



**KINA**  
ASSET MANAGEMENT  
LIMITED

**2021**

**ANNUAL  
REPORT**

# Contents

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# Performance Highlights

## 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 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 K6.0 million for the year ending 31 December 2021 compared with the net profit of K3.3 million for the previous year.

## 2021 Highlights

### Net Profit

# K6.0m

▲ by K2.7m or 79.9%

### Net Asset

# K80.1m

▲ by K1.8m or 2.3%

### Earnings per share

# 12 toea

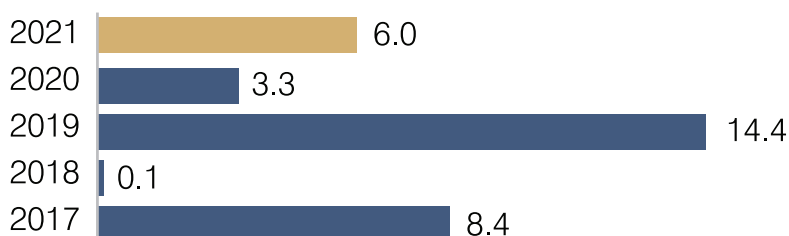
▲ by 5 toea or 71.4%

### NTA per share

# K1.61

▲ by K0.02 or 1.3%

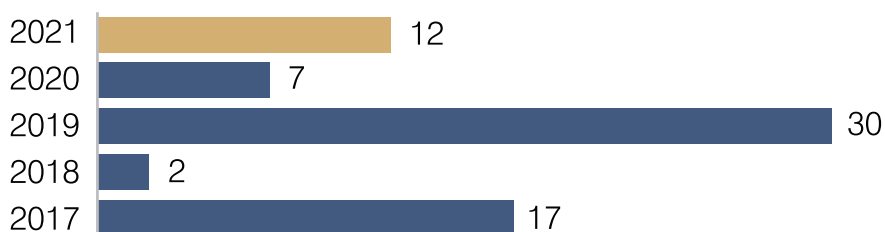
### Net Profit After Tax (K'm)



### Net Asset (K'm)



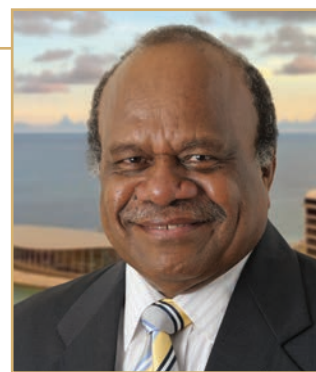
### EPS (Toea)



### NTA per share (PGK)



# Chairman's Report



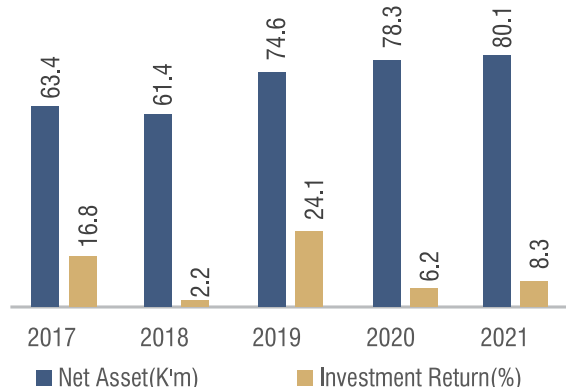
2021 was a good year for KAM shareholders, as the global economy continues along the path of recovery from the Covid-19 pandemic. The Company has performed respectfully well in the complex international environment, and is well placed for the uncertain market conditions which lie ahead.

KINA ASSET MANAGEMENT LIMITED has recorded a net profit after tax (NPAT) of K6.0million for the year ended 31 December 2021 (2020: K3.3 million). The result was provided by a portfolio return of 8.3% for our shareholders, in a difficult year which has begun its recovery from the dramatic falls recorded in the first quarter of 2020.

The company's net assets stood at K80.1 million as at 31 December 2021, an increase of 2.3% from the previous year (2020: K78.3 million).

Net tangible asset backing per share as at 31 December 2021 was K1.61, an increase of 1.3% from the previous year (2020: K1.59), after payment of the 2020 full-year dividend in April 2021 of K0.04 per share and 2021 half-year dividend of K0.06 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 performance in 2021 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 components of the 2021 result were:

Capital gains of K6.6 million resulting from gains in the prices of the company's Australian (K3.6 million) and Global (K3.0 million) share holdings. Key contributors included Telstra (K1.2 million), Sonic Healthcare (K0.6 million), and Sydney Airport Corp (K0.6 million), and ANZ Bank (K0.6 million).

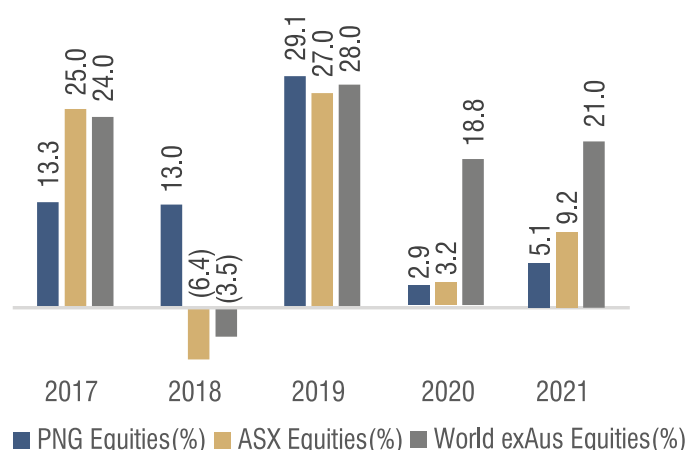
Dividend and interest income of K4.5 million. Key contributors were BSP (K1.7 million), Kina Securities (K0.5 million), and Credit Corporation (K0.5 million).

Dividend income from the Company's Australian shareholdings totaled K1.0 million, and Global Equities K0.6 million.

There was a broad-based appreciation of the US dollar in 2021, resulting in a nominal currency translation loss of K3.5 million from PNG's foreign currency rate setting policies.

