KINA ASSET MANAGEMENT LIMITED

2019 ANNUAL REPORT

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 long term view of the value which means the aim is to buy and hold assets over the longer term

Investment Performance

The company generated a net profit after tax of K14.44 million for the year ending 31 December 2019 compared with the net profit of K119,132 for the previous corresponding period.

2019 Year In Summary

Net Asset
K74.63m
Up by K13.27m or 21.63%

Net Profit
K14.44m
Up by K14.32m or 120x

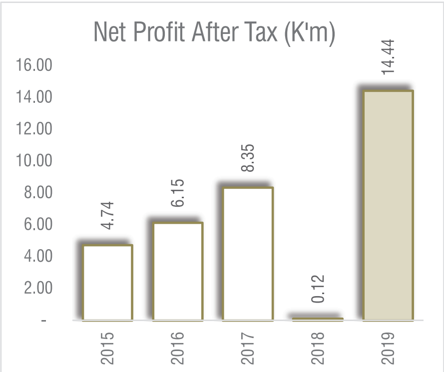
Investment Portfolio
K74.17m
Up by K13.20m or 21.64%

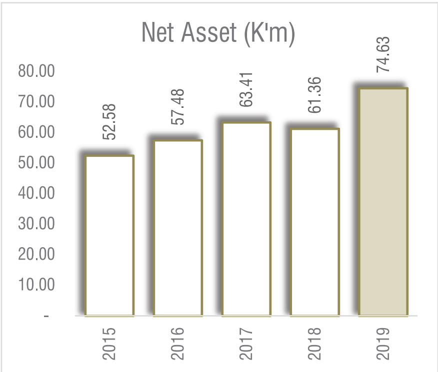
NTA per share
K1.53
Up by K0.27 or 21.43%

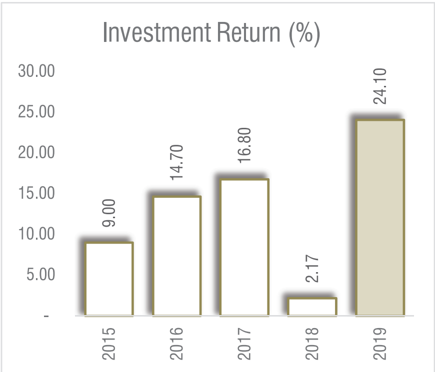
Earnings per share
30 toea
Up by 29 toea or 150x

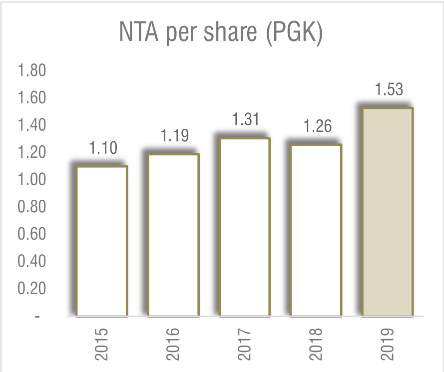
Interest and Dividend Income
K4.43m
Up by K0.26m or 6.26%

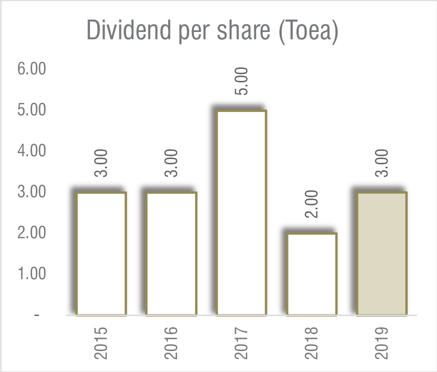
5 Year Summary

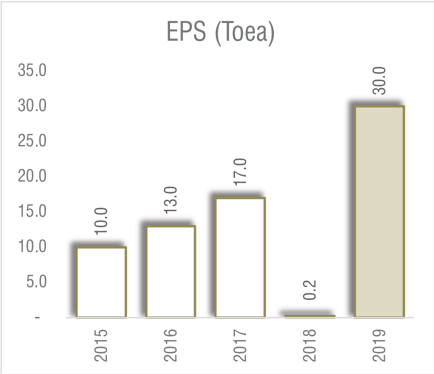












Chairman's Report

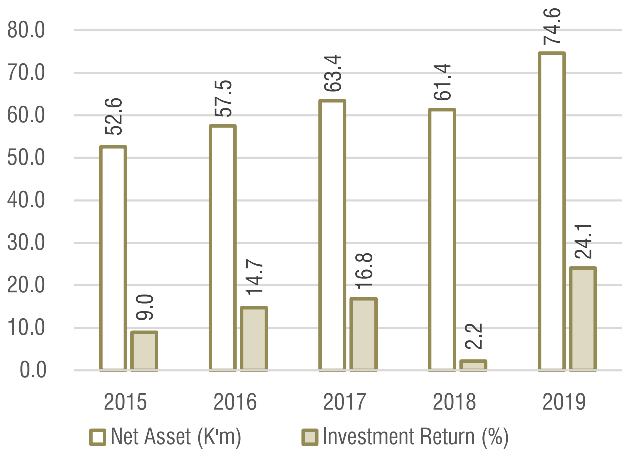
2019 was a good year for KAML shareholders, with financial markets rebounding from the increasing volatile conditions experienced during the previous year. The Company has performed strongly and is well placed for the difficult market conditions which lie ahead.

KINA ASSET MANAGEMENT LIMITED has recorded a net profit after tax (NPAT) of K14.4 million for the year ended 31 December 2019, providing a portfolio return of 24.1% to our shareholders in a market which recovered strongly from the subdued economic activity and volatile conditions of the second half of 2018.

The company's net assets stood at K74.6 million as at 31 December 2019, an increase of 21.6% from the previous year (2018: K61.4 million).

Net tangible asset backing per share as at 31 December 2019 was K1.53, an increase of 21.4% from the previous year (2018: K1.26), after payment of a half year dividend in 2019 of K0.03 toea per share. The company's net asset position and investment returns for the past five years are shown in Exhibit 1.0.

EXHIBIT 1.0 – NET ASSETS & INVESTMENT RETURN



Investment Performance

The strong performance in 2019 reflects the Company's strategic investment approach which focuses on long-term holdings of leading businesses in PNG and Australia, generating strong returns in rising markets, and limiting downside in more challenging market conditions.

Main contributors to the result were:

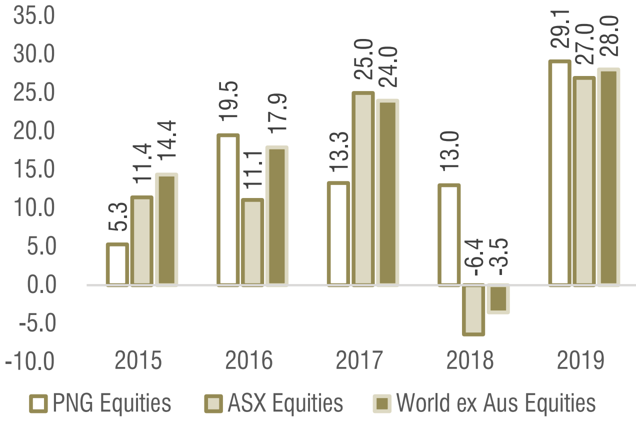
Capital gains of K11.0 million resulting from gains in the prices of most of the company's share holdings. Key contributors in PNG were Bank of South Pacific (BSP, K2.1 million) and Kina Securities (K1.1 million), and in Australia, CSL (K1.6 million) and Mirvac (K1.4 million). Capital gains from the Company's International Unit Trusts totalled K2.1 million.

