginning 1 January 2015, but did not have a significant impact on the entity:

- IFRIC 21: Levies in relation to the clarification of obligating event.
- Narrow scope amendment to IAS 19 regarding defined benefit plans
- Annual improvements 2012
- Annual improvements 2013

b) New standards, amendments and interpretations issued but not effective for the financial year ended 31 December 2015 and not early adopted

- Amendment to IFRS 11 Joint arrangements on acquisition of an interest in a joint operation
- Amendment to IAS 16 Property, plant and equipment and IAS 41 Agriculture, regarding bearer plants
- Amendment to IAS 16 and IAS 38 on depreciation and amortisation based on revenue
- IFRS 14: Regulatory deferral accounts
- Amendments to IAS 27 Separate financial statements on the equity method
- Amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures
- Annual improvements 2014
- Amendments to IAS 1 “Presentation of Financial Statements” on improved disclosure requirements.
- Amendment to IFRS 10 and IAS 28 (effective 1 January 2016) on investment entities applying the consolidation exemption.
- IFRS 15: Revenue from contracts with customers
- IFRS 9: Financial Instruments on the classification and measurement of financial assets and liabilities, hedge accounting and recognition of impairment losses
- IFRS 16: Leases.

The entity has conducted investigations and does not consider that there are any measurement or recognition issues arising from the release of these new pronouncements that will have a significant impact on the reported financial position or financial performance of the entity.

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 subsidiary) (referred to as ‘the Group’ in these financial statements). Control is achieved when the group is exposed to, or has rights to, variable returns from its investments with the entity and has the ability to affect those returns through its power to direct activities of the entity.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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.

c) Comparative amounts

Where necessary, comparative figures have been adjusted to conform to current disclosure and reclassification of balances. This has not resulted in any adjustment to net assets or profits. The financial statement presentation has been amended to better reflect the nature of activities of the Group, including the presentation of assets and liabilities and certain cash flows.

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 timeframe 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 are largely 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.

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 assets is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a 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.

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 financial statements, the functional currency is 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).

2 Significant accounting policies (continued)

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) Income recognition

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.

h) Goods and service 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.

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.

j) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates.

No significant estimates or judgements have been required in applying accounting policies which may have a material impact on the Company's net assets.

3 (a) Revenue

	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Interest income	243,413	125,334	–	–
Dividend income	2,470,585	2,160,852	954,366	1,846,177
Gain on sale of investment securities	174,031	1,315,156	–	–
Subsidiary management fees	–	–	574,864	709,385
	2,888,029	3,601,342	1,529,230	2,555,562

3 (b) Other operating expenses

	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Advertising	6,000	6,274	6,000	6,274
Audit Fees	44,000	44,000	44,000	44,000
Bank charges	2,229	3,534	2,229	3,534
Internet charges	–	1,200	–	1,200
Listing fees	35,777	35,471	35,777	35,471
Meeting	2,246	4,419	2,246	4,419
Postage	25,000	45,000	25,000	45,000
Printing	35,000	51,302	35,000	51,302
Professional fees	90,267	127,185	72,017	109,585
Travel and accommodation	4,800	10,730	4,800	10,730
	245,319	329,115	227,069	311,515

4 Other receivables

Dividend receivable	270,380	146,957	–	–
Others	151,814	63,259	522,756	339,878
	422,194	210,216	522,756	339,878

5 Share capital

	NUMBER OF SHARES	COST	NUMBER OF SHARES	COST
Fully paid ordinary shares: **2014**				
Beginning	46,154,407	46,106,994	46,154,407	46,106,994
Issued shares:	234,747	239,552	234,747	239,552
Ending	46,389,154	46,346,546	46,389,154	46,346,546
Fully paid ordinary shares: **2015**				
Beginning	46,389,154	46,346,546	46,389,154	46,346,546
Issued shares:	1,503,313	1,553,037	1,503,313	1,553,037
Ending	47,892,467	47,899,583	47,892,467	47,899,583

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

During the year the company issued an additional 1,503,313 shares for K1,553,037.

6 Income taxes

Income tax recognised in profit or loss

	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Tax expense/(income) comprises:				
Current tax expense	28,328	68,538	28,328	45,130
Deferred tax	225,501	19,547	123,373	(9,661)
Prior year over provision	(1,330,223)	–	–	–
Total tax expense	(1,076,394)	88,085	151,701	35,469

The prima facie income tax expense on pre-tax accounting profit/(loss) reconciles to the income tax expense in the financial statements as follows:

	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Profit/(loss) before tax	3,669,302	(303,360)	1,050,176	1,964,408
Income tax expense calculated at 30%	1,100,791	(91,008)	315,053	589,322
Prior year over provision	(1,330,223)	–	–	–
Tax effect of non-assessable income	(846,962)	179,093	(163,352)	(553,853)
	(1,076,394)	88,085	151,701	35,469

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.