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

EXHIBIT 2.0 – INVESTMENT PERFORMANCE



The portfolio's performance against its respective benchmark indices were mixed; Domestic PNG shares (+5.1%) underperformed the KSI Home Index (11.7%); Australian shares (+9.2%) underperformed the S&P/ASX200 Index (+9.8%); and International shares (+21.0%) underperformed the MSCI World (ex-Australia) Index (+23.3%).

## Investment Portfolio

Asset Allocation at 31 December 2021 was 31.0% invested in Domestic shares, fixed income and cash, and 69.0% 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 the portfolio accordingly.

During the early part of the year, the Company cautiously increased its exposure to some of its existing holdings, particularly in the health care sector, and took profits by liquidating other holdings where long term performance targets had been achieved.

In the second-half of 2021, the emergence of inflationary pressures arising from pandemic-related commodity price rises and supply chain issues caused central banks in many countries to withdraw monetary stimulus. As a result, share prices in many developed countries fell from their highs in the first-half of the year.

In these conditions, the Company has maintained a strong cash buffer, amounting to 7.3% at 31 December 2021 (2020:9.8%).

EXHIBIT 3.0 – INVESTMENT PORTFOLIO

Investments	% of Portfolio
<b>Domestic</b>	
Cash	0.9%
Fixed Income	2.3%
Equities	
Bank South Pacific	16.9%
Credit Corporation	4.5%
Kina Securities Limited	5.5%
City Pharmacy	0.8%
Oil Search Limited	0.0%
<b>Total Domestic Portfolio</b>	<b>30.9%</b>
<b>International</b>	
Cash	6.4%
Equities	
ANZ Bank Limited	4.0%
Westpac Bank Limited	3.1%
Mirvac Group	4.7%
Transurban Group	4.2%
CSL Limited	7.2%
Telstra	5.0%
ResMed Inc	2.6%
Santos	2.4%
Sonic Healthcare	2.6%
Suncorp Group Limited	2.7%
Sydney Airport	2.5%
Worley Parsons	1.4%
A2 Milk Company Limited (A2M)	1.3%
Vanguard International Index Fund	14.1%
BlackRock iShares International Index Fund	4.9%
<b>Total International Portfolio</b>	<b>69.1%</b>
<b>Total Portfolio</b>	<b>100.0%</b>

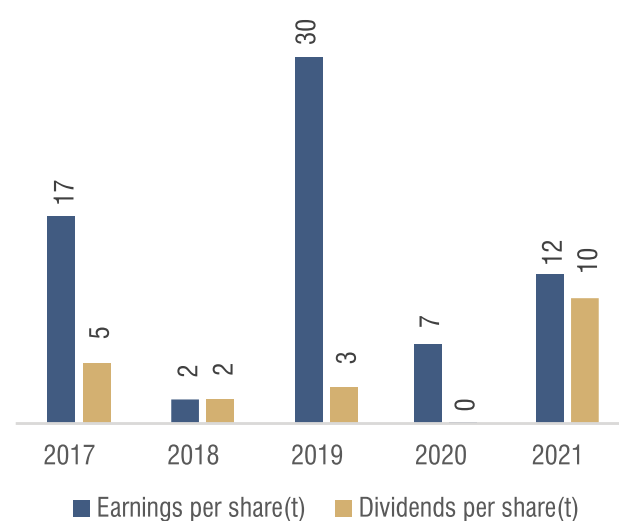
## Outlook

In my last report to shareholders, I noted that the Company was cautiously optimistic about the future. In the US and parts of Europe, accommodative monetary and fiscal policies, high Covid-19 vaccination rates, and the relaxation of restrictions on economic activity had all combined to facilitate a strong economic recovery. In Australia, Federal and State governments, who had (then) been successful in controlling the spread of the virus, were more cautious than their counterparts in the US and Europe in easing restrictions.

In other parts of the world, notably India and some other developing countries, the pandemic had only just begun to seriously affect the population.

The outcomes for global markets in 2021 reflected those differing circumstances. In local currency terms, the US S&P500 Index rose 26.9% in 2021, the Euro Stoxx50 rose 21%, and the UK FTSE100 rose 14.3%. In Australia, the ASX/S&P200 rose 13.0%.

EXHIBIT 4.0 – EARNINGS & DIVIDENDS PER SHARE



At the time of writing, the outlook for markets is again uncertain. As many countries are removing restrictions on economic activity, outbreaks of the Omicron variant of Covid-19 have added to supply chain disruptions, which have in turn added to rises in the prices of a wide range of commodities and goods. Inflation outcomes have been much higher, more persistent, and more broadly based, and central banks globally have begun to review monetary policy settings. The conflict in Eastern Europe – in addition to the terrible human cost – has added to this uncertainty.

As PNG prepares for national elections mid-year, the economic conditions remains susceptible to further constraints to the global recovery, and the long awaited development of major resource projects. Whilst the Company is cautiously optimistic about the future, it has made the decision not to declare a final dividend for 2H/2021.

## 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 a 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 Bank and Kina Securities Group 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. As Treasury, Sir Rabbie represented PNG as Governor on the Board of the IMF, World Bank and ADB in 2006 to 2007. 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 Limited (appointed 2010), Kina Asset Management Limited (appointed 2008), retired from Kina Investment & Superannuation Services Limited (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 Limited (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. In December 2020, Sir Rabbie was appointed by the Australian Government as a member of the Advisory Board of the Pacific Security College based at the Crawford School of Public Policy at the Australia National University in Canberra, Australia. 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 (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 retired as Chairman of PNGX-listed diversified financial services group Credit Corporation PNG in June 2021, after joining the Group as a Director in 2018.

Before this role, Syd was Kina Group Managing Director and CEO. 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 Limited, a Director of Air Niugini Limited, Chairman of Bmobile Limited 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.

Syd retired from being a Director and Chairman of Fundraising of the Papua New Guinea Olympic Committee and Commonwealth Games Association of PNG in June 2021. 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 36 years as Shareholder and Managing Director. She is currently a non-executive Director of Air Niugini Limited since August 2021.

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 Papua New Guinea National Stock Exchange (PNGX). 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.

#### 1.14 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 or her 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 behaviour;
- 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 Interdependent 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.

## 1. The Board of Directors *(continued)*

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.

