



KINA

**ASSET MANAGEMENT
LIMITED**

20
23

ANNUAL REPORT

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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 K12.7 million for the year ending 31 December 2023 compared with the net loss of K3.3 million for the previous year.

2023 in Review

Net Profit
K12.7m
▲ by K16.0m or 484.8%



Net Asset
K81.8m
▲ by K7.6m or 10.2%



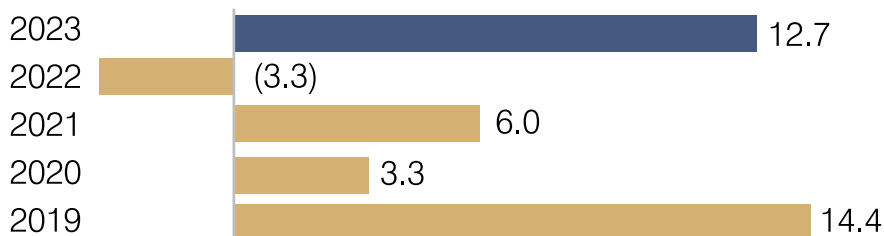
Earnings per share
25.0 toea
▲ by 32 toea or 457%



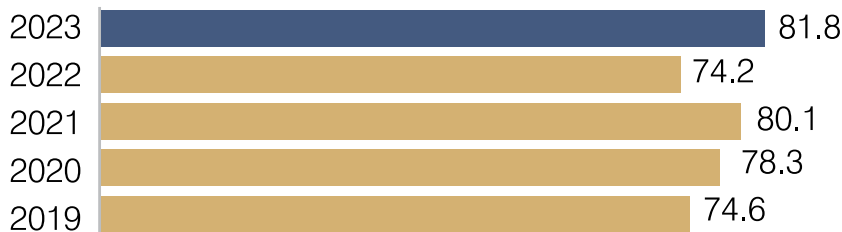
NTA per share
K1.61
▲ by K0.13 or 8.1%



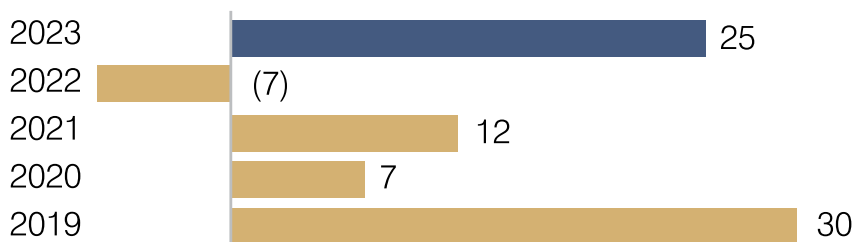
Net Profit After Tax (K'm)



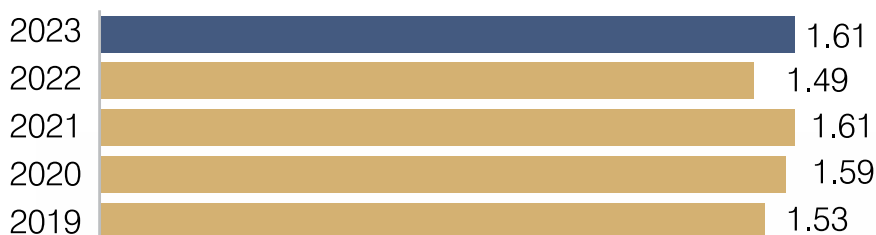
Net Asset (K'm)



EPS (Toea)



NTA per share (PGK)



Acting Chairman's Report



2023 was a positive year for the Fund which delivered a creditable full year financial performance buoyed by stronger global markets.

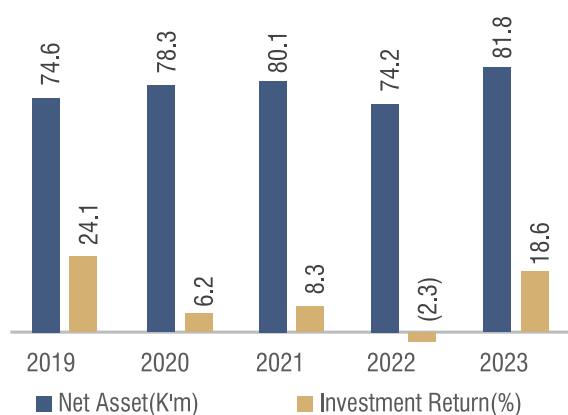
The Fund achieved a net profit after tax of K12.7 million for the full year ended 31 December 2023.

A key driver of the result was a strong investment return of 18.6% for the full year.

The Fund's net assets stood at approximately K81.8 million as at 31 December 2023, compared with K74.2 million as at 31 December 2022, an increase of 10.2%.

Net tangible asset backing per share as at 31 December 2023 was K1.61 (2022: K1.49), after payment of a dividend of K0.12 per share to shareholders in October. This represented an 8.1% increase over the year.

EXHIBIT 1.0 – NET ASSETS & INVESTMENT RETURN



Investment Performance

The performance in 2023 highlighted the prudence and robustness of the Fund's strategic investment approach, which continues to focus on long-term holdings in leading PNG and Australian companies in addition to international funds.

The strategy provides diversification from the impact of the PNG economic cycle on the Fund's earnings and to provide greater industry sector diversity and access to asset classes than those available in PNG.

The key components of the result included:

The Company's international funds, the BlackRock iShares, and Vanguard International Shares were the best performers in 2023, with returns of +31.1% and +31.2% respectively.

The Fund's Australian equities also performed strongly in 2023, despite economic conditions moderating under the weight of rising interest rates. The best performers (in PNG Kina adjusted terms) were Suncorp (+27.4%) and ANZ (+24.6%).

The Fund's cornerstone position in BSP Financial Group (BSP) maintained its position as the largest contributor to the Company's return.