Dividend and interest income totalled K4.4 million. Key contributors were BSP (K1.9 million), Credit Corporation (K0.4 million), and the Vanguard International Shares Index Fund (K0.4 million).

There was little movement in the PNG Kina against the Australian Dollar during the year, and a nominal currency translation gain of K0.3 million was recorded.

The investment performance of the Company over the past five years is shown in Exhibit 2.0.

EXHIBIT 2.0 – INVESTMENT PERFORMANCE



The Company's strong performance is also reflected in the portfolio's performance against its respective benchmark indices; Domestic PNG shares (+29.1%) outperformed the KSI Home Index (15.0%); Australian shares (+27.0%) outperformed the S&P/ASX200 Index (+23.4%); and International shares (+28.0%) outperformed the MSCI World (ex-Australia) Index (+26.7%).

Investment Portfolio

Asset Allocation at 31 December 2019 was 40.2% invested in Domestic shares, fixed income and cash, and 59.8% invested in International shares and cash. The asset allocation broadly reflects the Company's domestic/international benchmark weights of 40%/60% respectively.

The Company's key investment holdings are summarised in Exhibit 3.0.

Investment Strategy

As a long term investor the Company is generally not a trader of the securities that make up its portfolio. The Company's investment manager, Kina Funds Management Limited, takes a long term view of markets and investments, and sets its portfolio accordingly.

During the year, the Company added a number of new companies to its investment portfolio. These included new investments in the health care sector, ResMed (ASX:RMD) and Sonic Healthcare (ASX:SHL);Queensland based financial services giant SunCorp (ASX:SUN); infrastructure provider Sydney Airport Corporation (ASX:SYD); Australia's leading engineering services provider Worley Limited (ASX:WOR); and New Zealand based primary producer A2 Milk Company (ASX:A2M).

EXHIBIT 3.0 – INVESTMENT PORTFOLIO

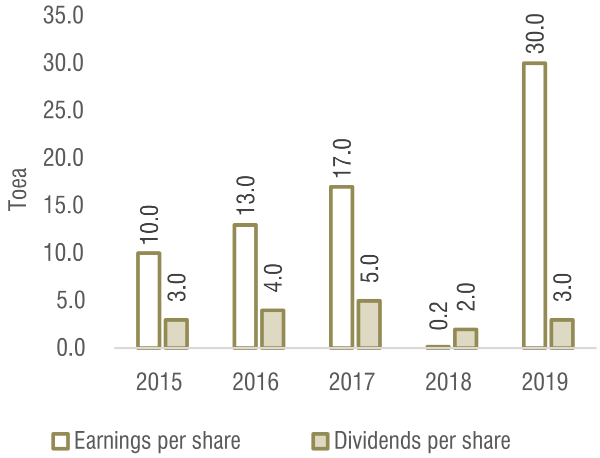
Investments	% of Portfolio
Cash	2.14%
Fixed Income	2.46%
Equities	
Bank South Pacific	22.07%
Credit Corporation	4.63%
Kina Securities Limited	4.02%
City Pharmacy	0.77%
Oil Search Limited	4.12%
Total Domestic Portfolio	40.21%
Total Domestic Portfolio	***40.2%***
International	
Cash	6.12%
Equities	
ANZ Bank Limited	3.17%
National Australia Bank	1.43%
Westpac Bank Limited	3.12%
Mirvac Group	6.45%
Transurban Group	4.86%
CSL Limited	7.54%
Telstra	5.18%
Boral Limited	0.86%
ResMed Inc	0.49%
Sonic Healthcare	0.46%
Suncorp Group Limited	1.67%
Sydney Airport	0.42%
Treasury Wine Estates	1.04%
Worley Parsons	0.74%
A2 Milk Company Limited (A2M)	0.69%
Vanguard International Shares Index	11.60%
BlackRock Wholesale Indexed International Equity Fund	3.97%
Total International Portfolio	***59.81%***
Total Portfolio	100%

These acquisitions, along with rising share prices across the portfolio, reduced the Company's cash weighting to 8.3% at 31 December 2019 (2018:14.1%).

Outlook

At the time of writing of this report, PNG remains under a State of Emergency declared by the Government to limit the spread of the Covid-19 virus. The restrictions on economic activity put in place by the governments of almost all countries of the world, have led to the sharpest global economic contraction in more than a century.

EXHIBIT 4.0 – EARNINGS & DIVIDENDS PER SHARE



In Australia, the Reserve Bank has estimated this contraction would be in the order of 10%, for the June quarter of 2020.

Share markets across the world have recorded some of their largest losses on record during the first quarter of 2020. In Australia, from peak to trough the market fell by as much as 36.5%, although there has been a partial recovery since. Whilst domestically, share price falls have not matched those in Australia and other parts of the world, the Company notes that the PNG economy has been similarly affected, with the Government announcing expected revenue shortfalls of ~K2 billion, on top of the 2020 Budget deficit forecast of K4.6 billion. The apparent resilience of the PNG share market is therefore more likely a function of the lack of liquidity in domestic financial markets.

While the Board declared an interim dividend of K0.03 for 2019, as a matter of prudence in light of the uncertain outlook your Company has made the decision not to declare a dividend for 2H/2019. The Board will keep the scope for dividend in the period ahead under close review.

Summary

Later in this Report the company's corporate governance policies – including the Board's Code of Conduct and approach to Risk Management - are outlined in detail. The Company is committed to current best practice in corporate governance and these policies are reviewed each year to ensure they are reflective of that standard.

I and my fellow directors thank you for your unwavering support and confidence in the Board and management of KAML. Uncertainty notwithstanding, KAML is well-positioned and willing to continue to uphold its commitment to you, our valued shareholder.

Sir Rabbie Namaliu, GCL, KCMG, CSM
Chairman

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:

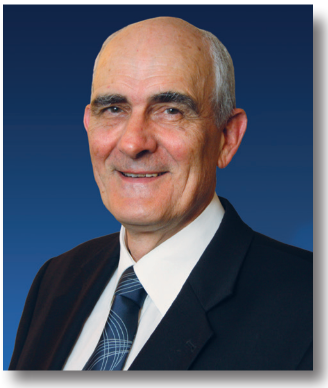
SIR RABBIE NAMALIU GCL, CSM, KCMG
CHAIRMAN

Sir Rabbie Namaliu is distinguished statesman with more than nine years of board experience in the financial services and mining and petroleum industries in PNG. Sir Rabbie retired as Chairman of Kina in May 2018.

Sir Rabbie is a former Prime Minister of PNG and former Speaker of the PNG National Parliament. Sir Rabbie also had ministerial experience in Foreign Affairs & Trade, Treasury, Primary Industry, Petroleum and Energy and other areas of government responsibility. Before entering politics, he was a Chairman and Secretary of the PNG Public Services Commission, Provincial Commissioner of East New Britain and Principal Private Secretary to the Chief Minister of PNG, Sir Michael Somare before Independence. In 1973 he was Senior Tutor and Lecturer in History at the University of Papua New Guinea.