### 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.

### 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 Functions

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:

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

### b) Risk Management roles and Responsibilities

The Board accepts responsibility for ensuring it has a clear understanding of the types of risks inherent in the Company's activities. Therefore, responsibility for overall risk management in KAML is vested with the Board. There is a formal system of financial and operational delegations from the Board to 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.

## 3. Risk Management *(continued)*

### 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.

### 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 PNGX (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 PNGX 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 PNGX and received an acknowledgment that PNGX 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. 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 PNGX will be required.

Disclosure may also be required if PNGX 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 PNGX 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 PNGX, 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 PNGX 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 PNGX, the Securities Commission or an aggrieved person (for example, a shareholder).

## **Commission**

The Securities Commission and PNGX jointly administer the continuous disclosure regime for listed companies in PNG. PNGX is responsible for administering the Listing Rules while the Securities Commission is responsible for enforcing the Securities Act. PNGX 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 PNGX has formed the view that confidentiality has been lost.

PNGX 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 PNGX Listing Rules.

# Financial Statements

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# Directors' Report

for the financial year ended 31 December 2021

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 2021. 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

Sir Rabbie Langanai Namaliu	Chairman
Sydney George Yates	Executive director
Gregory Frank Taylor	Non - executive director
Monica Salter	Non - executive director

## Company Secretary

The Company secretary is Sydney George Yates.

## Review of operations

During the period, the Holding Company reported a net profit of K5,074,463 (2020: profit of K126,753) after income tax expense of K67,335 (2020: income tax expense of K86,870) while the Group reported a net profit of K5,972,168 (2020: Profit of K3,318,873) after income tax expense of K82,017 (2020: income tax expense of K153,212)

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 change in accounting policies occurred during the financial year.

## Dividends

A total dividend of K4,954,692 was declared and paid as disclosed in note 19.

## 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 K234,000 (2020: K234,000) and consisted of fixed directors' fees.

## Remuneration above K100,000 per annum

Nil.

## Donations

No donations were made during the current period by the Company and the Group (2020: Nil).

## Independent audit report

The financial statements have been audited by Pricewaterhouse Coopers and should be read in conjunction with the independent audit report on pages 14-18. 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



**Sir Rabbie Langanai Namaliu**

Director



**Sydney George Yates, OBE**

Director

Port Moresby, 03 March 2022

## Directors' Declaration

The directors declare that:

- 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;
- 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



**Sir Rabbie Langanai Namaliu**

Director



**Sydney George Yates, OBE**

Director

Port Moresby, 03 March 2022



## Independent auditor's report

To the shareholders of Kina Asset Management Limited

### Report on the audit of the financial statements of the Company and the Group

#### Our opinion

We have audited the financial statements of Kina Asset Management Limited (the Company), which comprise the statements of financial position as at 31 December 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2021 or from time to time during the financial year.

In our opinion, the accompanying financial statements:

- comply with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea; and
- give a true and fair view of the financial position of the Company and the Group as at 31 December 2021, and their financial performance and cash flows for the year then ended.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

#### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the area of taxation services. The provision of these other services has not impaired our independence as auditor of the Company and the Group.

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#### Our audit approach

An audit is designed to provide reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Company and the Group, their accounting processes and controls and the industries in which they operate.





Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> <li>For the purpose of our audit of the Group we used overall group materiality which represents approximately 0.5% of the Group's net assets.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.</li> <li>We chose Group net assets because, in our view, it is the metric against which the performance of the Group is most commonly measured and is a generally accepted benchmark for fund management entities.</li> <li>We selected 0.5% based on our professional judgement noting that it is also within the range of commonly acceptable related thresholds.</li> </ul>	<ul style="list-style-type: none"> <li>We (PwC Papua New Guinea) conducted audit work over all the subsidiaries which comprise the Group consolidation.</li> <li>All subsidiaries of the Group are incorporated and operating in Papua New Guinea and audited by PwC Papua New Guinea.</li> <li>Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> </ul>	<ul style="list-style-type: none"> <li>Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:                             <ul style="list-style-type: none"> <li>Financial assets -existence and valuation</li> </ul> </li> <li>These matters are further described in the Key audit matters section of our report.</li> </ul>



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. The key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key matters to be communicated in our report.

Further, commentary on the outcomes of the particular audit procedures is made in that context.

Key audit matter	How our audit addressed the key matter
<p><i>Financial assets – K73.7 million - Refer to Note 8 to the financial statements</i></p> <p>Our audit focused on ownership and valuation of financial assets owing to their significance to the financial statements of the Group. The financial assets make up over 90% of the total assets of the Group and form the basis for the primary source of income for the Group.</p> <p>The financial assets of the Group comprise listed equity instruments (K71.9 million) and Papua New Guinea Government inscribed stocks (K1.8 million) and these are measured at fair value and amortised cost respectively.</p>	<p>The procedures we performed to support our audit conclusions included:</p> <ul style="list-style-type: none"> <li>• Understanding the Group's procedures in relation to the investment management, recording and the related contractual arrangements in place for the various financial assets.</li> <li>• Obtaining confirmations from share registries or custodians of the investment holdings to check the ownership of the financial assets.</li> <li>• Performing procedures to check the fair values of individual investments, including independent verification of pricing to the respective market sources for equity instruments.</li> <li>• Performing procedures to check the computation of amortised cost over Papua New Guinea Government inscribed stocks.</li> </ul>

## Information other than the financial statements and auditor's report

The directors are responsible for the other information. The other information comprises the Director's Report (but does not include the financial statements and the auditors' report thereon), which we obtained prior to the date of this auditor's report, and the Group's annual report, which is expected to be made available after that date. Our opinion on the financial statements does not cover the other information and we do not, and will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the company for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea and the Companies Act 1997 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, 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 have no realistic alternative but to do so.

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## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are 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 the ISAs 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 the financial statements.

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 statements, 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.

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 statements 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 statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations preclude 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.