	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Deferred tax assets comprise:				
Accrued liabilities	83,324	77,735	83,324	77,735
Tax losses	–	280,675	–	122,958
	83,324	358,410	83,324	200,693
Deferred tax liabilities comprise:				
Prepaid insurance	7,978	8,680	7,978	8,680
Accounts receivable	–	–	99,989	93,283
Interest receivable	3,984	6,513	–	–
Dividend receivable	45,224	44,087	–	–
Unrealised foreign exchange gain	–	47,492	–	–
	57,186	106,772	107,967	101,963

Movements in deferred tax:
Consolidated

	2015 ASSET K	2015 LIABILITY K	2015 NET K	2014 ASSET K	2014 LIABILITY K	2014 NET K
At 1 January	358,410	(106,772)	251,638	322,878	(51,694)	271,184
Recognised in Income Statement	(275,087)	49,586	(225,501)	35,532	(55,078)	(19,546)
Recognised in Statement of Comprehensive Income	–	–	–	–	–	–
At 31 December	83,323	(57,186)	26,137	358,410	(106,772)	251,638

Company

	2015 ASSET K	2015 LIABILITY K	2015 NET K	2014 ASSET K	2014 LIABILITY K	2014 NET K
At 1 January	200,693	(101,963)	98,730	168,846	(79,777)	89,069
Recognised in Income Statement	(117,369)	(6,004)	(123,373)	31,847	(22,186)	9,661
Recognised in Statement of Comprehensive Income	–	–	–	–	–	–
At 31 December	83,324	(107,967)	(24,643)	200,693	(101,963)	98,730

7 Other payables

	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Other payables	600	600	600	600
Accrued expenses	312,956	292,121	277,746	259,118
	313,556	292,721	278,346	259,718

8 Financial assets

	CONSOLIDATED 2015 K	CONSOLIDATED 2014 K	COMPANY 2015 K	COMPANY 2014 K
Financial assets carried at fair value through profit or loss:				
Listed securities	41,965,684	42,566,500	–	–
Movements:				
Balance at the beginning of the year	42,566,500	44,925,767	–	–
Purchases	6,354,203	18,393,322	–	–
Disposal	(8,353,050)	(19,309,914)	–	–
Gains on Sale	174,031	1,315,155	–	–
Changes in fair value	1,224,000	(2,757,830)	–	–
	41,965,684	42,566,500	–	–
Held to maturity:				
Government Inscribed Stock	1,814,809	1,304,762	–	–
	1,814,809	1,304,762	–	–

Detailed listing of Financial assets carried at fair value through profit or loss as at:

	31 DECEMBER 2015			31 DECEMBER 2014		
COMPANY	MARKET PRICE	NO. OF UNITS	MARKET VALUE	MARKET PRICE	NO. OF UNITS	MARKET VALUE
Bank South Pacific (BSP)	7.50	1,388,018	10,410,135	7.14	1,398,018	9,981,848
Credit Corporation (CCP)	2.25	1,151,491	2,590,854	2.60	1,151,491	2,993,877
Kina Securities Limited (KSL)	2.38	500,000	1,190,476	–	–	–
New Britain Palm Oil (NBPO)	31.41	–	–	26.32	87,880	2,312,632
City Pharmacy (CPL)	1.33	701,191	932,584	1.44	701,191	1,009,715
Oil Search Limited (OSH)	14.64	336,813	4,929,329	16.73	355,813	5,952,851
ANZ Bank Limited (ANZ)	61.01	37,400	2,281,743	68.04	32,600	2,218,265
National Australia Bank (NAB)	65.97	30,792	2,031,276	71.25	26,092	1,858,972
Westpac Bank Limited (WBC)	73.31	26,400	1,935,308	70.31	20,500	1,441,433
Mirvac Group (MGR)	4.33	630,500	2,726,933	3.77	605,500	2,285,390
Transurban Group (TCL)	22.87	110,959	2,537,660	18.19	136,959	2,491,747
CSL Limited (CSL)	230.03	9,000	2,070,314	183.80	13,000	2,389,397
Woolworths Limited (WOW)	53.52	–	–	–	–	–
Vanguard International Shares Index	4.13	1,443,513	5,968,286	3.76	2,029,946	7,630,373
Blackrock Wholesale International Indexed Equity Fund	34.56	68,317	2,360,786	–	–	–
			41,965,684			**42,566,500**

Market value is determined from quoted prices in active markets, being the current last price at measurement date.