Sir Rabbie is Chairman of Kramer Ausenco Ltd (appointed 2010), Kina Asset Management Ltd (appointed 2008), retired from Kina Investment & Superannuation Services Ltd (appointed 2012) in May 2018. In addition, Sir Rabbie retired as a director of Era Resources in 2018 and appointed as a Director of Yandera Mining Limited in 2018, Bougainville Copper Limited (appointed 2011). InterOil Corporation (appointed 2012 and retired on the 22nd February 2018), South Pacific Post Ltd (appointed 2013).

In 2011, Sir Rabbie was appointed the Chairman of the 2012 PNG Games Host Organising Committee by the East New Britain Provincial Government to plan and coordinate preparations for the 2012 PNG Games held in Kokopo, PNG. Sir Rabbie is a member of the PNG Institute of Directors.



GREGORY TAYLOR AO
NON - EXECUTIVE DIRECTOR

Gregory Taylor is a past Chairman or Director of several companies in PNG. 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. From 2000 he advised the then Secretary of the Treasury in PNG, and Chaired the original Superannuation Task Force, whose recommendations provided the foundation of the reformed superannuation system in PNG.

SYDNEY GEORGE YATES OBE

MANAGING DIRECTOR

Syd Yates is a Founding Director of KAML Limited (appointed 2008) and during his time with the company has served as Chief Executive Officer and Managing Director.

He has significant experience in banking, finance and investment leadership roles.

Syd is currently Chairman of PNGX-listed, diversified financial services group Credit Corporation PNG after joining the Group as a Director in 2018.

Before this role, Syd was Kina Group Managing Director and CEO of Kina Group. He retired from that role in 2018 after 21 years as the driving force behind the Group's emergence as Papua New Guinea's largest diversified financial services group. During that time, he also guided Kina to its acquisition of Maybank PNG and its dual listing on the PNGX and the ASX.

He has also played an important role as a prime mover behind the establishment of the Port Moresby Stock Exchange (now PNGX) and was a Founding Director, before retiring in December 2017.

Syd has also fulfilled roles as Managing Director and Chief Executive Officer of First Investment Finance Ltd, a Director of Air Niugini Ltd, Chairman of Bmobile Ltd and Director of the Business Council of PNG.

Beyond his business life, Syd has made a significant contribution to the community and sport in PNG.

He is also a Director and Chairman of Fundraising of the Papua New Guinea Olympic Committee and Commonwealth Games Association of PNG. Syd also served as PNG's Chef de Mission at the 2004, 2008 and 2012 Olympic Games.

In recognition of his contribution to the PNG community, he was appointed an Officer of the Most Excellent Order of the British Empire in 2007.

Syd is a fellow of the Australian Institute of Company Directors, the Australian Institute of Management, the Financial Services Institute of Australasia, and a member of the PNG Institute of Directors.

MONICA SALTER

NON - EXECUTIVE DIRECTOR

Mrs Monica Salter is a business woman who has managed her family business in Real Estate and Gaming, for 34 years as Shareholder and Managing Director.

She was an Independent Non Executive Director of Westpac PNG Board from 2011 – 2016. A Board Director of the PNG Institute of Directors for 2 years in 2001 and was elected as a 'Fellow' in 2009.

Mrs Salter is a current member of the Rotary club of Port Moresby since 1998, a current member of the Salvation Army Advisory Board since 2008 and a current member of Soroptimist International Port Moresby since 2010. She is also a Commissioner for Oaths since 2007.

Corporate Governance

Kina Asset Management Limited (KAML) has adopted an approach to Corporate Governance that seeks to meet globally accepted market 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 and, where appropriate, revises the Company's Corporate Governance framework to address these.

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 refers to the ASX Corporate Governance Council's Principles and Recommendations 3rd Edition (the ASX Corporate Governance Principles).

The Board of KAML is cognisant of its responsibilities to shareholders. The underlying tenet of KAML's Corporate Governance framework is 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 of Conduct, providing guidance to directors in performance of their duties.

1.1 Care, Skill and Diligence

The Board expects directors to demonstrate the highest standards of care, skill and diligence when performing the functions of the office of director and exercising the powers of a director. Preparation for meetings, commitment to reading the Board papers and contributing to the Board debate are crucial.

1.2 Honesty and Good Faith

A director must act honestly, in good faith, and in the best interests of the Company as a whole when performing the functions of the office of director.

1.3 Proper Purpose

A director must use the powers of office only for a purpose consistent with and intended to give effect to the legitimate corporate objectives of the Company.

1.4 Primary Responsibility

A director's primary responsibility is to the Company, but a director may also have appropriate regard to the interests of people who have continuous or regular dealings with the Company including customers, employees and suppliers.

1.5 Misuse of Information

A director must not use information acquired as a director to gain an improper advantage for the director or for someone else associated with the director or to cause detriment to the Company.

1.6 Misuse of Position

A director must not misuse his or her position as a director to gain an improper advantage for the director or for someone else associated with the director or to cause detriment to the Company.

1.7 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 best interests of the Company.

1.8 Disclosure of Interests

A director must disclose to all other directors in accordance with the relevant Company policy any personal interest or interest of an associate that could give rise to an actual or perceived conflict in relation to the conduct of the company's affairs.

1.9 Consequential Benefit

A director has a duty to advise the Company of any unrelated business opportunities that the director became aware of solely as a result of his or her being a director of the Company and subsequently exploited for their personal benefit or the benefit of an associated person.

1.10 Use of Company Resources

A director must use the resources of the Company only for the direct benefit of the Company.

1.11 Confidentiality

Confidential information received by a director in the course of his or her duties remains the property of the Company and must 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.

1.12 Business Decisions

When making a business decision, a director must make the decision for a proper purpose in good faith and in the best interests of the Company as a whole. Directors must diligently inform themselves about the subject matter of the decision, prudently weigh the risks relative to the rewards and arrive at the decision by a process of rational analysis not arbitrary choice.

1.13 Reliance on Information

Directors may rely on information or advice from Company Board committees, officers and competent experts and advisers provided they do so in good faith and make reasonable independent inquiry to ensure the information or advice has a sound basis.

1. The Board of Directors *(continued)*

1.14 Delegation

When delegating a director's powers to an executive of the Company a director must enquire as to the 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. The fact that a director's powers have been delegated does not relieve the director of responsibility for the exercise of those powers.

1.15 Legal Compliance

Directors must take all reasonable steps to ensure that the Board's decisions are within the letter and spirit of the law and that measures are in place to ensure that the Company implements decisions of the Board in such ways that the Company is in compliance with all the laws and regulations that apply to it.

1.16 Reputational Risk

A director should not engage in conduct in their personal or private life that it is likely to have an adverse effect on the reputation of the Company.

1.17 Abide by and comply with this code, the law and applicable KAML policies and procedures

Directors are subject to diverse legal responsibilities and should be familiar and comply with all relevant laws and regulations applicable to them. Accordingly, directors must not take any action, or fail to take any action, that may breach the law or applicable KAML policies, procedures or practices.

Directors must complete all induction and education programs required of them by the Board to build and maintain their awareness and understanding of relevant laws, policies, procedures and practices from time to time.

1.18 How should breaches of the Code be reported?

Any breaches of this Code should be reported to the Chairman of the Board or the Chairman of Audit and Risk Committee. Suspected violations will be investigated by or at the direction of the Board and appropriate action will be taken in the event that a violation is confirmed.