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### Report on other legal and regulatory requirements

The Companies Act 1997 requires that in carrying out our audit we consider and report on the following matters. We confirm in relation to our audit of the financial statements for the year ended 31 December 2021:

- We have obtained all the information and explanations that we have required;
- In our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

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### Who we report to

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

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PricewaterhouseCoopers

Grant Burns  
Partner  
Engagement Leader

Jonathan Grasso  
Partner  
Registered under the Accountants Act 1996

Port Moresby  
03 March 2022

# Statements of Comprehensive Income

for the financial year ended 31 December 2021

	Note	Consolidated		Company	
		2021 K	2020 K	2021 K	2020 K
Revenue	3(a)	4,988,868	4,013,847	5,984,989	1,101,868
Changes in fair value of financial assets	8	2,673,196	321,282	-	-
Exchange gain/(loss) on cash and cash equivalents	12	(264,650)	545,087	-	-
<b>Total income</b>		<b>7,397,414</b>	<b>4,880,216</b>	<b>5,984,989</b>	<b>1,101,868</b>
Directors' fees	16	(234,000)	(234,000)	(234,000)	(234,000)
Insurance		(49,485)	(44,313)	(49,485)	(44,313)
Management fees	17	(486,839)	(506,685)	-	-
Share registry fees		(171,213)	(160,097)	(171,213)	(160,097)
Other operating expenses	3(b)	(401,692)	(463,036)	(388,493)	(449,835)
<b>Total expenses</b>		<b>(1,343,229)</b>	<b>(1,408,131)</b>	<b>(843,191)</b>	<b>(888,245)</b>
Profit before tax		6,054,185	3,472,085	5,141,798	213,623
Income tax expense	6	(82,017)	(153,212)	(67,335)	(86,870)
<b>Net Profit for the year</b>		<b>5,972,168</b>	<b>3,318,873</b>	<b>5,074,463</b>	<b>126,753</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>5,972,168</b>	<b>3,318,873</b>	<b>5,074,463</b>	<b>126,753</b>
Earnings per share					
Basic (toea per share)	9	0.12	0.07		
Diluted (toea per share)	9	0.12	0.07		

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

# Statements of Financial Position

as at 31 December 2021

	Note	Consolidated		Company	
		2021 K	2020 K	2021 K	2020 K
<b>Assets</b>					
Cash and cash equivalents	12	5,828,494	7,575,720	320,295	540,922
Current tax receivables		379,501	413,403	134,034	200,185
Other assets	4	267,472	429,016	175,150	264,852
Financial assets					
Equities at fair value through profit or loss	8	71,866,067	68,184,082	-	-
Government stock at amortised cost	8	1,859,133	1,839,208	-	-
Investment in subsidiary company	11	-	-	1	1
Due from related parties	17	-	-	49,715,951	48,431,755
Deferred tax assets	6	35,180	82,304	-	-
<b>Total assets</b>		<b>80,235,847</b>	<b>78,523,733</b>	<b>50,345,431</b>	<b>49,437,715</b>
<b>Liabilities</b>					
Other payables	7	147,630	182,130	103,214	76,848
Current tax liabilities		-	-	-	-
Deferred tax liabilities	6	11,812	43,070	11,812	10,628
<b>Total liabilities</b>		<b>159,442</b>	<b>225,200</b>	<b>115,026</b>	<b>87,476</b>
<b>Net assets</b>		<b>80,076,405</b>	<b>78,298,533</b>	<b>50,230,405</b>	<b>49,350,239</b>
<b>Equity</b>					
Fully paid ordinary shares	5	50,228,256	49,467,860	50,228,256	49,467,860
Accumulated gain/(loss)		29,848,149	28,830,673	2,149	(117,621)
<b>Total equity</b>		<b>80,076,405</b>	<b>78,298,533</b>	<b>50,230,405</b>	<b>49,350,239</b>

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

## Statements of changes in equity

for the financial year ended 31 December 2021

	Fully paid ordinary shares	Accumulated gain/loss	Total
	K	K	K
<b>Consolidated</b>			
Balance at 1 January 2020	49,120,304	25,511,800	74,632,104
<b>Transactions with owners</b>			
Issued shares (note 5)	347,556	-	347,556
Dividend	-	-	-
<b>Profit for the year</b>	-	3,318,873	3,318,873
<b>Balance at 31 December 2020</b>	49,467,860	28,830,673	78,298,533
Balance at 1 January 2021	49,467,860	28,830,673	78,298,533
<b>Transactions with owners</b>			
Issued shares (note 5)	760,396	-	760,396
Dividend	-	(4,954,692)	(4,954,692)
<b>Profit for the year</b>	-	5,972,168	5,972,168
<b>Balance at 31 December 2021</b>	50,228,256	29,848,149	80,076,405
<b>Company</b>			
Balance at 1 January 2020	49,120,304	(244,374)	48,875,930
<b>Transactions with owners</b>			
Issued shares (note 5)	347,556	-	347,556
Dividend	-	-	-
<b>Profit for the year</b>	-	126,753	126,753
<b>Balance at 31 December 2020</b>	49,467,860	(117,621)	49,350,239
Balance at 1 January 2021	49,467,860	(117,621)	49,350,239
<b>Transactions with owners</b>			
Issued shares (note 5)	760,396	-	760,396
Dividend	-	(4,954,692)	(4,954,692)
<b>Profit for the year</b>	-	5,074,462	5,074,462
<b>Balance at 31 December 2021</b>	50,228,256	2,149	50,230,405

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

## Statements of Cash Flows

for the financial year ended 31 December 2021

	Note	Consolidated		Company	
		2021	2020	2021	2020
		K	K	K	K
<b>Cash flows from operating Activities</b>					
Dividend, interest and other					
Income receipts		4,581,246	3,689,309	-	-
Purchase of shares		(14,995,989)	(6,515,845)	-	-
Proceeds on sale of shares		14,435,425	5,136,465	-	-
Payments to suppliers		(1,418,064)	(1,403,669)	(836,226)	(627,008)
Tax credits		-	-	-	-
Tax paid		-	-	-	-
<b>Net cash from / (used in) operating activities</b>		2,602,618	906,260	(836,226)	(627,008)
<b>Cash flows from investing activities</b>					
Dividends received		-	-	4,954,692	-
<b>Net cash from investing activities</b>		-	-	4,954,692	-
<b>Cash flows from financing activities</b>					
Dividend paid		(4,085,194)	-	(4,085,194)	-
Amounts (paid) / received from related parties		-	-	(253,899)	1,113,022
<b>Net cash from / (used in) financing activities</b>		(4,085,194)	-	(4,339,093)	1,113,022
<b>Net increase / (decrease) in cash and cash equivalents</b>		(1,482,576)	906,260	(220,627)	486,014
Cash and cash equivalents at the beginning of the financial year		7,575,720	6,124,373	540,922	54,908
Effect of foreign exchange rate changes		(264,650)	545,087	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	12	5,828,494	7,575,720	320,295	540,922

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

# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

## 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. These policies have been consistently applied to all periods presented. There were no changes in significant accounting policies in the current full year period.