The Company's PNGX-listed BSP shares rose 10.4% from K12.41 to K13.70 at 31 December 2023, and total returns were boosted by dividends of K1.77 per share (14.3%). The Company's ASX-listed BSP shares rose from AUD4.90 to AUD5.42 at 31 December 2023,

a return of 18.0%, inclusive of currency gains from appreciation of the Australian Dollar.

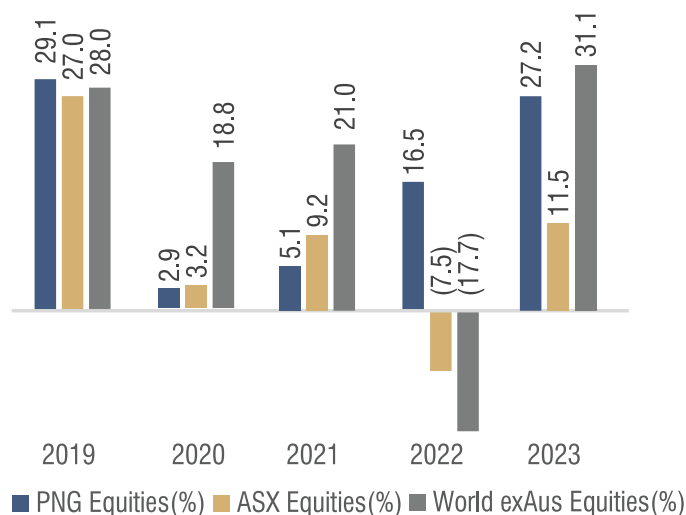
Credit Corporation shares rose 8.1% from K1.85 to K2.00 at 31 December 2023, and total returns were boosted by dividend payments of K0.233 per share (12.6%).

Contributing to this result was a K4.3 million in foreign currency exchange gains, as a result of the depreciation of the PNG Kina against the Australian Dollar during the year.

Dividend and interest income also contributed strongly to the Company's earnings, totalling K5.3 million for the year.

The Fund's performance over the past five years is outlined below:

EXHIBIT 2.0 – INVESTMENT PERFORMANCE



The Company's equity investments recorded mixed results against their benchmark indices. Domestic equities (27.2%) strongly outperformed the benchmark KSI Home Index (4.2%); ASX-listed equities and global equity funds generated returns of 11.5% and 31.1% respectively, against their PGK-equivalent benchmarks, the S&P/ASX200 Accumulation and MSCI World ex-Australia Index returns of 18.2% and 32.1% respectively.

Fund Asset Allocation

At year end, 32.5% was invested in domestic stocks, cash and fixed income; and 67.5% was invested in international stocks and cash. The portfolio benchmark weights were 40% (domestic) and 60% (international) respectively and the current allocation broadly is modestly overweight international assets.

Key portfolio holdings as a percentage of the Fund as at 31 December 2023 were: in PNG, BSP Financial Group (15.2%), Kina Securities Limited (6.3%), and Credit Corporation (5.3%); and International, the Vanguard International Equity fund (13.8%), CSL Limited (6.9%), and Blackrock iShares (5.8%).

EXHIBIT 3.0 – INVESTMENT PORTFOLIO

| Investments | % of Portfolio |
|---|----------------|
| Domestic | |
| Cash | 3.38% |
| Fixed Income | 1.69% |
| Equities | |
| Bank South Pacific | 15.22% |
| City Pharmacy | 0.68% |
| Credit Corporation | 5.26% |
| Kina Securities Limited | 6.26% |
| Total Domestic Portfolio | 32.5% |
| International | |
| Cash | 3.96% |
| Equities ASX | |
| A2 Milk Company Limited (A2M) | 1.33% |
| ANZ Bank Limited | 4.05% |
| Auckland International Ltd (AIA) | 2.03% |
| COLES GROUP LIMITED | 2.51% |
| CSL Limited | 6.93% |
| Mirvac Group | 3.27% |
| ResMed Inc | 2.18% |
| Santos Limited | 2.78% |
| Sonic Healthcare | 2.25% |
| Suncorp Group Limited | 3.75% |
| Telstra Corporation Limited | 4.94% |
| Transurban Group | 3.85% |
| Westpac Bank Limited | 4.04% |
| Equities Global Fund | |
| iShares-Wholesale-Indexed-International-Equity-Fund | 5.84% |
| Vanguard International Shares Index | 13.78% |
| Total International Portfolio | 67.5% |
| Total Portfolio | 100.0% |

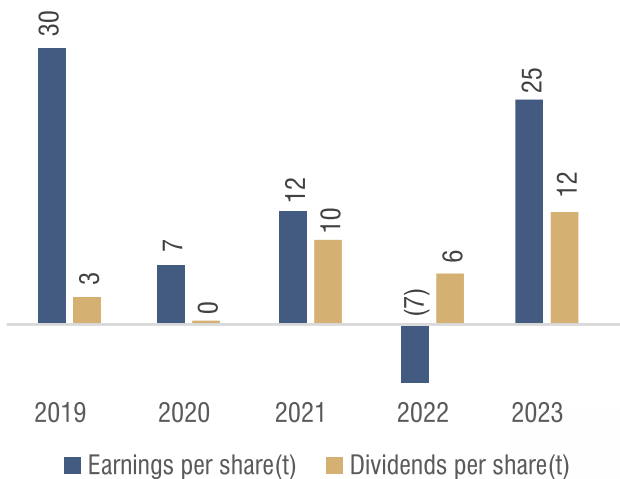
Investment Strategy

The Company is a long-term investor and is generally not a trader of the securities. The Company's investment manager, Kina Funds Management Limited, takes a long-term view and sets the portfolio accordingly.

However, the Company will always act on specific opportunities as they arise and during the year it sold its shareholding in Worley for a total return of +22.8% and acquired a new shareholding in consumer staples giant Coles (+4.5%).