1.19 Further Information

If a director needs more information or is unsure of KAML's expectations or his obligations under this Code and other associated policies and procedures of KAML, he or she, must first contact the Company Secretary or the Chairman who will determine what action shall be taken to deal with the concern.

1.20 How will compliance with the Code be assessed

The annual performance evaluation of each Director will include a consideration of compliance with this Code.

1.21 Signed Acknowledgement of the Code

Each director upon appointment must confirm his understanding of and commitment to the expectations of the Code. This includes a signed acknowledgement to abide by the Code.

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 behavior;
- establishing authority levels;
- directors' remuneration;
- selecting, with the assistance of the Audit Committee, and recommending to shareholders, the appointment of external auditors; and
- 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; and
- keeping the Board and the market fully informed of material developments.

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

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

At the date of this Report, the Board comprises four directors, three Independent Non-Executive Directors and the Managing Director. In accordance with the Company's 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 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, 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 framework requires directors to disclose any new interests (including new directorships or equity interests) at each Board meeting, as well as to alert the Board to any potential or perceived conflicts of interest that have occurred since the last meeting or may occur throughout the 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 their 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; and
- reviewing the performance of non-executive Directors.

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

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

e) Director independence and conflict of interest

Directors are determined to be independent if they are judged to be free from any material or other business relationship with the Company that would compromise their independence.

In assessing the independence of Directors, the Board will consider a number of criteria including:

- whether a Director is an executive of the Company;
- whether a Director is a substantial shareholder of the Company or otherwise associated directly with a substantial shareholder of the Company;
- whether a Director has a material contractual relationship with the Company or other group member other than as a Director of the Company; and
- 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 board attendance

The Board schedules meetings at least four times per year, and 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.

Corporate Governance

1. The Board of Directors *(continued)*

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. The Board intends to undertake a self-assessment during FY2020. It is intended this will 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 management 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 and Risk Committee (ARC or the Committee).

b) Committee Structure

Committee members are chosen for the skills, experience and other qualities they bring to the Committee.

The Committee provides a report to the Board at the next Board meeting following each Committee meeting and tables the most recent Meeting minutes. The ARC is comprised of two Non-Executive Directors. The Board appoints both the Members and the Chair of the Committee.

c) Audit and Risk Committee

The ARC is delegated by the Board with responsibility for reviewing and 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.

i) Annual Financial Statements

The ARC 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 ARC 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 ARC 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 and Risk 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 which are managed on a day to day basis by Kina Funds Management Ltd (KFM) with whom KAML has an Investment Management Agreement.

KFM's risk management policy ensures that KAML has in place acceptable limits for the risks identified. The risk management approach encompasses the following:

i. defining the types of risks that will be addressed by each functional or policy area

ii. ensuring that mechanisms for managing (identifying, measuring, and controlling) risk are implemented and maintained to provide for organisation wide risk management

iii. 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

iv. creating and maintaining risk management tools, such as policies, procedures, controls and independent testing, personnel management and training, and planning.

b) Risk Management roles and Responsibilities

The Board accepts responsibility for ensuring it has a clear understanding of the types of risks inherent in the Company's activities. Therefore, responsibility for overall risk management in KAML is vested with the Board. There is a formal system of financial and operational delegations from the Board to management. The Board has also delegated to the Audit and Risk Committee responsibility for overview of loss control and for overseeing the risk management function. The Audit and Risk 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 management certifies to the Board that:

i. the financial records of the Company have been properly maintained and that they accurately record the true financial position of the Company.

ii. the financial statements and notes meet all appropriate accounting standards.

iii. there are sound systems of risk management and control that are operating effectively.

4. Ethical Behaviour

KAML 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 Environment

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.

4. Ethical Behaviour *(continued)*

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 on 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 complying with insider trading restrictions, during each of the eight weeks following the announcements of half yearly and yearly profit or the date of issue of a prospectus.

Management should discuss proposed share trades with the Managing Director in advance, who will monitor and keep a register of such 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 POMSoX (Listing Rules). 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 obligations 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 exception 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:

(i) making sure that the Company complies with its continuous disclosure obligation, and monitoring that compliance;

(ii) overseeing and coordinating disclosure of information to POMSoX, analysts, brokers, shareholders, the media and the public; and

(iii) educating directors and employees on this Disclosure Policy and raising awareness of the principles underlying continuous disclosure.

(iv) Contravention and Liability

Contravention

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

Liability

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

The Company's officers (including its directors and employees) and advisers who are involved in a contravention by the Company may also face criminal and civil liability.

Similarly, directors, officers and advisers may be criminally liable under the Criminal Code if they aid or abet, or are in any way knowingly concerned in, the Company's contravention.

Enforcement

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

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.

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.

Financial Statements

Contents

Directors' Report

for the financial year ended 31 December 2019

The directors of Kina Asset Management Limited (the Company) submit herewith the annual financial report of the Company and the Group including the financial statements for the financial year ended 31 December 2019. 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

Sydney George Yates	Executive director
Sir Rabbie Langanai Namaliu	Non - executive director
Gregory Frank Taylor	Non - executive director
Monica Salter	Non - executive director (appointed on 1 March 2019)

Company Secretary

The Company secretary is Sydney George Yates.

Review of operations

During the period, the Holding Company reported a net profit of K1,572,965 (2018: net profit of K2,758,906) after income tax expense of K45,805 (2018: income tax expense of K93,475), while the Group reported a net profit of K14,437,475 (2018: net profit of K119,132) after income tax charge of K13,210 (2018: income tax expense of K208,935).

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 financial year, except for the application of new and revised IFRS that were in effect for the period ended 31 December 2019 as disclosed in Note 2.

Dividends

An interim dividend of K1,466,087 was declared and paid on 23 October 2019 for the year ended 31 December 2019 of which K302,003 was reinvested in the company, resulting in the issue of an additional 317,566 shares. The net cash amount paid-out was K1,164,084.

Directors' remuneration

Remuneration paid to the directors is disclosed in note 16 to the financial statements. The total remuneration paid to all directors during the period was K225,030 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 (2018: Nil).

Independent audit report

The financial statements have been audited by Deloitte Touche Tohmatsu and should be read in conjunction with the independent audit report on pages 15 - 17. Details of auditor remuneration is disclosed in note 18 to the financial statements.

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

Sydney George Yates, OBE
Director

Greg Taylor
Director

Port Moresby, 27th February 2020

Directors' Declaration

The directors declare that:

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

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Companies Act 1997, including compliance with 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

Sydney George Yates, OBE
Director

Greg Taylor
Director

Port Moresby, 27th February 2020

Deloitte.

Deloitte Touche Tohmatsu

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Independent Auditor's Report to the members of Kina Asset Management Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kina Asset Management Limited (the "Company") and its subsidiary (the "Group") which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and Companies Act 1997 (amended 2014).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the IESBA Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Financial Assets – K68 Million Refer to Note 8. The financial assets of the Group comprise of equity instruments (K66.2 million) measured at fair value through profit or loss and Papua New Guinea Government inscribed stock (K1.8 million) measured at amortised cost. The financial instruments form 90% of the total assets of the group. Judgement was required in assessing the discount amortisation computation using the effective interest method to calculate the amortised cost and the carrying value of the government inscribed stock and the fair valuation of equity instruments.	Our procedures included, but were not limited to: • Obtaining an understanding of the Group's procedures and controls around the acquisition and disposal and valuation of financial assets as part of our assessment of the significant risks. • Obtaining direct confirmations from the share registries and custodians of the investments to confirm the ownership of the financial assets. • Obtaining closing prices of the equity instruments from the respective market sources to verify the pricing of the equity instruments. • Evaluating the amortisation computation and carrying value of the government inscribed stock by recomputing the amortisation calculation using the effective interest method. • Assessing the appropriateness of the disclosures in the Notes to the financial statements.

