



KINA ASSET MANAGEMENT LIMITED

APPENDIX 4B STATEMENT

FOR HALF YEAR ENDED 30 JUNE 2020

CONTENTS
• Results for announcement to the market
• Appendix 4B Accounts



HALY YEAR RESULTS FOR ANNOUNCEMENT TO THE MARKET AS AT 30 JUNE 2020

The reporting period is the half year ended 30 June 2020, and the corresponding prior period is the year ended 30 June 2019.

Highlights

Kina Asset Management Ltd (**KAML** or the **Company**) recorded a net loss after tax of K4,890,218 for the half year ended 30 June 2020.

The Company's return of -5.5% for the half year was attributable to the constraints on economic activity put in place by governments around the world to prevent the spread of Covid-19, and their impact on financial markets.

Capital losses totalled K6.9 million for the half year, as international share markets began to recover from record falls in the March Quartered losses.

These losses were partially offset by strong dividend and interest income flows, totalling K2.6 million. Key contributors to dividend income were Bank of South Pacific (BSP) Credit Corporation (CCP) and Vanguard International.

There was little movement in the PNG Kina against the Australian dollar during the half-year, and a nominal currency exchange loss of K0.1 million was recorded.

Asset allocation at 30 June 2020 was 41.1% invested in domestic stocks, cash and fixed income; and 58.9% invested in international stocks and cash. The portfolio benchmark weights are 40% (domestic) and 60% (international) respectively.

Key portfolio holdings as a percentage of the Fund at 30 June 2020 were: BSP at 24.3%, Vanguard at 11.9%, CSL at 7.7% and CCP at 5.2%. Cash holdings stood at 10.6% as the fund's manager, Kina Funds Management (KFM), continued to maintain a cautious approach to the evaluation of new growth opportunities for the Company in the uncertain global economic conditions.

There were mixed results recorded by the Company's equity investments results against their benchmarks: Domestic equities (-2.2%) underperformed the benchmark KSI Home Index (1.6%), as key holdings in KSL and OSH held on the ASX underperformed the less liquid PNGX listed securities; ASX-listed equities and global equity funds generated returns of -12.1% and -0.8% respectively, against their PGK-equivalent benchmark S&P/ASX200 Accumulation and MSCI World ex-Australia Index returns of -10.2% and 4.8%..

Net tangible asset backing per share as at 30 June 2020 was K1.42 (2019: K1.53 pre dividend), a decrease of 0.1% from the corresponding period.

Domestic Investments

- BSP continued to maintain its position as the biggest driver of the Company's investment performance, with a total return of 10.0%. This return was attributable to a 1.9% increase in share price, and a dividend yield of 8.1% from the final dividend payment of K0.96 per share. BSP is the Company's largest investment, representing 24.3% of the portfolio at 30 June 2020.
- CCP recorded the strongest performance in the domestic portfolio at 10.6%, attributable to a 3.1% increase in share price, and dividend returns of 7.5%.



International Investments

- A2 Milk, ResMed, Sonic Healthcare, CSL, and Treasury Wine were the best performing ASX-listed stocks in the international portfolio, generating total returns of 28.9%, 21.0%, 5.8%, 5.6 and 5.5% respectively at half year end.

The Company's global equity funds performed mix, with BlackRock iShares (0.7%) while its counterpart Vanguard (-1.3%).

Review and Outlook

In March 2020 equity prices in most developed markets fell to levels close to, or below, the lows achieved during the GFC in 2007-2008. In Australia, the ASX200 fell as much as 36.5% from an historic high of 7,162.494 on 20 February, before recovering to be 11.8% lower at 30 June than at 31 December 2019, in Australian dollar terms.

The outlook for the global economy remains uncertain. The speed of any economic recovery globally depends on the extent to which governments relax the constraints on economic activity designed to halt the spread of Covid-19. In many countries, the relaxation of such measures has produced "second waves" of the pandemic, and the re-introduction of the most extreme "lock-down" measures. Most governments have responded with large fiscal stimulus packages to support aggregate demand, and central banks have also embarked on monetary stimulus at an unprecedented scale, with measures including zero cash rates and large asset purchase (quantitative easing) programmes.

In PNG, the falls in global energy prices have been estimated to add K2 billion to the projected fiscal deficit for 2020 of K4,6 billion, creating an unprecedented financing requirement which included, for the first time, a quantitative easing programme of GIS purchases by BPNG described by the Treasurer as "a last resort". The closure of the Porgera mine has added to the uncertainty created by the failure of the State negotiating team to reach agreement with Exxon Mobil on terms for development of the P'nyang gas project, as PNG struggles with border closures and other measures to prevent the spread of Covid-19.