KAML's investment manager, Kina Funds Management Limited, continued to maintain a disciplined approach to the evaluation of new growth opportunities through the year and cash holdings stood at 7.3% at the end of the year.

EXHIBIT 4.0 – EARNINGS & DIVIDENDS PER SHARE



Despite the positive financial performance, KAML's share price, K1.01 per share, remained at a substantial discount to the underlying value of the Company. This situation was a reflection of the lack of liquidity on the PNGX. KAML continues to be concerned with the size of the discount between the share price and the NTA and is exploring opportunities to narrow this gap on an ongoing basis.

Outlook

In the first half of 2023, the Company reported that stock markets in most countries had reacted positively to falling inflation. While inflation fell more quickly than was forecast, higher interest rates proved to be far more resilient in the US than had been expected, and the year ended without the recession in the US predicted earlier in the year.

In Australia, there remains caution about the economic outlook with the year ahead dampened by ongoing higher interest rates, projected rising unemployment and elevated services inflation.

The IMF and PNG Department of Treasury have forecast stronger growth for PNG in 2024, with the PNG economy expected to grow at 5.0% and 5.3%, respectively. This positive outlook is also reflected in the PNG Government's K27.4 billion budget for 2024, with this level of spending expected to be sustained by a solid increase in tax receipts.

In the resource sector, the reopening of the Porgera Gold Mine will be critically important to activating the resource sector and bolstering revenue for the year.

Foreign exchange shortages are expected to remain a key challenge for the nation's growth prospects.

Furthermore, the depreciation of the PGK will place a further drag on businesses, with increased import and debt servicing costs.

Global uncertainty is also being fuelled by tensions in the Middle East, the Russian-Ukraine war, in addition to the challenges created by the El Nino weather patterns.

On a more positive note, there are number of resource projects slated over the short to medium term which would be beneficial for PNG's economic growth prospects.

Papua LNG's final investment decision is expected happen in 2024, which could be followed by Wafi-Golpu, while P'nyang gas project could commence in 2028.

The commencement of such resource projects would greatly boost investor confidence and create significant opportunities for the PNG economy.

Conclusion

In conclusion, I would like to acknowledge the privilege it has been to be appointed and serve shareholders as your Acting Chair following the sad passing of Sir Rabbie Namaliu on 31 March 2023.

I would also like to acknowledge the appointment of Professor David Kavanamur to the Board during the period under review.

David is a highly credentialed director and business leader and he is providing a valuable contribution to the existing skill set of the Board. My fellow directors and I wish to thank you for your ongoing support and confidence in the Board and management of KAML.

The Fund is well placed to meet the challenges and opportunities which may arise in 2024 and will continue to adopt a disciplined approach to its investment strategy.

Mr Sydney Yates OBE
Acting Chairman

The Board of Directors

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



SYDNEY GEORGE YATES OBE
ACTING CHAIRMAN

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 DBE
NON - EXECUTIVE DIRECTOR

Mrs Monica Salter is a business woman who has managed her family business, for 38 years as Shareholder and Managing Director.

In 2023, she was awarded in the Kings Birthday Honours List the title of Damehood (DBE) of the Order of the British Empire for services to Business and Community.

She is currently a non-executive Director of Air Niugini Limited since August 2021 and a Trustee of the National Museum & Art Gallery since April 2023 and a member of the NCD Building Board since October 2023.

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.



DAVID KAVANAMUR
NON - EXECUTIVE DIRECTOR (Appointed 17 July 2023)

Professor David Kavanamur has over 30 years of senior executive work experience and comprehensive achievements in both the private and public sector roles.

He holds a Ph.D. in Strategic Management (Aust), MPhil in Development (UK) and BA Hons (UPNG) that assists in leveraging unique solutions across diverse cultures and economies in PNG and the Pacific.

He has extensive international development experience, working as a high-level consultant across a raft of cultures in developing and developed countries. He specialises in the development and implementation of national and program level strategy; public sector reform; human capital development; and corporate governance.

David has been the Managing Director of Kumul Consolidated Holdings since 2021. He was appointed to the Bank of Papua New Guinea Board in December 2023.

He has been a director of Nambawan Super for 10 years and was Secretary for Higher Education Research, Science and Technology for 6 years.

David was the Chair and Lead Author of "PNG Vision 2050".

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 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.

1.7 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.

1.8 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.

1.9 Use of Company Resources

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

1.10 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.

1.11 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.

1.12 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.

1.13 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.

Corporate Governance

1.14 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 maintains compliance with all the laws and regulations that apply to it.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 How will compliance with the Code be assessed

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

1.20 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 and Risk 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 three directors, two 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.

Corporate Governance

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, was the 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.

Corporate Governance

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 Limited (KFM) with whom KAML has an Investment Management Agreement.

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

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

b) Risk Management roles and Responsibilities

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

Corporate Governance

3. Risk Management *(continued)*

c) Management Assurance

The Board is provided with regular reports about KAML's financial condition and its operating performance by KTK Accountants. 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;

Corporate Governance

- (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 2023

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 2023. In order to comply with the provisions of the Companies Act 1997, the directors report as follows:

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

Directors

| | |
|---------------------|--------------------------|
| Sydney George Yates | Managing director |
| Dame Monica Salter | Non - executive director |
| David Kavanamur | Non - executive director |

Company Secretary

The Company secretary is Sydney George Yates.

Principal activities

The principal activity of the Company is an investment company. It holds a portfolio of securities both domestically and internationally comprising shares of listed entities on the PNGX, the ASX and the MSCI World ex-Australia Index. No significant change to this activity occurred during the year.

Review of operations

During the financial year, the Holding Company reported a net profit of K6,091,662 (2022: profit of K3,123,424) after income tax expense of K74,516 (2022: K55,694) while the Group reported a net profit of K12,748,746 (2022: loss of K3,256,676) after income tax expense of K55,084 (2022: K22,879).