Deloitte.

Deloitte Touche Tohmatsu

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Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Report, Corporate Governance and Shareholder Information for the year ended 31 December 2019, but does not include the financial report and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report in accordance with International Financial Reporting Standards and the Companies Act 1997 (amended 2014) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

Deloitte.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with section 200 of the Companies Act 1997 (amended 2014), in our opinion:

(i) We obtained all information and explanations that were required; and

(ii) Proper accounting records have been kept by the Group for the year ended 31 December 2019

We have no interest in the Group or any other relationship, other than that of the auditor of the Group.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Helen Hamilton-James
Partner
Chartered Accountants

Port Moresby, 28 February 2020

Statements of Comprehensive Income

for the financial year ended 31 December 2019

	Note	Consolidated 2019 K	Consolidated 2018 K	Company 2019 K	Company 2018 K
Continuing operations					
Revenue	3(a)	4,686,816	4,290,857	2,499,363	3,363,624
Changes in fair value of financial assets	8	11,034,403	(2,788,608)	-	-
Exchange gain/(loss)		112,963	(162,886)	-	-
Net income		15,834,181	1,339,363	2,499,363	3,363,624
Directors' fees	16	(225,030)	(165,000)	(225,030)	(165,000)
Insurance		(36,830)	(53,485)	(36,830)	(53,485)
Management fees	17	(489,703)	(459,386)	-	-
Share registry fees		(181,510)	(143,625)	(181,510)	(143,625)
Other operating expenses	3(b)	(450,424)	(189,800)	(437,224)	(149,133)
Profit before tax		14,450,685	328,067	1,618,769	2,852,381
Income tax expense	6	(13,210)	(208,935)	(45,805)	(93,475)
Net Profit/(loss) for the year		14,437,475	119,132	1,572,964	2,758,906
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		14,437,475	119,132	1,572,964	2,758,906
Earnings per share					
Basic (toea per share)	9	30	0.2		
Diluted (toea per share)	9	30	0.2		

Notes to the financial statements are included on pages 21 to 31.

Statements of Financial Position

as at 31 December 2019

		Consolidated		Company	
		2019	2018	2019	2018
	Note	K	K	K	K
Assets					
Cash and cash equivalents	12	6,124,373	8,543,950	54,908	132,209
Current tax receivables		342,847	148,718	161,879	-
Other receivables	4	431,616	462,460	319,837	321,773
Financial assets					
Fair value through profit or loss	8	66,230,402	50,629,192	-	-
Held to maturity	8	1,821,750	1,806,285	-	-
Investment in subsidiary company	11	-	-	1	1
Due from related parties	17	-	-	48,478,884	48,202,798
Net deferred tax assets	6	158,235	101,383	-	-
Total assets		75,109,223	61,691,988	49,015,509	48,656,781
Liabilities					
Other payables	7	423,893	214,014	128,384	115,454
Current tax liabilities		-	63,518	-	63,518
Net deferred tax liabilities	6	53,226	55,744	11,195	10,761
Total liabilities		477,119	333,276	139,579	189,733
Net assets		74,632,104	61,358,712	48,875,930	48,467,048
Equity					
Fully paid ordinary shares	5	49,120,304	48,818,301	49,120,304	48,818,301
Accumulated gain/(loss)		25,511,800	12,540,411	(244,374)	(351,253)
Total equity		74,632,104	61,358,712	48,875,930	48,467,048

Statements of changes in equity

for the financial year ended 31 December 2019

	Fully paid ordinary shares	Accumulated gain/loss	Total
	K	K	K
Consolidated			
Balance at 1 January 2018	48,553,544	14,853,206	63,406,750
Transactions with owners			
Issued shares (note 5)	264,757	-	264,757
Dividend	-	(2,431,927)	(2,431,927)
Profit for the year	-	119,132	119,132
Balance at 31 December 2018	48,818,301	12,540,411	61,358,712
Balance at 1 January 2019	48,818,301	12,540,411	61,358,712
Transactions with owners			
Issued shares (note 5)	302,003	-	302,003
Dividend	-	(1,466,087)	(1,466,087)
Profit/(loss) for the year	-	14,437,475	14,437,475
Balance at 31 December 2019	49,120,304	25,511,800	74,632,104
Company			
Balance at 1 January 2018	48,553,544	(678,232)	47,875,312
Transactions with owners			
Issued shares (note 5)	264,757	-	264,757
Dividend	-	(2,431,927)	(2,431,927)
Profit for the year	-	2,758,906	2,758,906
Balance at 31 December 2018	48,818,301	(351,253)	48,467,048
Balance at 1 January 2019	48,818,301	(351,253)	48,467,048
Transactions with owners			
Issued shares (note 5)	302,003	-	302,003
Dividend	-	(1,466,087)	(1,466,087)
Profit for the year	-	1,572,965	1,572,965
Balance at 31 December 2019	49,120,304	(244,374)	48,875,930

Notes to the financial statements are included on pages 21 to 31.

Statements of Cash Flows

for the financial year ended 31 December 2019

	Note	Consolidated 2019 K	Consolidated 2018 K	Company 2019 K	Company 2018 K
Cash flows from operating Activities					
Dividend, interest and other					
Income receipts		4,883,148	4,455,850	1,466,087	2,431,927
Purchase of shares		(6,488,856)	(6,198,322)	-	-
Sale of shares		2,182,502	1,408,559	-	-
Payments to third parties		(1,832,288)	(696,990)	(1,136,495)	(446,524)
Tax credits		-	65,580	-	65,580
Tax paid		-	-	-	-
Net cash provided by operating activities		(1,255,494)	(965,324)	329,592	2,050,983
Cash flows from financing activities					
Dividend paid, reinvestment	19	(1,164,084)	(2,167,170)	(1,164,084)	(2,167,170)
Amounts (advanced to) / received from related parties		-	-	757,191	188,664
Net cash used in financing activities		(1,164,084)	(2,167,170)	(406,893)	(1,978,506)
Net increase / (decrease) in cash and cash equivalents		(2,419,577)	(3,132,491)	(77,301)	72,477
Cash and cash equivalents at the beginning of the financial year		8,543,950	11,676,441	132,209	59,732
Cash and cash equivalents at the end of the financial year	12	6,124,373	8,543,950	54,908	132,209

Notes to the financial statements are included on pages 21 to 31.

1. General information

Kina Asset Management Limited (the Company) and its subsidiary Kina Asset Management No. 1 Limited (the Group) are investment companies incorporated as limited liability companies 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.

Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 16 Leases

IFRS 16 is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

As the Group does not have leases that would fall under the scope of IFRS 16, there is no material impact from the application of this standard.