### Application of new and amended International Financial Reporting Standards

A number of new or amended standards became applicable for the current reporting period.

#### a) New and amended standards, and interpretations mandatory for the first time for the financial year ended 31 December 2021

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendment to IFRS 4, 'Insurance contracts' – Deferral of IFRS 9

These changes did not have any material impact on the company or the Group.

#### b) New standards, amendments and interpretations issued but not effective for the financial year ended 31 December 2021 and not early adopted

- Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions (extension of time period).
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16
- Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17: 'Insurance contracts'.

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

### Basis of preparation

The financial statements 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 statements:

#### (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 Group's subsidiary to bring its 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 assets

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

# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

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 is determined at the time of initial recognition. Financial assets are largely financial assets at fair value through profit or loss. Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- (i) has been acquired principally for the purpose of selling in the near future;
- (ii) is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss, which includes listed securities are stated at fair value, with any resultant gain or loss recognised in profit or loss whether from pricing changes or from foreign currency rate changes

Financial assets classified as being at amortised cost are measured at amortised cost using the effective interest rate and include Government Inscribed Stock.

## **Impairment of financial assets**

In relation to the impairment of financial assets, an expected credit loss model is applied. 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. It is not necessary for a credit event to have occurred before credit losses are recognised. The Group recognises loss allowances for expected credit losses on Debt investments measured subsequently at amortised cost and on other receivables.

The Group measures 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. A simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade and other receivables.

## **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 interest rate method.

## **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"). Foreign exchange movements for assets held at fair value through profit or loss are included as part of the changes in fair value of financial assets and are further detailed in note 8.

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.



# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

## (e) Income tax (continued)

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 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 statement of comprehensive income 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 the previous balance date or the cost (if the investment was acquired during the year).

Management fees are charged for management services provided by the holding company to the subsidiary and are based on expenses incurred by the company, and are charged through an intercompany account. These accounts are unsecured, non-interest bearing and are receivable on demand. The amounts are recognised when it is probable that the economic benefits will flow to the company and the amount can be reliably measured. Management fees are recognised as income in the period in which they occur.

### *Dividend and interest revenue*

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established, that is, at a point in time.

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. Thus it is recognised over time.

## (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 often requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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.

## (j) Comparative figures

Where necessary, comparative figures are adjusted to conform with changes in presentation.

# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

	Consolidated		Company	
	2021 K	2020 K	2021 K	2020 K
3. Revenue				
<b>(a) Revenue</b>				
Interest income	241,193	252,019	-	-
Dividend income	4,299,450	3,472,837	4,954,692	1
Gain on sale of investment securities	448,225	253,018	-	-
Subsidiary management fees	-	-	1,030,297	1,065,894
Other Income	-	35,973	-	35,973
	4,988,868	4,013,847	5,984,989	1,101,868
<b>(b) Other operating expenses</b>				
Professional fees	293,683	322,363	280,484	309,162
Audit fees	62,700	55,000	62,700	55,000
Listing fees	36,969	41,336	36,969	41,336
Administration fees	8,340	44,337	8,340	44,337
	401,692	463,036	388,493	449,835
4. Other assets				
Dividend receivable	165,134	224,655	-	-
Withholding taxes recoverable	50,600	152,575	50,600	152,575
Prepaid insurance	21,019	20,059	-	-
Other receivables	30,719	31,727	124,550	112,277
	267,472	429,016	175,150	264,852

5. Share capital	Consolidated		Company	
	Number of shares	Cost	Number of shares	Cost
<b>Fully paid ordinary shares: 2020</b>				
Beginning	49,187,121	49,120,304	49,187,121	49,120,304
Issued shares:	244,758	347,556	244,758	347,556
Ending	49,431,879	49,467,860	49,431,879	49,467,860
<b>Fully paid ordinary shares: 2021</b>				
Beginning	49,431,879	49,467,860	49,431,879	49,467,860
Issued shares:	459,427	760,396	459,427	760,396
Ending	49,891,306	50,228,256	49,891,306	50,228,256

Fully paid ordinary shares carry one vote per share and the right to dividends. Shares issued under the dividend reinvestment plan have a share price of K1.59 on the shares issued on 7 April 2021 and 1.70 on the shares issued on 21 October 2021 based on net tangible asset backing per share.

# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

6. Income taxes	Consolidated		Company	
	2021	2020	2021	2020
	K	K	K	K
Income tax recognised in profit or loss				
<b>(a) Tax expense/(credit) comprises:</b>				
Current tax expense	66,151	87,435	66,151	87,435
Deferred tax movement	15,866	65,777	1,184	(565)
Prior year over provision	-	-	-	-
<b>Total tax expense/(credit)</b>	<b>82,017</b>	<b>153,212</b>	<b>67,335</b>	<b>86,870</b>

**(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:**

Profit before tax	6,054,185	3,472,085	5,141,798	213,623
Income tax expense calculated at 30%	1,816,255	1,041,625	1,542,539	64,087
Non deductible legal fees	11,203	22,783	11,203	22,783
Prior year over provision	-	-	-	-
Dividend WHT relating to foreign dividends received	-	-	-	-
Tax effect of non-assessable income*	(1,745,441)	(911,196)	(1,486,40)	-
<b>Income tax expense</b>	<b>82,017</b>	<b>153,212</b>	<b>67,335</b>	<b>86,870</b>

\*Tax effect of non-assessable income includes dividends receivable, 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 Guinean corporate entities on taxable profits under the Papua New Guinea tax law.