The Board completed a formal review of the Company's Investment Strategy in 2019, (the new strategy has been published on the website, <http://www.kaml.com.pg/>). Whilst the Fund continued to add to holdings of a number of new stocks to the portfolio, this programme was suspended by the Company's fund manager, KFM, as most companies withdrew guidance as to their financial results due to the uncertainties associated with the Covid-19 pandemic. As the reporting season continues, KFM is assessing the impact of these developments on new growth opportunities.

Top 5 Holdings as at 30 June 2020

	Asset	Percentage of Portfolio (%)	Value of Investment (PGK)
1.	Bank South Pacific	24.3	16,677,816
2.	Vanguard Int'l Shares Index Fund	11.9	8,141,001
3.	CSL	7.7	5,289,536
4.	Credit Corporation	5.2	3,541,456

Brands KAML Invests In





Kina Asset Management Limited and Subsidiary			
Company No	Half yearly	Final	financial year ended
HUBSP0000055.	X		30-Jun-20
Extracts from this report for announcement to the market (see note 1)			
Sales (or equivalent operating) revenue (item 1.1)			2,839,010
Abnormal after tax attributable to shareholders (item (2.5)			-
Operating profit (loss after tax (before amortisation of goodwill) attributable to shareholders (item 1.26)			-4,890,218
Operating profit (loss) after tax attributable to shareholders (item 1.10)			-4,890,218
Extraordinary items after tax attributable to shareholders item 1.13			-
Operating profit(loss) and extraordinary items after tax attributable to shareholders (item 1.16)			-4,890,218
Dividend (distributions)		Amount per + security	
Final dividend (preliminary final report only -item 15.4)		n/a	n/a
Interim Dividend (Half yearly report only - item 15.6)		n/a	n/a
Previous corresponding period (Preliminary final report -item 15.5 Half yearly report - item 15.7)		n/a	n/a
Record date for determining entitlements to the dividend (In the case of a trust, distribution) (see item 15.2)			n/a



1.16	Operating profit (loss) and extraordinary items after tax attributable to shareholders (item 1.10+1.13)		-	4,890,218	10,591,478
1.17	Retained profits (accumulated losses) at beginning of financial period			25,511,800	12,540,411
1.18	If change in accounting policy (include brief description)			-	-
1.19	Aggregate of amounts transferred from reserves				
1.20	Total available for appropriation (carried forward)			20,621,582	23,131,889
1.21	Dividend provided for or paid			-	-
1.22	Aggregate of amounts transferred to Reserves			-	-
1.23	Retained profits (accumulated losses) at end of financial period			20,621,582	23,131,899
	Profit restated to exclude amortisation of goodwill				
1.24	Operating profit(loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill		-	4,890,218	10,591,478
1.25	(Less/plus) outside equity interest			-	-
1.26	Operating profit(loss) after tax (before amortisation of goodwill) attributable to shareholders		-	4,890,218	10,591,478

Intangible, abnormal and extraordinary items	Consolidated- current period			
	Before tax K	Related tax K	Related outside equity interest K	Amount (after tax) attributable to shareholders K
2.1 Amortisation of goodwill				
2.2 Amortisation of other intangibles	-	-	-	-
2.3 Total Amortisation of Intangibles	-	-	-	-
2.4 Abnormal items	-	-	-	-
2.5 Total abnormal items	-	-	-	-
2.6 Extraordinary items	-	-	-	-
2.7 Total extraordinary items	-	-	-	-
Comparison of half year profits			Current year - K' 000	Previous year K' 000
3.1 Consolidated operating profit(loss) after tax attributable to shareholders reported for the 1st half year (item 1.10 in the half yearly report)			- 4,890,218	10,591,478
3.2 Consolidated operating profit(loss) after tax attributable to shareholders for the second half year			0	0



	At end of current period K	As shown in last annual report K	As in last half yearly report K
Current Assets			
4.1 Cash	7,241,594	6,124,373	9,491,226
4.2 Receivables	1,461,347	774,463	1,314,998
4.3 Investments	59,442,013	66,230,402	59,572,748
4.4 Inventories	-	-	-
4.5 Other(provide details if material)	-	-	-
4.6 Total Current assets	68,144,954	73,129,238	70,378,972
Non Current Assets			
4.7 Deferred Tax Asset	149,375	158,235	105,729
4.8 Investment in associates	-	-	-
4.9 Investments	1,830,132	1,821,750	1,813,740
4.10 Inventories	-	-	-
4.11 Exploration and evaluation expenditure capitalised	-	-	-
4.12 Development properties (mining entities)	-	-	-
4.13 Other property, plant and equipment (net)	-	-	-
4.14 Intangibles (net)	-	-	-
4.15 Other (provide details if material)	-	-	-
4.16 Total Non current Assets	1,979,506	1,979,985	1,919,469
4.17 Total Assets	70,124,460	75,109,223	72,298,441