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements

Amendments to IFRS 9 Prepayment Features with Negative Compensation	The Group has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.
Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	The Group has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current year. The Annual Improvements include amendments to four Standards: IAS 12 Income Taxes The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.
IFRIC 23 Uncertainty over Income Tax Treatments	IAS 23 Borrowing Costs The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to: • determine whether uncertain tax positions are assessed separately or as a group; and • assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: – If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. – If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for certain financial instruments measured at fair value. 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 the subsidiary 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) 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.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'fair value through other comprehensive income', and 'amortised cost'. The classification depends on the nature and purpose of the financial assets and isdetermined 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.

Financial assets classified as amortised cost are measured at amortised cost using the effective interest rate.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on: (1) Debt investments measured subsequently at amortised cost or at FVTOCI; (2) Lease receivables; (3) Trade receivables and contract assets; and (4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Investments in PNG Government Debt instruments measured at amortised cost are subject to impairment, however the application of IFRS 9 has not resulted in a loss allowance being recognised in the period.

Financial liabilities

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

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.

(d) 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 ("PNG Kina").

Financial assets and liabilities denominated in foreign currencies are translated to PNG Kina at the reporting date using the closing exchange rates. Transactions denominated in foreign currencies are translated to PNG Kina using the exchange rates ruling on the date of the transactions.

(e) 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).

Withholding taxes deducted at source in relation to dividend and interest income, which are recoverable against taxes to be paid by the company, are presented as other receivables in the statement of financial position.

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.

(f) Revenue recognition

Changes in fair value of investments are recognised as income in the profit and loss in the period in which they occur.

Gain or loss on sale of securities are determined as the difference between consideration received (if sold during the year) and the carrying 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 income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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 on initial recognition.

(g) 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.

(h) 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.

(i) 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.

	Consolidated 2019 K	Consolidated 2018 K	Company 2019 K	Company 2018 K
3. Revenue				
(a) Revenue				
Interest income	332,106	371,462	-	-
Dividend income	4,094,258	3,794,139	1,466,087	2,431,926
Gain on sale of investment securities	260,452	125,257	-	-
Subsidiary management fees	-	-	1,033,276	931,697
	4,686,816	4,290,857	2,499,363	3,363,624
(b) Other operating expenses				
Professional fees	275,730	256,971	262,530	243,771
Audit fees	55,000	55,000	55,000	55,000
Listing fees	32,969	33,270	32,969	33,270
Printing	29,659	25,004	29,659	25,004
Advertising	4,564	6,005	4,564	6,005
Travel and accommodation	42,770	35,651	42,770	35,651
Bank charges	4,042	9,793	4,042	9,793
Internet charges	-	100	-	100
Meeting and Venue Hire	3,864	2,621	3,864	2,621
Registration Fees	-	-	-	-
Accounting Software Fees	1,828	3,280	1,828	3,280
Postage fees accrual reversal	-	(237,795)	-	(265,261)
	450,426	189,800	437,226	149,133
4. Other receivables				
Dividend receivable	228,097	230,089	-	-
Withholding taxes recoverable	152,575	177,093	177,093	177,093
Other receivables	50,944	55,278	142,744	144,680
	431,616	462,460	319,837	321,773

5. Share capital

	Consolidated Number of shares	Consolidated Cost	Company Number of shares	Company Cost
Fully paid ordinary shares: 2018				
Beginning	48,587,886	48,553,544	48,587,886	48,553,544
Issued shares:	281,669	264,757	281,669	264,757
Ending	48,869,555	48,818,301	48,869,555	48,818,301
Fully paid ordinary shares: 2019				
Beginning	48,869,555	48,818,301	48,869,555	48,818,301
Issued shares:	317,566	302,003	317,566	302,003
Ending	49,187,121	49,120,304	49,187,121	49,120,304

Fully paid ordinary shares carry one vote per share and the right to dividends.
In 2019, the company issued an additional 317,566 shares for K302,003 (2018: additional 281,669 for K264,757.

6. Income taxes

Income tax recognised in profit or loss

(a) Tax expense/(credit) comprises:	Consolidated 2019 K	Consolidated 2018 K	Company 2019 K	Company 2018 K
Current tax expense	45,371	161,707	45,371	161,707
Deferred tax	(59,370)	40,594	434	(35,570)
Prior year over provision	-	(24,922)	-	(32,662)
Dividend WHT relating to foreign dividends received	27,209	31,555	-	-
Total tax expense/(credit)	13,210	208,935	45,805	93,475

	Consolidated		Company	
	2019 K	2018 K	2019 K	2018 K

6. Income taxes *(continued)*

(b) 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 2019 K	Consolidated 2018 K	Company 2019 K	Company 2018 K
Profit before tax	14,450,685	328,068	1,618,769	2,852,381
Income tax expense calculated at 30%	4,335,206	98,420	485,631	855,714
Prior year over provision	-	(24,922)	-	(32,662)
Dividend WHT relating to foreign dividends received	27,209	31,555	-	-
Tax effect of non-assessable income*	(4,349,205)	103,882	(439,826)	(729,578)
	13,210	208,935	45,805	93,475

*Tax effect of non-assessable income includes the dividend income, fair value gain/(loss) on investments, dividend rebate, foreign currency exchange gain/(loss) and gain/(loss) on sale of investments.

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 2019 K	Consolidated 2018 K	Company 2019 K	Company 2018 K
Deferred tax assets comprise:				
Accrued liabilities	158,235	101,383	31,629	32,643
	158,235	101,383	31,629	32,643
Deferred tax liabilities comprise:				
Prepaid insurance	4,869	4,232	4,869	4,232
Accounts receivable	-	-	37,954	39,172
Interest and other receivable	48,357	51,512	-	-
	53,226	55,744	42,823	43,404
Net deferred tax assets / (liabilities)	105,009	45,639	(11,195)	(10,761)
Presented as:				
Net deferred tax liability	158,235	101,383	31,629	32,643
Net deferred tax asset	(53,226)	(55,744)	(42,823)	(43,404)
	105,009	45,639	(11,195)	(10,761)

	Consolidated		Company	
	2019 K	2018 K	2019 K	2018 K

7. Other payables

	Consolidated 2019 K	Consolidated 2018 K	Company 2019 K	Company 2018 K
Other payables	4,918	-	4,918	-
Accrued expenses	400,937	207,370	105,428	108,810
Group Tax Payable	18,038	6,644	18,038	6,644
	423,893	214,014	128,384	115,454

8. Financial assets

	Consolidated 2019 K	Consolidated 2018 K	Company 2019 K	Company 2018 K
Financial assets carried at fair value through profit or loss:				
Listed securities	66,230,402	50,629,192	-	-
Movements:				
Balance at the beginning of the year	50,629,192	48,502,868	-	-
Purchases	6,488,856	6,198,322	-	-
Disposal	(1,922,049)	(1,283,390)	-	-
Changes in fair value	11,034,403	(2,788,608)	-	-
	66,230,402	50,629,192	-	-
Held to maturity:				
Government Inscribed Stock	1,821,750	1,806,285	-	-
	1,821,750	1,806,285	-	-