### c) Deferred tax balances

<b>Deferred tax assets movement:</b>				
Beginning	82,304	158,235	23,054	31,629
Movement for the year	(12,366)	(75,931)	2,499	(8,575)
At end of year	69,938	82,304	25,553	23,054
<b>Deferred tax assets comprise:</b>				
Accrued liabilities	69,938	82,304	25,553	23,054
	69,938	82,304	25,553	23,054
<b>Deferred tax liabilities movement :</b>				
Beginning	43,070	53,266	33,682	42,823
Movement for the year	3,500	(10,196)	3,683	(9,141)
At end of year	46,570	43,070	37,365	33,682
<b>Deferred tax liabilities comprise:</b>				
Prepaid insurance	6,306	6,018	6,306	6,018
Accounts receivable	31,059	27,664	31,059	27,664
Interest and other receivable	9,205	9,388	-	-
	46,570	43,070	37,365	33,682
<b>Net deferred tax assets / (liabilities)</b>	<b>23,368</b>	<b>39,234</b>	<b>(11,812)</b>	<b>(10,628)</b>
<b>Presented as:</b>				
Net deferred tax asset	35,180	82,304	-	-
Net deferred tax liability	(11,812)	(43,070)	(11,812)	(10,628)
	23,368	39,234	(11,812)	(10,628)

7. Other payables	Consolidated		Company	
	2021	2020	2021	2020
	K	K	K	K
Accrued expenses	129,592	182,130	85,176	76,848
Salary and wages tax payable	18,038	-	18,038	-
	147,630	182,130	103,214	76,848

# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

	Consolidated		Company	
	2021	2020	2021	2020
	K	K	K	K
8. Financial assets				
<b>Financial assets carried at fair value through profit or loss:</b>				
Listed securities	71,866,067	68,184,082	-	-
<b>Movements:</b>				
Balance at the beginning of the year	68,184,082	66,230,402	-	-
Purchases	14,995,989	6,515,845	-	-
Disposals	(13,987,200)	(4,883,447)	-	-
Changes in fair value and Exchange gain/(loss)*	2,673,196	321,282	-	-
	71,866,067	68,184,082	-	-

\*Changes in fair value and exchange gain/(loss) of K2,673,196 comprises unrealised pricing gain of K6,027,333 and foreign exchange loss of K3,354,137 on KAMLs' equity holdings.

#### Amortised cost:

Government Inscribed Stock	1,859,133	1,839,208	-	-
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The application of IFRS 9 has not resulted in a material loss allowance being recognised in the period.

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

Consolidated	31 December 2021			31 December 2020		
	Market price	No. of units	Market value	Market price	No. of units	Market value
BSP Financial Group Ltd-PNGX	12.25	390,000	4,777,500	12.00	1,250,134	15,001,608
BSP Financial Group Ltd -ASX	10.86	800,000	8,689,901			
Credit Corporation (CCP)	1.68	2,146,337	3,605,846	1.70	2,146,337	3,648,773
Kina Securities Limited (KSL)	2.18	2,000,000	4,350,038	2.43	2,000,000	4,851,752
City Pharmacy (CPL)	0.95	697,691	662,806	0.50	697,691	348,846
Oil Search Limited (OSH)	-	-	-	10.00	186,642	1,866,420
ANZ Bank Limited (ANZ)	69.98	45,000	3,149,199	61.19	45,000	2,753,369
Westpac Bank Limited (WBC)	54.31	45,000	2,444,035	52.21	45,000	2,349,461
Mirvac Group (MGR)	7.40	500,500	3,705,050	7.12	550,500	3,917,305
Transurban Group (TCL)	35.16	95,000	3,339,863	36.82	100,000	3,681,941
CSL Limited (CSL)	739.56	7,750	5,731,570	763.29	7,750	5,915,485
Telstra Corporation Limited (TLS)	10.63	375,000	3,987,535	8.03	425,000	3,413,747
Boral Limited (BLD)	-	-	-	13.34	65,000	867,251
ResMed Inc (RMD)	91.02	22,500	2,047,952	73.39	12,500	917,453
Santos Limited-ASX	16.05	117,119	1,879,982	-	-	-
Sonic Healthcare (SHL)	118.62	17,500	2,075,871	86.66	7,500	649,933
Suncorp Group Limited (SUN)	28.16	75,000	2,112,058	26.25	60,000	1,575,202
Sydney Airport (SYD)	22.08	90,000	1,987,281	17.28	45,000	777,493
Worley Parsons (WOR)	27.04	40,000	1,081,659	30.97	30,000	929,111
A2 Milk Company Limited (A2M)	13.89	75,000	1,041,720	30.86	55,000	1,697,439
Vanguard International Shares Index	7.84	1,443,513	11,310,150	6.73	1,443,513	9,715,893
Blackrock Wholesale	56.88	68,317	3,886,051	48.39	68,317	3,305,600
International Indexed Equity Fund						
			71,866,067			68,184,082

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

Detailed listing of the Group's Government Inscribed Stock at amortised cost:

Serial Number	Settlement Date	Maturity Date	Coupon Rate	Face Value	31 December 2021 Balance	31 December 2020 Balance
S15052031	24/Oct/2014	15/May/2031	12.00%	500,000	439,286	436,380
S15052027	24/Oct/2014	15/May/2027	10.50%	500,000	447,425	435,389
S15052027	19/Dec/2014	15/May/2027	10.50%	500,000	472,962	468,778
S15082022	24/Jul/2015	18/Aug/2022	10.00%	500,000	499,460	498,661
				2,000,000	1,859,133	1,839,208

Government Inscribed Stocks are investments carried at amortised cost. These investments are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. The investments have maturity dates varying between 2022 to 2031. No impairment provision has been recognised.

# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

	Consolidated	
	2021 Toea	2020 Toea
9. Earnings per share		
<b>Basic and diluted earnings per share</b>		
Total basic earnings per share	0.12	0.07

	Consolidated	
	2021 K	2020 K
<b>Basic earnings per share</b>		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Net income used in the calculation of basic and diluted EPS	5,972,168	3,318,873

	2021	2020
	No.	No.
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	49,628,688	49,124,392

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

	Country of incorporation	Ownership interest	
		2021 %	2020 %
<b>Parent entity</b>			
Kina Asset Management Limited	Papua New Guinea		
<b>Subsidiary</b>			
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	
	2021 K	2020 K	2021 K	2020 K
Cash and cash equivalents	4,920,979	6,618,292	320,295	540,922
Interest bearing deposit	907,515	957,428	-	-
	5,828,494	7,575,720	320,295	540,922

Foreign exchange rate movement in the foreign currency denominated cash balances has resulted in gains and losses as follows:

	2021 K	2020 K
Bank of Qld	(76,694)	207,298
Credit Suisse	(187,956)	337,789
Gains / (losses)	(264,650)	545,087

# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

## 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, interest rate risk and price risk), credit risk and liquidity risk. The directors review and approve investment policy.

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 holds a substantial proportion of its financial assets denominated in foreign currency, predominantly in the Australian dollar. The exchange rates used for conversion are AUD/Kina 0.3931 (2020: AUD/Kina 0.3710).

The Group does not hedge against foreign currency risk, but management regularly monitors the extent of such risk through sensitivity analysis.

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	Liabilities
	K	K
<b>2021</b>		
Australian Dollar	26,700,472	-
<b>2020</b>		
Australian Dollar	22,389,832	-

### Foreign currency sensitivity analysis

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

The following table details the Group's sensitivity to a 10% increase and decrease in the Kina against the Australian Dollar. 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, cash and term deposits where the denomination of the investment is in Australian Dollar. An increase in profit arises from a decline in the Kina against Australian Dollar; a strengthening in the Kina decreases profit.

	Australian Dollar Impact	
	10% increase	10% decrease
<b>2021</b>		
Profit/(Loss)	(6,174,805)	7,546,983
<b>2020</b>		
Profit/(Loss)	(4,938,298)	6,035,698

### (d) Credit risk and interest rate management

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

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 material loss allowance being recognised in the period.

Standard and Poor's credit rating for Papua New Guinea stands at B- with negative outlook, Moody's credit rating for PNG stands at B2, also with negative outlook. Both rating agencies changed the outlook from stable to negative in the second quarter of 2021.

### (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 PNG's National Stock Exchange (PNGX) and the Australian Stock Exchange (ASX). Those securities listed on the ASX are considered readily realisable while those listed on the PNGX are less realisable due to the limited liquidity 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 holding sufficient cash and cash equivalents. All payables are due for settlement within 0-3 months of year-end.

### (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 2021 would increase/decrease by K2,513,312 (2020: K2,671,919).

# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

## 13. Financial instruments (continued)

### (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.

The carrying amounts of financial assets and liabilities held at fair value through profit or loss as set out in the statement of financial position are carried at their fair values. The significant methods and assumptions used in estimating the fair values are stated in note 2.

There is no secondary market for the financial assets carried at amortised cost. Due to the absence of an observable market of these debt securities in Papua New Guinea, the amortised cost is considered to be an appropriate approximation for their fair values. 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 geographical region – 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 (“KAML”).

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
	K	K	K	K	K
<b>2021</b>					
Revenue	1,941,662	5,455,752	7,397,414	5,984,989	7,397,414
Expenses			(1,530,336)	(843,191)	(1,343,229)
Operating profit/(loss)			5,867,078	5,141,798	6,054,185
Income tax expense			(14,682)	(67,335)	(82,017)
Net profit/(loss)			5,852,396	5,074,463	5,972,168
Assets	24,661,856	55,048,040	79,709,896	50,345,431	80,235,847
Liabilities			(49,863,900)	(115,026)	(159,442)
Net assets			29,845,996	50,230,405	80,076,405
<b>2020</b>					
Revenue	2,557,291	2,286,952	4,844,243	1,101,868	4,880,216
Expenses			(1,585,781)	(888,245)	(1,408,131)
Operating profit			3,258,462	213,623	3,472,085
Income tax credit / (expense)			(66,342)	(86,870)	(153,212)
Net profit			3,192,120	126,753	3,318,873
Assets	27,974,442	49,603,106	77,577,548	49,460,770	78,523,733
Liabilities			(48,629,256)	(110,531)	(225,200)
Net assets			28,948,292	49,350,239	78,298,533

## 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 K234,000 (2020: K234,000) and consisted of fixed directors' fees, as follows:

	2021	2020
	K	K
Sir Rabbie Namaliu	72,000	72,000
Gregory Taylor	54,000	54,000
Sydney George Yates	54,000	54,000
Monica Salter	54,000	54,000
	234,000	234,000

# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

## 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. The Group does not have employees.
- 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 owns Columbus Investments Limited which is a shareholder of Kina Asset Management Limited, Kina Securities Limited and Credit Corporation Limited

Outstanding payable to Kina Funds Management Limited at year end was K44,418 (2020: K89,626). Kina Funds Management Limited provided investment management services that are disclosed in the income statement.

A management fee of K486,839 (2020: K506,685) 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 K1,030,297 (2020:K1,065,894) 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 2021, the subsidiary owed the Company K49,819,482 (2020: K48,539,330) of which K103,531 is recorded under other receivables in note 4. These accounts are unsecured, non-interest bearing and are receivable on demand. Management has assessed no credit loss provision is required in relation to this asset.

### (e) Equity interests held by key management personnel

- Sir Rabbie Langanai Namaliu: 67,321 shares held through Tobit Investments Limited (2020: 67,321).
- Gregory Frank Taylor: 45,225 shares held directly (2020: 45,225).
- Sydney George Yates: 3,550,261 shares held through Columbus Investments Limited (2020: 3,509,821).
- Monica Salter: 11,973,117 shares held through Monian Limited (2020:11,973,117)

### (f) Interest register

Name of Director	Name of Company	Position Held
Sir Rabbie Namaliu	Kina Asset Management No.1 Limited	Director/Chairman
	Yandera Mining Limited	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
	YWAM Medical Ships	Director
	YWAM Medical Ships Programme	PNG Patron
	Richwell Ltd	Director/Chairman
	Australia/Pacific Security College	Member
	PNG Sustainable Development Programme	Member
Syd Yates	Columbus Investments Limited	Director/Shareholder
	Community Volunteer Organisations – PNG Olympic Committee	Member
	Columbus Investments Limited (hold shares in PNG & Australian listed companies (Family company)	Director/Shareholder
	Kina Asset Management No.1 Limited	Director
	Columbus Consulting Ltd (Australian Family Company)	Owner
	S & B Yates Pty Ltd (Family Superfund)	Director