Changes in state of affairs

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

Change in accounting policies

No change in accounting policies occurred during the financial year.

Dividends

A total dividend of K6,019,198 (2022: K2,993,478) 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 financial year was K196,461 (2022: K313,200) and consisted of fixed directors' fees.

Remuneration above K100,000 per annum

Nil.

Donations

No donations were made during the current financial year by the Company and the Group (2022: Nil).

Independent audit report

The financial statements have been audited by PricewaterhouseCoopers 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.

Environmental regulation

The Company is not subject to any significant environment regulation under applicable legislation.

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.

Business strategies and prospects

It is the directors' intention to continue to invest according to its strategy of investment in a portfolio of listed securities for long-term capital gain and dividend income.

The Company will continue to be managed in accordance with the strategy and will generally not trade in securities that make up the portfolio.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Sydney George Yates, OBE
Director



Dame Monica Salter, DBE
Director

Port Moresby, 7 March 2024

Directors' Report

for the financial year ended 31 December 2023

Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company is a going concern and the Company and the Group will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Companies Act 1997, including compliance with generally accepted accounting practice in Papua New Guinea and giving a true and fair view of the financial position and performance of the Company and the Group;
- (c) to the best of the knowledge of the directors, the Company has not engaged in any activities which materially contravene laws and regulations;
- (d) directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;
- (e) in the directors' opinion, the Company has made all endeavours to ensure the equitable treatment of shareholders; and.
- (f) the directors have conducted a review of the internal controls which cover financial, operational, environmental and social compliance and risk management and are satisfied the controls are appropriate.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Sydney George Yates, OBE

Director



Dame Monica Salter, DBE

Director

Port Moresby, 7 March 2024

Independent auditor's report

for the financial year ended 31 December 2023



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 2023, 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 2023 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 2023, and their financial performance and cash flows for the year then ended.

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.

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.

Independent auditor's report

for the financial year ended 31 December 2023



| Materiality | Audit scope | Key audit matters |
|--|--|---|
| <ul style="list-style-type: none"> For the purpose of our audit of the Group we used overall group materiality which represents approximately 1% of the Group's net assets. 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. 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 investment management entities. We selected 1% based on our professional judgement noting that it is also within the range of commonly acceptable related thresholds. | <ul style="list-style-type: none"> We (PwC Papua New Guinea) conducted audit work over the Group's operations in Papua New Guinea (PNG) sufficient to express an opinion on the financial statements as a whole. The Group comprises companies incorporated and operating in Papua New Guinea. Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. | <ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: <ul style="list-style-type: none"> Non cash Financial assets - existence and valuation These matters are further described in the Key audit matters section of our report. |

Independent auditor's report

for the financial year ended 31 December 2023



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 matters | How our audit addressed the key matters |
|--|---|
| <p><i>Non Cash Financial assets - Existence and valuation - Refer to Note 8 to the financial statements</i></p> <p>Our audit focused on ownership and valuation of non cash financial assets owing to their significance to the financial statements of the Group. The non cash financial assets make up approximately 92% of the total assets of the Group and form the basis for the primary source of income for the Group.</p> <p>The non cash financial assets of the Group comprise listed equity instruments and Papua New Guinea Government inscribed stocks and these are measured at fair value and amortised cost respectively.</p> | <p>The procedures we performed on a sample basis to support our audit conclusions, amongst others, included:</p> <ul style="list-style-type: none">• Understanding the Group's procedures in relation to the investment management, recording and the related contractual arrangements in place for the various financial assets.• Checking the ownership of the financial assets.• Assessing the fair values of individual investments, including comparison of pricing to observable market sources for equity instruments.• Recomputing the accuracy of the amortised cost of the Papua New Guinea Government inscribed stocks. |

Information other than the financial statements and auditor's report

The directors are responsible for the other information. The other information comprises the Directors' Report, Directors' Declaration and Corporate Directory (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 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 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.

Independent auditor's report

for the financial year ended 31 December 2023



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.

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.

Independent auditor's report

for the financial year ended 31 December 2023



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.

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 2023:

- 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.

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.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Jonathan Grasso'.

Jonathan Grasso
Partner
Registered under the Accountants Act 1996

Port Moresby
7 March 2024

Statements of Comprehensive Income

for the financial year ended 31 December 2023

| | Note | Consolidated | | Company | |
|---|------|--------------------|--------------------|------------------|------------------|
| | | 2023 K | 2022 K | 2023 K | 2022 K |
| Revenue | 3(a) | 5,671,033 | 4,289,710 | 6,900,349 | 4,058,257 |
| Changes in fair value of financial assets | 8 | 8,177,418 | (5,974,377) | - | - |
| Exchange gain / (loss) on cash and cash equivalents | 12 | 232,394 | (134,505) | (553) | 2,908 |
| Total income / (loss) | | 14,080,845 | (1,819,172) | 6,899,796 | 4,061,165 |
| Directors' fees | 16 | (196,461) | (313,200) | (196,461) | (313,200) |
| Insurance | | (52,323) | (52,108) | (52,323) | (52,108) |
| Management fees | 17 | (511,445) | (506,027) | - | - |
| Share registry fees | | (79,360) | (114,180) | (79,360) | (114,180) |
| Other operating expenses | 3(b) | (437,426) | (429,110) | (405,474) | (402,559) |
| Total expenses | | (1,277,015) | (1,414,625) | (733,618) | (882,047) |
| Profit / (Loss) before tax | | 12,803,830 | (3,233,797) | 6,166,178 | 3,179,118 |
| Income tax expense | 6 | (55,084) | (22,879) | (74,516) | (55,694) |
| Net Profit / (Loss) for the year | | 12,748,746 | (3,256,676) | 6,091,662 | 3,123,424 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income / (loss) for the year | | 12,748,746 | (3,256,676) | 6,091,662 | 3,123,424 |
| Earnings per share | | | | | |
| Basic (toea per share) | 9 | 0.25 | (0.07) | | |
| Diluted (toea per share) | 9 | 0.25 | (0.07) | | |