8. Financial assets

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

Consolidated	31 December 2019 Market price	31 December 2019 No. of units	31 December 2019 Market value	31 December 2018 Market price	31 December 2018 No. of units	31 December 2018 Market value
Bank South Pacific (BSP)	11.78	1,388,818	16,372,056	10.26	1,388,818	14,259,533
Credit Corporation (CCP)	1.60	2,146,337	3,434,139	1.35	1,686,337	2,276,555
Kina Securities Limited (KSL)	3.55	840,000	2,984,975	2.25	821,330	1,848,528
City Pharmacy (CPL)	0.81	701,191	567,965	0.65	701,191	455,774
Oil Search Limited (OSH)	17.29	176,642	3,054,268	16.96	206,642	3,505,228
ANZ Bank Limited (ANZ)	58.74	40,000	2,349,630	57.95	37,400	2,167,268
National Australia Bank (NAB)	58.74	18,000	1,057,334	57.02	30,792	1,755,895
Westpac Bank Limited (WBC)	57.79	40,000	2,311,472	59.32	29,900	1,773,741
Mirvac Group (MGR)	7.58	630,500	4,781,755	5.31	630,500	3,345,937
Transurban Group (TCL)	35.56	101,359	3,604,252	27.60	101,359	2,797,518
CSL Limited (CSL)	657.67	8,500	5,590,174	438.66	9,000	3,947,974
Telstra Corporation Limited (TLS)	8.44	455,000	3,841,402	6.75	455,000	3,072,139
Boral Limited	10.68	60,000	641,068	-	-	-
RedMed Inc	52.23	7,000	365,609	-	-	-
Sonic Healthcare	68.57	5,000	342,833	-	-	-
Suncorp Group Limited	30.91	40,000	1,236,346	-	-	-
Sydney Airport	20.65	15,000	309,802	-	-	-
Treasury Wine Estates	38.73	20,000	774,624	-	-	-
Worley Parsons	36.51	15,000	547,699	-	-	-
A2 Milk Company Limited (A2M)	34.10	15,000	511,567	-	-	-
Vanguard International Shares Index	5.96	1,443,513	8,605,995	4.87	1,443,513	7,033,236
Blackrock Wholesale International Indexed Equity Fund	43.11	68,317	2,945,436	34.98	68,317	2,389,866
			66,230,401			50,629,192

Market value is determined from quoted prices in active markets, being the current last price at measurement date. Quoted shares on the Australia Stock Exchange have been translated at the year- end exchange rate (refer note 13(c)).

Detailed listing of the Group's held to maturity financial assets (Government Inscribed Stock) as at 31 December 2019 are as follows:

Serial Number	Settlement Date	Maturity Date	Coupon Rate	Face Value	31 December 2019 Balance	31 December 2018 Balance
S15052031	24/Oct/2014	15/May/2031	12.00%	500,000	417,445	419,598
S15052027	24/Oct/2014	15/May/2027	10.50%	500,000	432,857	427,348
S15052027	19/Dec/2014	15/May/2027	10.50%	500,000	465,043	461,728
S15082022	24/Jul/2015	18/Aug/2022	10.00%	500,000	506,405	497,611
				2,000,000	1,821,750	1,806,285

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

9. Earnings per share

	Consolidated 2019 Toea	Consolidated 2018 Toea
Basic and diluted earnings per share		
Total basic earnings per share	30	0.2

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 2019 K	Consolidated 2018 K
Net income/(loss) used in the calculation of basic and diluted EPS	14,437,475	119,132
	2019 No.	**2018 No.**
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	48,929,816	48,681,458

10. Contingent liabilities and contingent assets

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

11. Parent and subsidiary

Name of entity	Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Parent entity			
Kina Asset Management Limited	Papua New Guinea		
Subsidiary			
Kina Asset Management No 1 Limited	Papua New Guinea	100	100

12. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and interest bearing deposits with original maturity of less than three months. 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 statement of financial position as follows:

	Consolidated		Company	
	2019 K	2018 K	2019 K	2018 K
Cash and cash equivalents	5,284,492	4,166,597	54,908	132,209
Interest bearing deposit	839,881	4,377,353	-	-
	6,124,373	8,543,950	54,908	132,209

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 2 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 at year end are AUD/Kina 0.4193 and USD/Kina 0.3010 (2018: AUD/Kina 0.4221 and USD/Kina 0.3045).

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
2019		
Australian Dollar	47,408,290	-
US Dollar	-	-
2018		
Australian Dollar	38,151,168	-
US Dollar	3,702,647	-

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	
2019	10% increase	10% decrease	10% increase	10% decrease
Loss/(profit)	(4,581,206)	5,599,252	-	-
2018				
Loss/(profit)	(3,468,288)	4,239,019	(336,604)	411,405

13. Financial instruments (continued)

(d) Interest rate and credit risk management

The Group maintains its cash and bank balances with financial institutions that have good credit standing. Interest rates are periodically monitored.

(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 has 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 after tax for the year ended 31 December 2019 would increase/decrease by K7,233,483 (2018: K2,531,460)

(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. There is no secondary market for the financial assets carried at amortised cost. Accordingly, the directors consider there is no material difference between the fair value and carrying value of these financial assets.

14. Segment reporting

The Group operates in one segment – investments, in Papua New Guinea. For management purposes, segment information determination is based on risk involved with domestic and international securities that are held by the fully owned subsidiary, Kina Asset Management No.1 Limited ("KAML1"). Kina Asset Management Limited ("KAML") information relates to results and financial position of the parent entity.

	Domestic	International	KAML1	KAML	Total after inter company adjustment
2019	K	K	K	K	K
Revenue	6,901,433	9,193,201	15,834,181	2,499,363	15,834,181
Expenses			(1,536,179)	(880,594)	(1,383,496)
Operating profit/(loss)			14,298,002	1,618,769	14,450,685
Income tax expense			32,595	(45,805)	(13,210)
Net profit/(loss)			14,330,597	1,572,964	14,437,475
Assets	30,309,517	44,357,966	74,667,482	49,047,138	75,109,223
Liabilities			(48,911,309)	(171,208)	(477,119)
Net assets			25,756,173	48,875,930	74,632,104
2018					
Revenue	2,557,757	(1,218,394)	1,339,363	3,363,624	1,339,363
Expenses			(1,431,750)	(511,243)	(1,011,296)
Operating profit			(92,387)	2,852,381	328,067
Income tax credit / (expense)			(115,460)	(93,475)	(208,935)
Net profit			(207,847)	2,758,906	119,132
Assets	24,859,559	36,464,035	61,323,594	48,656,781	61,691,988
Liabilities			(48,431,932)	(189,733)	(333,276)
Net assets			12,891,662	48,467,048	61,358,712

15. Capital commitments

There were no capital commitments at year end.

16. Directors and key management personnel compensation

Details of Directors Fees

The total remuneration paid to directors during the period was K225,030 and consisted of fixed directors' fees, as follows:

	2019	2018
	K	K
Sir Rabbie Namaliu	72,000	66,000
Gregory Taylor	54,000	49,500
Sydney George Yates	54,000	49,500
Monica Salter	45,030	-

17. Related party transactions

(a) Equity interests in subsidiary

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 Company or to their related entities.

iii. Transactions with key management personnel of the Company

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

(c) Transactions with other related parties

Other related parties include:

- Sydney George Yates is a director of Credit Corporation Limited and owns Columbus Investments Limited which is a shareholder of Kina Asset Management Limited, Kina Securities Limited and Credit Corporation Limited.

During the year Kina Asset Management No. 1 Limited purchased 206,330 shares of Kina Securities Limited for K565,989.