	Current Liabilities			
4.18	Accounts payables	285,477	423,893	203,112
4.19	Borrowings	-	-	-
4.20	Current Tax Liability	-	-	75,112
4.21	Other (dividend payable)	5,656	-	-
4.22	Total current liabilities	291,133	423,893	278,224
	Non Current Liabilities			
4.23	Deferred Tax Liabilities	91,442	53,226	70,028
4.24	Borrowings	-	-	-
4.25	Provisions	-	-	-
4.26	Other (provide details if material)		-	
4.27	Total non- current liabilities	91,442	53,226	70,028
4.28	Total Liabilities	382,574	477,118	348,252
4.29	Net Assets	69,741,886	74,632,105	71,950,189
Consolidated Balance Sheet (continued)]				
		At end of current period K	As shown in last annual report K	As in last half yearly report K
	Equity			
4.30	Capital	49,120,304	49,120,304	48,818,301
4.31	Reserves	-	-	-
4.32	Retained Profits (accumulated losses)	20,621,582	25,511,800	23,131,889
4.33	Equity attributable to shareholders of the parent entity	69,741,886	74,632,104	71,950,189
4.34	Outside equity to shareholders of the parent entity	-	-	-
4.35	Total equity	69,741,886	74,632,104	71,950,189
4.36	Preference Capital included as part of 4.33	-	-	-



Exploration and evaluation expenditure capitalised			
<i>To be completed only by entities with mining interest if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit</i>			
		Current Period K	Previous Corresponding period K
5.1	Opening Balance	n/a	n/a
5.2	Expenditure incurred during current period	n/a	n/a
5.3	Expenditure written off during current period	n/a	n/a
5.4	Acquisition, disposals, revaluation, increments, etc	n/a	n/a
5.5	Expenditure transferred to development properties	n/a	n/a
5.6	Closing balance as shown in the consolidated balance sheet (item 4.11)	n/a	n/a
Development properties			
<i>To be completed only by entities with mining interest if amounts are material</i>			
		Current Period K	Previous Corresponding period K
6.1	Opening Balance	n/a	n/a
6.2	Expenditure incurred during current period	n/a	n/a
6.3	Expenditure transferred from exploration and evaluation	n/a	n/a
6.4	Expenditure written off during current period	n/a	n/a
6.5	Acquisition, disposals, revaluation, increments, etc	n/a	n/a
6.6	Expenditure transferred to mine properties	n/a	n/a
6.7	Closing balance as shown in the consolidated balance sheet (item 4.12)	n/a	n/a



		Current Period K	Previous Corresponding period K
Consolidated Statement of Cash Flows			
Cash Flows related to operating activities			
7.1	Receipts from customers	1,614,288	2,315,353
7.2	Payments to suppliers and employees	- 489,148	- 671,671
7.3	Dividends received from associates	-	-
7.4	Other Dividends received	-	-
7.5	Payment for purchases of equity investments	- 3,370,324	- 1,262,395
7.6	Proceeds from sale of equity investments	3,362,405	565,989
7.7	Interest and other items of similar nature received	-	-
7.8	Interest and other finance paid	-	-
7.9	Income taxes paid	-	-
7.10	Other	-	-
7.11	Net Operating cash flows	1,117,221	1,643,682
Cash flows related to investing activities			
7.12	Payment of purchase of property, plant and equipment	-	-
7.13	Proceeds from sale of property, plant and equipment	-	-
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other (investment in shares)	-	-
7.17	Net Investing cash flows	-	696,406