Statements of Financial Position

as at 31 December 2023

| | Note | Consolidated | | Company | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| | | 2023 K | 2022 K | 2023 K | 2022 K |
| Assets | | | | | |
| Cash and cash equivalents | 12 | 5,987,685 | 7,105,099 | 72,816 | 31,709 |
| Current tax receivables | | 424,308 | 365,001 | 121,842 | 87,285 |
| Other assets | 4 | 274,999 | 283,146 | 333,251 | 330,856 |
| Financial assets | | | | | |
| Equities at fair value through profit or loss | 8 | 74,205,565 | 65,235,006 | - | - |
| Government stock at amortised cost | 8 | 1,393,361 | 1,377,300 | - | - |
| Investment in subsidiary company | 11 | - | - | 1 | 1 |
| Due from related parties | 17 | - | - | 51,630,433 | 50,469,088 |
| Deferred tax assets | 6 | 87,429 | 67,995 | - | - |
| Total assets | | 82,373,347 | 74,433,547 | 52,158,343 | 50,918,939 |
| Liabilities | | | | | |
| Other payables | 7 | 486,643 | 197,047 | 394,623 | 148,339 |
| Deferred tax liabilities | 6 | 87,103 | 20,756 | 87,103 | 20,756 |
| Total liabilities | | 573,746 | 217,803 | 481,726 | 169,095 |
| Net assets | | 81,799,601 | 74,215,744 | 51,676,617 | 50,749,844 |
| Equity | | | | | |
| Fully paid ordinary shares | 5 | 51,472,058 | 50,617,749 | 51,472,058 | 50,617,749 |
| Accumulated gain | | 30,327,543 | 23,597,995 | 204,559 | 132,095 |
| Total equity | | 81,799,601 | 74,215,744 | 51,676,617 | 50,749,844 |

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

Statements of Changes in Equity

for the financial year ended 31 December 2023

| | Fully paid ordinary shares | Accumulated gain/loss | Total Equity |
|------------------------------------|-------------------------------|--------------------------|-------------------|
| | K | K | K |
| Consolidated | | | |
| Balance at 1 January 2022 | 50,228,256 | 29,848,149 | 80,076,405 |
| Transactions with owners | | | |
| Issued shares (note 5) | 389,493 | - | 389,493 |
| Dividend | - | (2,993,478) | (2,993,478) |
| Loss for the year | - | (3,256,676) | (3,256,676) |
| Balance at 31 December 2022 | 50,617,749 | 23,597,995 | 74,215,744 |
| Balance at 1 January 2023 | 50,617,749 | 23,597,995 | 74,215,744 |
| Transactions with owners | | | |
| Issued shares (note 5) | 854,309 | - | 854,309 |
| Dividend | - | (6,019,198) | (6,019,198) |
| Profit for the year | - | 12,748,746 | 12,748,746 |
| Balance at 31 December 2023 | 51,472,058 | 30,327,543 | 81,799,601 |
| Company | | | |
| Balance at 1 January 2022 | 50,228,256 | 2,149 | 50,230,405 |
| Transactions with owners | | | |
| Issued shares (note 5) | 389,493 | - | 389,493 |
| Dividend | - | (2,993,478) | (2,993,478) |
| Profit for the year | - | 3,123,424 | 3,123,424 |
| Balance at 31 December 2022 | 50,617,749 | 132,095 | 50,749,844 |
| Balance at 1 January 2023 | 50,617,749 | 132,095 | 50,749,844 |
| Transactions with owners | | | |
| Issued shares (note 5) | 854,309 | - | 854,309 |
| Dividend | - | (6,019,198) | (6,019,198) |
| Profit for the year | - | 6,091,662 | 6,091,662 |
| Balance at 31 December 2023 | 51,472,058 | 204,559 | 51,676,617 |

Statements of Cash Flows

for the financial year ended 31 December 2023

| | Note | Consolidated | | Company | |
|---|-----------|--------------------|--------------------|--------------------|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | K | K | K | K |
| Cash flows from operating Activities | | | | | |
| Dividend, interest and other Income receipts | | 5,438,639 | 4,828,452 | - | - |
| Purchase of shares | | (5,266,308) | (5,819,517) | - | - |
| Proceeds on sale of shares | | 4,845,539 | 5,931,418 | - | - |
| Proceeds on Government inscribed stock | | - | 500,000 | - | - |
| Payments to suppliers | | (1,160,062) | (1,425,258) | (489,175) | (896,972) |
| Tax credits | | - | - | - | - |
| Tax paid | | (42,727) | - | (42,727) | - |
| Net cash from / (used in) operating activities | | 3,815,081 | 4,015,095 | (531,902) | (896,972) |
| Cash flows from investing activities | | | | | |
| Dividends received | | - | - | 6,019,198 | 2,993,478 |
| Net cash from investing activities | | - | - | 6,019,198 | 2,993,478 |
| Cash flows from financing activities | | | | | |
| Dividend paid | | (5,164,889) | (2,603,985) | (5,164,889) | (2,603,985) |
| Amounts (paid) / received from related parties | | - | - | (280,747) | 215,985 |
| Net cash used in financing activities | | (5,164,889) | (2,603,985) | (5,445,636) | (2,388,000) |
| Net increase / (decrease) in cash and cash equivalents | | (1,349,808) | 1,411,110 | 41,660 | (291,494) |
| Cash and cash equivalents at the beginning of the financial year | | 7,105,099 | 5,828,494 | 31,709 | 320,295 |
| Effect of foreign exchange rate changes | | 232,394 | (134,505) | (553) | 2,908 |
| Cash and cash equivalents at the end of the financial year | 12 | 5,987,685 | 7,105,099 | 72,816 | 31,709 |

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 2023

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 financial year.