8 Financial assets (continued)

Detailed listing of Financial assets held to maturity (Government Inscribed Stock) as at:

SERIAL NUMBER	SETTLEMENT DATE	MATURITY DATE	COUPON RATE	FACE VALUE	31 DECEMBER 2015 OUTSTANDING BALANCE	31 DECEMBER 2014 OUTSTANDING BALANCE
S15052031	24/Oct/2014	15/May/2031	12.00%	500,000	430,711	426,206
S15052027	24/Oct/2014	15/May/2027	10.50%	500,000	434,193	428,410
S15052027	19/Dec/2014	15/May/2027	10.50%	500,000	454,175	450,146
S15082022	24/Jul/2015	18/Aug/2022	10.00%	500,000	495,730	–
				2,000,000	**1,814,809**	**1,304,762**

Government Inscribed Stock are investments carried at amortised cost. These investment are held to their maturity which varies between 2022, 2027 and 2031.

9 Earnings per share

	CONSOLIDATED	
	2015 TOEA PER SHARE	2014 TOEA PER SHARE
Basic and diluted earnings per share		
Total basic earnings per share	10	(1)

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	
	2015 K	2014 K
Net income/(loss) used in the calculation of basic and diluted EPS	4,745,696	(391,445)

	2015 K	2014 K
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	47,642,776	46,247,919

10 Contingent liabilities and contingent assets

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

11 Subsidiaries

NAME OF ENTITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2015 %	2014 %
Parent entity			
Kina Asset Management Limited	Papua New Guinea		
Subsidiary			
Kina Asset Management No 1 Limited	Papua New Guinea	100	100

12 Notes to the cash flow statement

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	
	2015 K	2014 K	2015 K	2014 K
Cash and cash equivalents	7,577,652	4,136,815	46,387	63,708
Interest bearing deposit	800,000	–	–	–
	8,377,652	4,136,815	46,387	63,708

13 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. Although there are no specific hedging activities, to mitigate any currency risks, this exposure is being monitored by management on an ongoing basis. The Group does not engage in any hedging activities. The exchange rates used for conversion are AUD/Kina 0.4578 and USD/Kina 0.3400.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	ASSETS K	LIABILITIES K
Australian Dollar	32,186,964	–
US Dollar	3,242,366	–

13 Financial instruments (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of Australian Dollar and US Dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the Kina currency against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The sensitivity analysis includes listed shares and term deposits where the denomination of the investment is in a currency other than Kina. A positive number below indicates an increase in profit and other equity where the Kina strengthens 10% against the relevant currency. For a 10% weakening of the Kina against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	AUSTRALIAN DOLLAR IMPACT		US DOLLAR IMPACT	
	10% INCREASE	10% DECREASE	10% INCREASE	10% DECREASE
Loss/(profit)	(2,926,088)	3,936,592	(294,761)	360,263

d) Interest and credit 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 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 on 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 short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities.

f) Other price risk

The Group is exposed to equity price risks arising from equity investments. The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the equity prices had been 5% higher/lower net profit for the year ended 31 December 2015 would increase/decrease by K2,098,284.

g) 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 fair value of listed equity securities at note 8, are based on quoted market prices at the end of the reporting period. These financial instruments are categorised as Level 1 within the fair value hierarchy. Unlisted equities are categorised within Level 3 of the fair value hierarchy.

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.

14 Segment reporting

The Group operates in one segment – investments, in Papua New Guinea. For the Management purposes, segment information determination is based on risk involved with domestic and international securities.

2015	DOMESTIC K	INTERNATIONAL K	KAM1L K	KAML K	TOTAL AFTER INTER COMPANY ADJUSTMENT K
Revenue	1,432,547	3,100,154	4,532,701	1,529,230	4,532,701
Expenses			(959,210)	(479,054)	(863,399)
Operating Profit			3,573,491	1,050,176	3,669,302
Income Tax Expense			1,228,095	(151,701)	1,076,394
Net profit			4,801,586	898,475	4,745.696
Assets	23,530,144	29,224,830	52,754,974	47,366,591	52,966,179
Liabilities			47,190,595	353,219	388,419
Net Assets			5,564,379	47,013,372	52,577,750

2014	DOMESTIC K	INTERNATIONAL K	KAM1L K	KAML K	TOTAL AFTER INTER COMPANY ADJUSTMENT K
Revenue	(19,1`58)	697,021	677,863	2,555,561	677,863
Expenses			(1,099,455)	(591,164)	(864,943)
Operating Profit			(421,592)	1,964,397	(303,360)
Income Tax Expense			(52,616)	(35,469)	(88,085)
Net profit			(474,208)	1,928,928	(391,445)
Assets	23,752,734	24,678,977	48,431,711	45,723,477	48,524,994
Liabilities			46,714,553	207,251	1,291,609
Net Assets			1,717,158	45,516,226	47,233,385

15 Capital commitments

There were no capital commitments at year end.