	Cash flows related to financing activities		
7.18	Proceeds from issues of securities (shares, options, etc)	-	-
7.19	Proceeds from borrowings	-	-
7.20	Repayment of borrowings	-	-
7.21	Dividend paid (net of reinvestment of K465,383)	-	-
7.22	Other (provide details if material)		
7.23	Net financing cash flows	-	-
7.24	Net Increase (decrease) in cash held	1,117,221	947,276
7.25	Cash at beginning of period (see reconciliation of cash)	6,124,373	8,543,950
7.26	Exchange rate adjustment to item 7.25 Adjustment to be	-	-
7.27	Cash at end of period(see reconciliation of cash)	7,241,594	9,491,226
	Non-cash financing and investing activities		
	<i>Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows. If an amount is qualified, show comparative amount.</i>		
	n/a		
	Reconciliation of cash		
	Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current Period K	Previous Corresponding period K
8.1	Cash on hand and at Bank	7,241,594	9,491,226
8.2	Deposits at call	-	-
8.3	Bank Overdraft	-	-
8.4	Other (provide details)	-	-
8.5	Total cash at end of period(items 7.27)	7,241,594	9,491,226

		Current Period	Previous Corresponding period K' 000
Ratios			
Profit before abnormal and tax sales			
9.1	Consolidated operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue(item 1.1)	-170.28%	367.63%
9.2	Consolidated operating profit (loss) after tax attributable to shareholders (item 1.10) as a percentage of equity (similarly attributable) at the end of period(item 4.33)	-7.01%	14.72%
Earnings per share (EPS)		Current Period K	Previous Corresponding period K
10.1	Calculation of the following in accordance with IAS 33: <i>Earnings per share</i>		
	(a) Basic EPS	-0.10	0.22
	(b) Diluted EPS (if material differently from 'a')	n/a	n/a
	© Weighted average number of ordinary shares (K'000) outstanding during the period used in the calculated of the basic EPS	49,187,121	48,869,555
NTA backing (see note 7)			
11.1	Net tangible asset backing per ordinary security	1.42	1.47
Details of specific receipts/outlays, revenues/expenses			
		Current Period K	Previous Corresponding period K
12.1	Interest revenue included in determining item 1.4	126,140	177,017
12.2	Interest revenue included in item 12.1 but not yet received (if material)	- 30,198	- 30,298
12.3	Interest expense included in item 1.4(include all forms of interest, lease finance charges, etc)	-	-
12.4	Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-	-
12.5	Outlays(except those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6	Depreciation and amortisation (excluding amortisation of intangibles)	-	-

Control gained over entities having material effect			
13.1	Name of entity		n/a
13.2	Consolidated operating profit(loss) and extraordinary items after tax of the entity since the date in the current period on which control was acquired		n/a
13.3	Date from which such profit was calculated		n/a
13.4	Operating profit(loss) and extraordinary items after tax of the entity for the whole of the corresponding period		n/a
Loss of control of entities having material effect			
14.1	Name of Entity (or group of entity)		n/a
14.2	Consolidated operating profit(loss) and extraordinary items after tax of the entity(or group of entities) for the current period to the date of loss of control		n/a
14.3	Date to which the profit(loss) in item 14.2 has been calculated		
14.4	Consolidated operating profit(loss) and extraordinary items after tax of the entity(or group of entities) while controlled during the whole of the previous corresponding period		n/a
14.5	contribution to consolidated operating profit(loss) and extraordinary items from sale of interest leading to loss of control		n/a



Reports for industry and geographical segments			
Segments			
<u>Operating Revenue</u>			
Sales to customers outside the economic entity		2,839,010	n/a
Inter-segment sales		0	n/a
Unallocated revenue		0	n/a
Total Revenue		2,839,010	n/a
Segment result (including abnormal items where relevant)		-4,834,285	n/a
Unallocated expenses		0	n/a
Consolidated operating profit before tax (equal to item 1.6)		-4,834,285	n/a
Segment assets		70,124,460	n/a
Unallocated assets		0	n/a
Total assets (equal to item 4.17)		70,124,460	n/a
Dividends (in the case of a trust, distribution)			
15.1	Date the dividend(distribution) was paid		
	2018 final dividend payment date		n/a
	2018 Interim dividend payment date		n/a
15.2	Record date to determine entitlements to the dividends (distribution) (ie, on the basis of registrable transfers received up to 5.00 pm)		n/a
	2018 Interim dividend record date		n/a
15.3	If it is a final dividend, has it been declared? preliminary report only - Special dividend		n/a
Amount per security			
	(Preliminary final report)	Amount per security	
15.4	Final Dividend: Current year:		
15.5	Previous year	0	-
Half yearly and preliminary final reports			
15.6	Interim Dividend: Current year		
15.7	Previous year	0	-