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 as at 31 December 2023

- IFRS 17 – Insurance Contracts
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendments to IAS 12 – deferred tax related assets and liabilities from a single transaction
- Amendment to IAS 12 – International tax reform

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

b) New standards, amendments and interpretations issued but not effective as at 31 December 2023 and not early adopted

- Amendment to IFRS 16 – Leases on sale and leaseback
- Amendment to IAS 1 – Non-current liabilities with covenants
- Amendment to IAS 7 and IFRS 7 – Supplier finance
- Amendments to IAS 21 – Lack of Exchangeability

New IFRS sustainability disclosure standards effective after 1 January 2024

- IFRS S1, 'General requirements for disclosure of sustainability-related financial information'
- IFRS S2, 'Climate-related disclosures'

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 have 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 2023

(c) Financial assets (continued)

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 is used 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 2023

(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 2023

| | Consolidated | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2023 K | 2022 K | 2023 K | 2022 K |
| 3. Revenue | | | | |
| (a) Revenue | | | | |
| Interest income | 407,588 | 305,914 | - | - |
| Dividend income | 4,891,073 | 4,528,579 | 6,019,198 | 2,993,478 |
| (Loss)/Gain on sale of investment securities | 372,372 | (544,783) | - | - |
| Management fees charged to subsidiary | - | - | 881,151 | 1,064,779 |
| | 5,671,033 | 4,289,710 | 6,900,349 | 4,058,257 |
| (b) Other operating expenses | | | | |
| Professional fees | 207,392 | 347,215 | 177,692 | 322,715 |
| Audit fees | 62,700 | 1,881 | 62,700 | 1,881 |
| Listing fees | 42,579 | 43,369 | 42,579 | 43,369 |
| Administration fees | 124,755 | 36,645 | 122,503 | 34,594 |
| | 437,426 | 429,110 | 405,474 | 402,559 |
| 4. Other assets | | | | |
| Dividend receivable | 203,560 | 122,169 | - | - |
| Withholding taxes recoverable | 30,733 | 113,336 | - | 113,336 |
| Prepaid insurance | 20,044 | 18,335 | 20,044 | 18,335 |
| Other receivables | 20,662 | 29,306 | 313,207 | 199,185 |
| | 274,999 | 283,146 | 333,251 | 330,856 |

| | Consolidated | | Company | |
|---|------------------|------------|------------------|------------|
| | Number of shares | Cost | Number of shares | Cost |
| 5. Share capital | | | | |
| Fully paid ordinary shares: 2022 | | | | |
| Beginning | 49,891,306 | 50,228,256 | 49,891,306 | 50,228,256 |
| Issued shares: | 268,678 | 389,493 | 268,678 | 389,493 |
| Ending | 50,159,984 | 50,617,749 | 50,159,984 | 50,617,749 |
| Fully paid ordinary shares: 2023 | | | | |
| Beginning | 50,159,984 | 50,617,749 | 50,159,984 | 50,617,749 |
| Issued shares: | 534,002 | 854,309 | 534,002 | 854,309 |
| Ending | 50,693,986 | 51,472,058 | 50,693,986 | 51,472,058 |

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 1.60 on the shares issued on 19 October 2023 based on net tangible asset backing per share.

Notes to and forming part of the financial statements

for the financial year ended 31 December 2023

6. Income taxes

| | Consolidated | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| | K | K | K | K |
| Income tax recognised in profit or loss | | | | |
| (a) Tax expense comprises: | | | | |
| Current tax expense | 8,169 | 46,750 | 8,169 | 46,750 |
| Deferred tax movement | 46,915 | (23,871) | 66,347 | 8,944 |
| Total tax expense | 55,084 | 22,879 | 74,516 | 55,694 |

(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 / (Loss) before tax | 12,803,830 | (3,233,797) | 6,166,177 | 3,179,118 |
| Income tax expense calculated at 30% | 3,841,149 | (970,139) | 1,849,853 | 953,735 |
| Non deductible legal fees | - | - | - | - |
| Prior adjustments on deferred taxes | 45,381 | - | 30,422 | - |
| Tax effect of non-assessable income* | (3,831,446) | 993,018 | (1,805,759) | (898,041) |
| Income tax expense | 55,084 | 22,879 | 74,516 | 55,694 |

* 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

Deferred tax assets movement:

| | | | | |
|-----------------------|----------------|----------------|---------------|---------------|
| Beginning | 118,872 | 69,938 | 44,502 | 25,553 |
| Movement for the year | (12,383) | 48,934 | (31,630) | 18,949 |
| At end of year | 106,489 | 118,872 | 12,872 | 44,502 |

Deferred tax assets comprise:

| | | | | |
|---------------------|----------------|----------------|---------------|---------------|
| Accrued liabilities | 106,489 | 118,872 | 12,872 | 44,502 |
| Total | 106,489 | 118,872 | 12,872 | 44,502 |

Deferred tax liabilities movement:

| | | | | |
|-----------------------|----------------|---------------|---------------|---------------|
| Beginning | 71,633 | 46,570 | 65,258 | 37,365 |
| Movement for the year | 34,530 | 25,063 | 34,717 | 27,893 |
| At end of year | 106,163 | 71,633 | 99,975 | 65,258 |

Deferred tax liabilities comprise:

| | | | | |
|-------------------------------|----------------|---------------|----------------|---------------|
| Prepaid insurance | - | 5,500 | 5,500 | 5,500 |
| Accounts receivable | 106,163 | 66,133 | 99,975 | 59,758 |
| Interest and other receivable | - | - | - | - |
| Total | 106,163 | 71,633 | 105,475 | 65,258 |