16 Directors and key management personnel compensation

		2015 K	2014 K
Details of key management personnel			
Syd Yates	CEO & Managing Director	Nil	Nil

Details of Director Fees

The total remuneration paid to directors' during the period was K105,000 and consisted of fixed directors' fees, as follows

	2015 K	2014 K
Sir Rabbie Namaliu	60,000	60,000
Gregory Taylor	45,000	45,000
Syd Yates	Nil	Nil

Syd Yates received no fees for his services as director.

17 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 11 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 16 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) Transactions with key management personnel of the Group

During the financial year there were no transactions with key management personnel.

c) Transactions with other related parties

Other related parties include:

- Kina Securities Limited and its subsidiaries, Kina Finance Limited and Kina Funds Management Limited by virtue of those entities having common directors and providing management services to the Group.
- Syd Yates is a director of Kina Securities Limited and Kina Funds Management Limited, owns Columbus Investments Limited, which is a shareholder in Kina Asset Management Limited and Kina Securities Limited, and indirectly Kina Funds Management Limited. He is an employee of Kina Securities Limited and is remunerated by that company.

d) Transactions between the Group and its related parties

During the year the holding company charged management fees of K574,865 (2014:K709,385) to its subsidiary. The management fee is charged by the holding company, based on expenses incurred by the company. Payment is through the intercompany account. At 31 December 2015, the subsidiary owed the Company K46,822,089 (2014:K45,221,160)

During the year Kina Asset Management No. 1 Limited purchased 500,000 shares of Kina Securities Limited for K1,026,694 (AUD500,000) via Initial Public Offering.

Outstanding payable at year end of K31,910 (2014: K33,003) to Kina Funds Management Limited arising from transactions between the Group and its related parties. Kina Funds Management Limited provided investment management services that are disclosed in the income statement.

Kina Securities Limited, the holding company of Kina Funds Management Limited earned brokerage of K9,956 (2014: K50,413) from the Group for executing trades during the period.

A management fee of K366,095 (2014: K372,469) is paid to Kina Fund Management Limited for services rendered by the entity. Certain directors of the Company are also directors of Kina Funds Management Limited.

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

The Company funds the investment operations of its subsidiary as disclosed in the Statement of Financial Position (interest free).

The company received a dividend of K954,366 from its subsidiary.

e) Equity interests held by key management personnel

- Sir Rabbie Namaliu: 56,661 shares held through Tobit Investments Limited (2014:55,717).
- Gregory Taylor: 34,000 shares held directly (2014: 34,000).
- Syd Yates: 3,190,827 shares held through Columbus Investment Limited (2014: 3,165,419).

17 Related party transactions (continued)

f) Interests register

NAME OF DIRECTOR	POSITION	ENTITY
Sir Rabbie Namaliu	Director/Chairman	Kina Securities Limited
	Director/Shareholder	Kina Bank Limited
	Director/Chairman	Kina Investment & Superannuation Services Limited
	Director/Chairman	Kina Asset Management No.1 Limited
	Director	Interoil Corporation
	Director	Marengo Mining Limited
	Director	Tobit Investments Ltd
	Director/Chairman	Kramer Ausenco
	Director/Chairman	RDN International Limited
	Director	Bougainville Copper Limited
	Member	PNG Institute of Directors
	Director	Post Courier Limited
	Chairman	RH Foundation
Gregory Taylor	Director	Kina Asset Management No.1 Limited
	Director/Shareholder	TFG International Limited (Australia)
Syd Yates	Director/Shareholder	Columbus Investments Limited
	Director/Shareholder	Kina Bank Limited
	Director	Kina Asset Management No. 1 Limited
	Director	Kina Finance Limited
	Director	Kina Funds Management Limited
	Director	Kina Investment and Superannuation Services Limited
	Director	Kina Wealth Management Limited
	Director	Kina Nominees Limited
	Director	Kina Securities Limited
	Director	PNG Home Finance Limited
	Director	Media Niugini Limited
	Director	Port Moresby Stock Exchange Limited
	Owner	Yates Consulting Ltd (Australian Family Company)

18 Remuneration of auditors

	CONSOLIDATED		COMPANY	
	2015 K	2014 K	2015 K	2014 K
Auditor of the parent entity				
Audit of the financial report	44,000	44,000	44,000	44,000
Other services	13,750	12,650	13,750	12,650
	57,750	56,650	57,750	56,650

The auditor of the Group is PricewaterhouseCoopers.