Outstanding payable to Kina Funds Management Limited at year end was K292,165 (2018:K97,919). This balance arose from transactions between the Group and its related parties. Kina Funds Management Limited provided investment management services that are disclosed in the income statement.

A management fee of K489,703 (2018: K459,386) is paid to Kina Fund Management Limited for services rendered by the entity.

(d) Transactions between the Company and its subsidiary

During the year the holding company charged management fees of K1,033,276 (2018: K931,697) to its subsidiary. The management fee is charged by the holding company, based on expenses incurred by the company. Payment is made through the intercompany account. At 31 December 2019, the subsidiary owed the Company K48,478,884 (2018:K48,202,798). These accounts are unsecured, non-interest bearing and are receivable on demand.

(e) Equity interests held by key management personnel

- Sir Rabbie Langanai Namaliu: 65,260 shares held through Tobit Investments Limited (2018: 65,260).
- Gregory Frank Taylor: 45,225 shares held directly (2018: 45,225).
- Sydney George Yates: 3,368,717 shares held through Columbus Investment Limited (2018: 3,268,717).

17. Related Party Transactions (continued)

(f) Interest register

Name of Director	Name of Company	Position Held
Sir Rabbie Namaliu	Kina Asset Management No.1 Ltd	Director/Chairman
	Yandera Mining Ltd	Director
	Tobit Investments Limited	Director/Chairman
	Kramer Ausenco	Director/Chairman
	RDN International Limited	Director/Chairman
	Bougainville Copper Limited	Director
	PNG Institute of Directors	Member
	Post Courier Limited	Director
	RH Foundation	Chairman
	YWAM Medical Ships	Director
	YWAM Medical Ships Programme	PNG Patron
	Richwell Ltd	Director/Chairman
Syd Yates	Columbus Investments Limited	Director/Shareholder
	Community Volunteer Organisations – PNG Olympic Committee	Member
	PNG Rugby Union Inc.	Director
	Columbus Investments Limited (hold shares in PNG & Australian listed companies (Family company)	Director/Shareholder
	Kina Asset Management No.1 Limited	Director
	Credit Corporation Ltd & Subsidiaries	Director
	Columbus Consulting Ltd (Australian Family Company)	Owner
	S & B Yates Pty Ltd (Family Superfund)	Director
Greg Taylor	Kina Asset Management No.1 Limited	Director
	CSG Secretariat Pty Ltd	Director
	TFG International Limited (Australia)	Director/Shareholder
Monica Salter	Kina Asset Management No.1 Limited	Director
	Monian Group of Companies	Director/Shareholder
	Raywhite Real Estate PNG & Gaming	Owner
	Port Moresby Rotary Club	Member
	Salvation Army Advisory Board	Member
	Soroptimist International Port Moresby	Member
	PNG Institute of Directors	Fellow
	Lavongai Equities Limited	Director

18. Remuneration of auditors

	Consolidated		Company	
	2019 K	2018 K	2019 K	2018 K
Audit of the financial report	55,000	55,000	55,000	55,000
Other services	-	-	-	-
	55,000	55,000	55,000	55,000

The auditor of the Group is Deloitte Touche Tohmatsu.

19. Dividends

An interim dividend of K1,466,087 was declared and paid on 23 October 2019 for the year ended 31 December 2019 of which K302,003 was reinvested in the company, resulting in the issue of an additional 317,566 shares. The net cash amount paid-out was K1,164,084.

20. Unclaimed dividends

Unclaimed dividends are the unpresented cheques by shareholders from dividends paid by the Group from 2009 to 2018. As at 31st December 2019, a total of K457,110 is held through dividend accounts maintained by the Group's share registry, PNG Registries Ltd.

21. Subsequent events

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

Shareholder Information

for the financial year ended 31 December 2019

a) Distribution of ordinary shares according to size as at 31 December 2019

Range	Number of holders	Number of Shares	% of Issued Capital
1 to 1000	1,428	817,565	1.66
1001 to 5000	852	1,485,441	3.02
5001 to 10000	103	700,498	1.42
10001 to 100000	85	2,139,068	4.35
100001 and Over	24	44,044,549	89.55
Total	2,492	49,187,121	100.00

b) The twenty larget shareholders of ordinary equity shares as at 31 December 2019

Rank	Shareholders	Number of Shares	% of issued capital
1	MONIAN LIMITED	11,973,117	24.34
2	COMRADE TRUSTEE SERVICES LIMITED	5,426,027	11.03
3	CREDIT CORPORATION (PNG) LIMTED	4,255,463	8.65
4	KINA FUNDS MANAGEMENT LIMITED	3,594,723	7.31
5	MOTOR VEHICLE INSURANCE LTD	3,500,000	7.12
6	COLUMBUS INVESTMENTS LIMITED	3,475,098	7.07
7	PACIFIC MMI INSURANCE LIMITED	2,692,975	5.47
8	EAST NEW BRITAIN SAVINGS & LOAN SOCIETY LIMITED	1,500,000	3.05
9	CAPITAL LIFE INSURANCE COMPANY LIMITED	1,442,760	2.93
10	CAPITAL GENERAL INSURANCE COMPANY LIMITED	1,208,259	2.46
11	MINERAL RESOURCES DEVELOPMENT COMPANY LIMITED	1,000,000	2.03
12	GALE INVESTMENT LIMITED	500,000	1.02
13	MINERAL RESOURCES OK TEDI NO 2 LIMITED	500,000	1.02
14	MINERAL RESOURCES STAR MOUNTAIN LIMITED	500,000	1.02
15	THEODIST LIMITED	500,000	1.02
16	COURTNEY JADE SALTER	380,018	0.77
17	NEW GUINEA FRUIT COMPANY LIMITED	270,300	0.55
18	ZOGI DISTRIBUTORS LIMITED	253,805	0.52
19	NORMAN JOHN NIGHTINGALE + DARRIE PADIR NIGHTINGALE	250,000	0.51
20	PAPINDO TRADING COMPANY	250,000	0.51
Top 20 Shareholders Total:		**43,472,545**	**88.38**
Remaining Holders Total:		**5,714,576**	**11.62**
Total:		**49,187,121**	**100.00**

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, Kina Bank Haus Douglas Street (PO Box 1141) Port Moresby National Capital District Papua New Guinea
Directors	Sir Rabbie Langanai Namaliu GCL,CSM, KCMG Gregory Frank Taylor AO Sydney George Yates OBE Monica Salter
Secretary	Sydney George Yates OBE
Auditors	Deloitte Touche Tohmatsu Chartered Accountants PO Box 1275 Port Moresby Papua New Guinea
Bankers	Westpac Bank Limited, Papua New Guinea ANZ Bank Limited, Papua New Guinea Kina Bank Limited, Papua New Guinea Credit Suisse, Australia Bank of Queensland, Australia
Stock Exchange	Port Moresby Stock Exchange Limited Papua New Guinea
Broker	Kina Securities Limited
Share Registry	PNG Registries Limited Part of Link Group Australia Level 4, Cuthbertson House, Cuthbertson Street, Port Moresby NCD PO Box 1265, Port Moresby NCD, Papua New Guinea Ph: +675 321 6377 or 321 6378 Fax: +675 321 6379 | Mb: +675 7601 7780 pngregistrieslimited@online.net.pg
Investment Manager	Kina Funds Management Limited

KINA
ASSET MANAGEMENT
LIMITED

KINA ASSET MANAGEMENT LIMITED

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