Net deferred tax assets / (liabilities)

| | | | | |
|--|------------|---------------|-----------------|-----------------|
| Net deferred tax assets / (liabilities) | 326 | 47,239 | (87,103) | (20,756) |
| Presented as: | | | | |
| Net deferred tax asset | 87,429 | 67,995 | - | - |
| Net deferred tax liability | (87,103) | (20,756) | (87,103) | (20,756) |
| Total | 326 | 47,239 | (87,103) | (20,756) |

| | Consolidated | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | K | K | K | K |
| 7. Other payables | | | | |
| Accrued expenses | 311,133 | 197,047 | 260,887 | 148,339 |
| Accounts payable | 90,310 | - | 48,536 | - |
| Dividend withholding taxes payable | 85,200 | - | 85,200 | - |
| Total | 486,643 | 197,047 | 394,623 | 148,339 |

Notes to and forming part of the financial statements

for the financial year ended 31 December 2023

| | Consolidated | | Company | |
|--|-------------------|-------------------|---------|------|
| | 2023 | 2022 | 2023 | 2022 |
| | K | K | K | K |
| 8. Financial assets | | | | |
| Financial assets carried at fair value through profit or loss | | | | |
| Listed securities | 74,205,565 | 65,235,006 | - | - |
| Movements: | | | | |
| Balance at the beginning of the year | 65,235,006 | 71,866,067 | - | - |
| Purchases | 5,266,308 | 5,819,517 | - | - |
| Disposals | (4,473,167) | (6,476,201) | - | - |
| Changes in fair value and Exchange gain/(loss)* | 8,177,418 | (5,974,377) | - | - |
| | 74,205,565 | 65,235,006 | - | - |

*Changes in fair value and exchange gain of K8,177,418 (2022: exchange loss K5,974,377) comprises unrealised pricing gain of K4,215,115 (2022: pricing loss K2,494,197) and foreign exchange gain of K3,962,303 (2022: foreign exchange loss of K3,480,180) on KAMLS' equity holdings.

Amortised cost:

| | | | | |
|----------------------------|-----------|-----------|---|---|
| Government Inscribed Stock | 1,393,361 | 1,377,300 | - | - |
|----------------------------|-----------|-----------|---|---|

The application of IFRS 9 has not resulted in a material loss allowance being recognised in the financial year.

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

| Consolidated | 31 December 2023 | | | 31 December 2022 | | |
|---|------------------|--------------|-------------------|------------------|--------------|-------------------|
| | Market price | No. of units | Market value | Market price | No. of units | Market value |
| BSP Financial Group Ltd-PNGX | 13.70 | 310,000 | 4,247,000 | 12.41 | 390,000 | 4,839,900 |
| BSP Financial Group Ltd -ASX | 13.80 | 591,891 | 8,169,211 | 11.69 | 753,842 | 8,813,710 |
| Credit Corporation (CCP) | 2.00 | 2,146,337 | 4,292,674 | 1.85 | 2,146,337 | 3,970,723 |
| Kina Securities Limited (KSL) | 2.04 | 2,507,128 | 5,107,467 | 1.85 | 2,000,000 | 3,698,401 |
| City Pharmacy (CPL) | 0.79 | 697,691 | 551,176 | 0.90 | 697,691 | 627,922 |
| Auckland International Airport Ltd | 20.70 | 80,000 | 1,656,226 | 17.63 | 80,000 | 1,410,642 |
| ANZ Bank Limited (ANZ) | 66.00 | 50,000 | 3,300,229 | 56.45 | 45,000 | 2,540,444 |
| Westpac Bank Limited (WBC) | 58.31 | 56,535 | 3,296,795 | 55.71 | 45,000 | 2,507,158 |
| Mirvac Group (MGR) | 5.32 | 500,500 | 2,663,725 | 5.08 | 500,500 | 2,543,701 |
| Transurban Group (TCL) | 34.91 | 90,000 | 3,142,093 | 30.97 | 95,000 | 2,942,257 |
| CSL Limited (CSL) | 729.95 | 7,750 | 5,657,086 | 686.61 | 7,750 | 5,321,260 |
| Coles Group Ltd (COL) | 41.02 | 50,000 | 2,051,184 | - | - | - |
| Telstra Corporation Limited (TLS) | 10.08 | 400,000 | 4,033,613 | 9.52 | 375,000 | 3,570,150 |
| ResMed Inc (RMD) | 64.78 | 27,500 | 1,781,514 | 73.87 | 22,500 | 1,662,133 |
| Santos Limited-ASX | 19.35 | 117,119 | 2,266,627 | 17.04 | 117,119 | 1,995,299 |
| Sonic Healthcare (SHL) | 81.69 | 22,500 | 1,838,044 | 71.51 | 17,500 | 1,251,432 |
| Suncorp Group Limited (SUN) | 35.27 | 86,715 | 3,058,321 | 28.73 | 75,000 | 2,154,617 |
| Worley Parsons (WOR) | - | - | - | 35.79 | 40,000 | 1,431,639 |
| A2 Milk Company Limited (A2M) | 10.85 | 100,000 | 1,084,798 | 16.42 | 75,000 | 1,231,210 |
| Vanguard International Shares Index | 7.79 | 1,443,513 | 11,243,748 | 6.19 | 1,443,513 | 8,934,217 |
| Blackrock Wholesale International Indexed Equity Fund | 56.31 | 84,608 | 4,764,034 | 44.77 | 84,617 | 3,788,191 |
| | | | 74,205,565 | | | 65,235,006 |

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 2023 Balance | 31 December 2022 Balance |
|---------------|-----------------|---------------|-------------|------------------|--------------------------|--------------------------|
| S15052031 | 24/Oct/2014 | 15/May/2031 | 12.00% | 500,000 | 446,546 | 442,631 |
| S15052027 | 24/Oct/2014 | 15/May/2027 | 10.50% | 500,000 | 468,246 | 461,039 |
| S15052027 | 19/Dec/2014 | 15/May/2027 | 10.50% | 500,000 | 478,569 | 473,630 |
| | | | | 1,500,000 | 1,393,361 | 1,377,300 |

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 2027 to 2031. No impairment provision has been recognised.