# Notes to and forming part of the financial statements

for the financial year ended 31 December 2021

## 17. Related Party Transactions (continued)

### (f) Interest register

Name of Director	Name of Company	Position Held
Greg Taylor	Kina Asset Management No.1 Limited	Director
	CSG Secretariat Pty Limited	Director
	TFG International Limited (Australia)	Director/Shareholder
Monica Salter	Kina Asset Management No.1 Limited	Director
	Monian Group of Companies	Director/Shareholder
	Air Niugini Ltd	Director
	Rotary Club of Port Moresby	Member
	Salvation Army Advisory Board	Member
	Soroptimist International Port Moresby	Member
	PNG Institute of Directors	Fellow

## 18. Remuneration of auditors

	Consolidated		Company	
	2021	2020	2021	2020
	K	K	K	K
<b>Audit of the financial report</b>	62,700	55,000	62,700	55,000
Other services	129,537	5,000	129,537	5,000
	192,237	60,000	192,237	60,000

The auditor of the Group is PricewaterhouseCoopers PNG (2020: Deloitte).

## 19. Dividends

A total dividend of K4,954,692 was declared and paid of which K1,977,091 paid on 7 April 2021 was for the year ended 31 December 2020 (2020: K1,466,087) and K2,977,591 paid on 21 October 2021 was for the half year ended 30 June 2021. A total of K760,396 (2020: K347,556) from the respective dividends disbursed was reinvested in the company, resulting in the total additional issue of 459,427 shares (2020: 244,758 shares). The net cash amount paid out was K4,085,914 (2020: KNil).

## 21. Covid-19

In conjunction with our consideration of the impact of COVID-19, we have performed a going concern assessment as at the date of signing the financial statements. We have determined that as at this date KAML remains a going concern because it is a listed investment company with no debt and the only exposure it has as a result of COVID is the elevated level of market volatility related to some of its investments. Therefore, it continues to be appropriate to prepare the financial statements of KAML on the going concern basis in accordance with IAS 1 "Presentation of Financial Statements". We are not aware, as at the date of signing of the financial statements of a material uncertainty arising from COVID-19 that casts significant doubt on the ability of KAML to continue as a going concern.

## Shareholder Information

for the financial year ended 31 December 2021

### a) Distribution of ordinary shares according to size as at 31 December 2021

Range	Number of holders	Number of Shares	% of Issued Capital
1 to 1000	1,395	850,404	1.71
1001 to 5000	874	1,575,229	3.16
5001 to 10000	99	675,079	1.35
10001 to 100000	89	2,254,547	4.52
100001 and Over	22	44,536,047	89.26
<b>Total</b>	<b>2,479</b>	<b>49,891,306</b>	<b>100.00</b>

### b) The twenty largest shareholders of ordinary equity shares as at 31 December 2021

Rank	Shareholders	Number of Shares	% of issued capital
1	MONIAN LIMITED	11,973,117	24.00%
2	COMRADE TRUSTEE SERVICES LIMITED <DFRBF A/C>	5,426,027	10.88%
3	CREDIT CORPORATION (PNG) LIMITED	4,255,463	8.53%
4	KINA FUNDS MANAGEMENT LIMITED	3,594,723	7.21%
5	COLUMBUS INVESTMENTS LIMITED	3,550,261	7.12%
6	MOTOR VEHICLES INSURANCE LIMITED	3,500,000	7.02%
7	PACIFIC MMI INSURANCE LIMITED	2,692,975	5.40%
8	CAPITAL LIFE INSURANCE COMPANY LIMITED	1,531,258	3.07%
9	EAST NEW BRITAIN SAVINGS & LOAN SOCIETY LIMITED	1,500,000	3.01%
10	CAPITAL GENERAL INSURANCE COMPANY LIMITED	1,282,372	2.57%
11	MINERAL RESOURCES DEVELOPMENT COMPANY LIMITED	1,000,000	2.00%
12	CAPITAL NOMINEES LIMITED	773,426	1.55%
13	WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C>	544,261	1.09%
14	GALE INVESTMENT LIMITED	500,000	1.00%
15	MINERAL RESOURCES OK TEDI NO 2 LIMITED	500,000	1.00%
16	MINERAL RESOURCES STAR MOUNTAIN LIMITED	500,000	1.00%
17	COURTNEY JADE SALTER	400,388	0.80%
18	NORMAN JOHN NIGHTINGALE + DARRIE PADIR NIGHTINGALE	263,006	0.53%
19	PAPINDO TRADING COMPANY LIMITED	250,000	0.50%
20	MIDAL ENTERPRISES LIMITED	239,380	0.48%
<b>Top 20 Shareholders Total:</b>		<b>44,276,657</b>	<b>88.75%</b>
<b>Remaining Holders Total:</b>		<b>5,614,649</b>	<b>11.25%</b>
<b>Total:</b>		<b>49,891,306</b>	<b>100.00%</b>

# Corporate Directory

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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.

<b>Registered Office</b>	Level 9, Kina Bank Haus Douglas Street (PO Box 1141) Port Moresby National Capital District Papua New Guinea
<b>Directors</b>	Sir Rabbie Langanai Namaliu GCL,CSM, KCMG Gregory Frank Taylor AO Sydney George Yates OBE Monica Salter
<b>Secretary</b>	Sydney George Yates OBE
<b>Auditors</b>	PricewaterhouseCoopers PNG Chartered Accountants PwC Haus, Level 6, Harbour City, Konedobu, Papua New Guinea
<b>Bankers</b>	Westpac Bank Limited, Papua New Guinea Kina Bank Limited, Papua New Guinea Credit Suisse, Australia Bank of Queensland, Australia
<b>Stock Exchange</b>	PNG National Stock Exchange (PNGX) Papua New Guinea
<b>Broker</b>	Kina Securities Limited
<b>Share Registry</b>	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
<b>Investment Manager</b>	Kina Funds Management Limited



**KINA ASSET MANAGEMENT LIMITED**

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