19 Subsequent events

The listed securities portfolio in both the domestic and international market experienced volatility in the share price and net result of the movements are as follows:

AS AT 03 MARCH 2016	DOMESTIC K	INTERNATIONAL K	TOTAL K
Net Movement – (Decrease)	(440,303)	(645,655)	(1,085,958)

There are no other subsequent events that may require a disclosure of adjustment to the financial statements other than the above.

SHAREHOLDER INFORMATION

For the financial year ended 31 December 2015

a) Distribution of ordinary shares according to size as at 31 December 2015

RANGE	NUMBER OF HOLDERS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1 – 1,000	1,802	1,154,268	2.41
1001 – 5,000	577	1,347,912	2.81
5,001 – 10,000	89	732,492	1.53
10,001 – 100,000	71	2,075,627	4.33
100,001 and Over	22	42,582,168	88.91
Total	**2,561**	**47,892,467**	**100.0**

b) The twenty largest shareholders of ordinary equity shares as at 31 December 2015

RANK	SHAREHOLDERS	NUMBER OF SHARES	% OF ISSUED CAPITAL
1	MONIAN LIMITED	11,964,147	24.98
2	COMRADE TRUSTEE SERVICES LIMITED <DFRBF A/C>	5,426,027	11.33
3	CREDIT CORPORATION (PNG) LIMITED	3,893,780	8.13
4	KINA FUNDS MANAGEMENT LIMITED	3,594,723	7.51
5	MOTOR VEHICLES INSURANCE LIMITED	3,500,000	7.31
6	COLUMBUS INVESTMENTS LIMITED	3,190,827	6.66
7	PACIFIC MMI INSURANCE LIMITED	2,692,975	5.62
8	EAST NEW BRITAIN SAVINGS & LOAN SOCIETY LIMITED	1,500,000	3.13
9	CAPITAL LIFE INSURANCE COMPANY LIMITED	1,151,175	2.40
10	CAPITAL GENERAL INSURANCE COMPANY LIMITED	1,016,939	2.12
11	MINERAL RESOURCES DEVELOPMENT COMPANY LIMITED	1,000,000	2.09
12	GALE INVESTMENT LIMITED	500,000	1.04
13	MINERAL RESOURCES OK TEDI NO 2 LIMITED	500,000	1.04
14	MINERAL RESOURCES STAR MOUNTAIN LIMITED	500,000	1.04
15	THEODIST LIMITED	500,000	1.04
16	COURTNEY JADE SALTER	304,148	0.64
17	NEW GUINEA FRUIT COMPANY LIMITED	270,300	0.56
18	ZOGI DISTRIBUTORS LIMITED	253,805	0.53
19	NORMAN JOHN NIGHTINGALE + DARRIE PADIR NIGHTINGALE	250,000	0.52
20	PAPINDO TRADING COMPANY	250,000	0.52
Totals for top 20 shareholders of the Fully Paid Ordinary Shares		**42,258,846**	**88.24**
Total Remaining Holders Balance		**5,633,621**	**11.76**
Total		**47,892,467**	**100.00**

c) Issued Capital as at 31 December 2015 was 47,892,467

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 9, Deloitte Tower
Douglas Street
(PO Box 1141)
Port Moresby
National Capital District
Papua New Guinea

Directors

Sir Rabbie Namaliu, GCL, CSM, KCMG
Gregory Taylor, AO
Syd Yates, OBE

Secretary

Syd Yates, OBE

Auditors

PricewaterhouseCoopers
Chartered Accountants
PO Box 484
Port Moresby
Papua New Guinea

Bankers

Westpac Bank 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 Limited

Broker

Kina Securities Limited

Share Registry

PNG Registries Limited

Investment Manager

Kina Funds Management Limited

KINA
ASSET MANAGEMENT
LIMITED

Registered Office
Level 9, Deloitte Tower
Douglas Street
(PO Box 1141)
Port Moresby
National Capital District
Papua New Guinea

www.kaml.com.pg