Total dividend (distribution) per security (interim plus final)			
		Current year	Previous year
15.8	Ordinary securities	n/a	-
15.9	Preference securities	n/a	
Half yearly report- interim dividend(distribution) on all securities or Preliminary final report- final dividend(distribution) on all securities			
		Current year K	Previous year K
15.10	Ordinary Securities	n/a	n/a
15.11	Preference securities	n/a	n/a
15.12	Total	n/a	n/a
The dividend or distribution plans shown below are in operation			
n/a			
The last date(s) for receipt of election notices for the dividend or distribution plans		n/a	
Any other disclosures in relation to dividends (distributions)			
Details of aggregate share of profits (losses) of associates			
Entity share of associates		Current period K	Previous corresponding period K
16.1	Operating profit(loss) before income tax	-	-
16.2	Income tax expense	-	-
16.3	Operating profit(loss) after income tax	-	-
16.4	Extraordinary items net of tax	-	-
16.5	Net profit(loss)	-	-
16.6	Outside equity interest	-	-
16.7	Net profit(loss) attributable to shareholders	-	-



Material interest in entities which are not controlled entities				
Name of Entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to operating profit(loss) and extraordinary items after tax(item 1.14)	
	Current period	Previous corresponding period	Current period K	Previous corresponding period K
17.1 Equity accounted associated entities	n/a	n/a	n/a	n/a
17.2 Total	n/a	n/a	n/a	n/a
17.3 Other material interest	n/a	n/a	n/a	n/a
17.4 Total	n/a	n/a	n/a	n/a
Issued and quoted securities at end of current period				
Description includes rate of interest and any redemption or conversion rights together with prices and dates.				
Category of securities		Number issued	Number quoted	Amount paid per share(toea)
18.1 Preference securities (description)		n/a	n/a	n/a
18.2 Issued during period				
18.3 Ordinary Securities		49,120,304	-	-
18.4 Issued during current period		-	-	-
Cancellation of shares		-	-	-
		-	-	-
18.5 Convertible debt securities (description and factor)		-		
18.6 Issued during current period		-		
18.7 Options (description and conversion factor)			Exercise price	Expiry date (if any)
		n/a	n/a	
		n/a	n/a	
18.8 Issued during current period		n/a	n/a	
18.9 Exercised during current period		n/a	n/a	
18.10 Expired during current period		n/a		
18.11 Debentures (total only)		n/a		
18.12 Unsecured notes (totals only)		n/a		



Comments by directors				
Comments on the following matters are required by POMS0X or, in relation to the yearly report, by IAS 34 Financial year accounts and consolidated Accounts. The comments do not take the place of the directors report (as required by the companies Act 1997) and may be incorporated into the directors report. For both half yearly and preliminary final reports, if there are no comments in a section state Nil. If there is insufficient space to comment attach notes to this report.				
Basis of accounts preparation				
If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and IAS 34. Half-year accounts and consolidated accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.(delete if preliminary statement)				
Material factors affecting the revenues and expenses of the economic entity for the current period				
There are no material factors affecting the revenues and expenses of the economic entity for the current period				
A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)				
n/a				
Changes in accounting policies since the last annual report are disclosed as follows				
(Disclose changes in the yearly report in accordance with IAS 34. Financial year accounts and consolidated accounts. Disclose changes in the preliminary final report in accordance with IAS 8: Accounting Policies Disclosure)				
n/a				
Additional disclosure for trust				
19.1	Number of units held by the management company or a related party of it		n/a	
19.2	A statement of the fees and commissions payable to the management company			
	initial service charges		n/a	
	Management fees		n/a	
	other fees		n/a	
Annual meeting				
(preliminary final report only)				
The annual meeting will be held as follows:				
	Place		Port Moresby (the final venue to be confirm at a later date)	
	Date		Between May and June 2020	
	Time			
	Approximate date the annual report will be available		Around July 2020	



1 This report has been prepared under accounting policies which comply with accounting standards approved by the Accounting Standards Board pursuant to the Companies Act 1997 or other Standards acceptable to POMSoX (see note 13)			
Identify other standards used		International Financial Reporting Standards	
2 Report the financial statements prepared under the Companies Act 1997 (if separate), use accounting policies.			
3 This report does give a true and fair view of the matters disclosed (see note 2)			
4 This report is based on financial statements to which one of the following applies.			
<input type="checkbox"/>	The financial statements have been audited	<input checked="" type="checkbox"/>	The financial statements have been subject to review
<input type="checkbox"/>	The financial statements are in the process of being audited or subject to review	<input type="checkbox"/>	The financial statements have not yet been audited or reviewed
5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/ will follow immediately they are available (delete one)			
6 The entity has a formally constituted audit committee.			
Sign here.....		Date	11-09-2020
Director			
Print name	Sir Rabbie Namaliu & Syd Yates		