Notes to and forming part of the financial statements

for the financial year ended 31 December 2023

| | Consolidated | |
|---|--------------|--------------|
| | 2023 Toea | 2022 Toea |
| 9. Earnings per share | | |
| Basic and diluted earnings per share | | |
| Total basic earnings per share | 0.25 | (0.07) |

Basic earnings per share

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

| | Consolidated | |
|--|--------------|-------------|
| | 2023 K | 2022 K |
| Net profit/(loss) used in the calculation of basic and diluted EPS | 12,748,746 | (3,256,676) |

| | 2023 | 2022 |
|---|------------|------------|
| | No. | No. |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | 50,266,493 | 49,938,417 |

10. Contingent liabilities and contingent assets

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

11. Parent and subsidiary

| | Country of incorporation | Ownership interest | |
|------------------------------------|--------------------------|--------------------|-----------|
| | | 2023 % | 2022 % |
| Parent entity | | | |
| Kina Asset Management Limited | Papua New Guinea | | |
| Subsidiary | | | |
| Kina Asset Management No 1 Limited | Papua New Guinea | 100 | 100 |

12. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include 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 | |
|---------------------------|--------------|-----------|-----------|-----------|
| | 2023 K | 2022 K | 2023 K | 2022 K |
| Cash and cash equivalents | 5,987,685 | 6,250,159 | 72,816 | 31,709 |
| Interest bearing deposit | - | 854,940 | - | - |
| | 5,987,685 | 7,105,099 | 72,816 | 31,709 |

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

| | 2023 K | 2022 K |
|--------------------|-----------|-----------|
| Bank of Queensland | 84,333 | 14,451 |
| Credit Suisse | 148,061 | (148,956) |
| Gains / (losses) | 232,394 | (134,505) |

Notes to and forming part of the financial statements

for the financial year ended 31 December 2023

13. Financial instruments

(a) Financial risk management objectives

Kina Funds Management Limited's Portfolio 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 0.3927 (2022: AUD/Kina 0.4191). 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 |
| 2023 | | |
| Australian Dollar | 26,919,053 | - |
| 2022 | | |
| Australian Dollar | 26,116,310 | - |

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 |
| 2023 | | |
| Profit/(Loss) | (6,231,718) | 7,616,487 |
| 2022 | | |
| Profit/(Loss) | (5,665,020) | 6,923,913 |

(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 stable outlook, Moody's credit rating for PNG stands at B2, also with stable outlook. Both rating agencies affirm the outlook is stable as of second quarter of 2023.

(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 2023 would increase/decrease by K3,710,278 (2022: K3,261,750).

Notes to and forming part of the financial statements

for the financial year ended 31 December 2023

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. There were no transfers between the fair value hierarchy levels during the year.

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 (“KAML1”). Kina Asset Management Limited (“KAML”) information relates to results and financial position of the parent entity.

| | Domestic | International | KAML1 | KAML | Total after inter company adjustment |
|--------------------------------|------------|---------------|--------------------|-------------------|--------------------------------------|
| 2023 | K | K | K | K | K |
| Revenue | 6,085,969 | 7,995,434 | 14,081,403 | 6,899,796 | 14,080,845 |
| Expenses | | | (1,424,548) | (733,618) | (1,277,015) |
| Operating profit | | | 12,656,855 | 6,166,178 | 12,803,830 |
| Income tax benefit / (expense) | | | 19,432 | (74,516) | (55,084) |
| Net profit/(loss) | | | 12,676,287 | 6,091,662 | 12,748,746 |
| Assets | 32,477,703 | 49,680,942 | 82,158,645 | 52,158,343 | 82,307,207 |
| Liabilities | | | (52,035,660) | (481,726) | (507,606) |
| Net assets | | | 30,122,985 | 51,676,617 | 81,799,601 |
| 2022 | | | | | |
| Revenue | 3,762,907 | (5,584,987) | (1,822,080) | 4,061,165 | (1,819,172) |
| Expenses | | | (1,597,358) | (882,047) | (1,414,625) |
| Operating profit/(loss) | | | (3,419,438) | 3,179,118 | (3,233,797) |
| Income tax benefit/(expense) | | | 32,816 | (55,694) | (22,879) |
| Net profit/(loss) | | | (3,386,622) | 3,123,424 | (3,256,676) |
| Assets | 24,379,772 | 49,803,111 | 74,182,883 | 50,918,939 | 74,433,547 |
| Liabilities | | | (50,716,987) | (169,095) | (217,803) |
| Net assets | | | 23,465,896 | 50,749,844 | 74,215,744 |

15. Capital commitments

There were no material capital commitments at year end.

16. Directors and key management personnel compensation

Details of Directors Fees

The total remuneration paid to directors during the financial year was K196,461 (2022: K313,200). The outstanding payable as at 31 December 2023 was K160,867 (2022: K78,300). It consisted of fixed directors’ fees, as follows:

| | 2023 | 2022 |
|---------------------|----------------|----------------|
| | K | K |
| Sir Rabbie Namaliu | 22,600 | 90,400 |
| Gregory Taylor | - | 75,600 |
| David Kavanamur | 26,661 | - |
| Sydney George Yates | 88,800 | 88,800 |
| Dame Monica Salter | 58,400 | 58,400 |
| | 196,461 | 313,200 |

Notes to and forming part of the financial statements

for the financial year ended 31 December 2023

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, Credit Corporation PNG Limited and Bank of South Pacific.
- Dame Monica Salter owns Monian Limited which is a shareholder of Kina Asset Management Limited, Kina Securities Limited and Credit Corporation PNG Limited.
- David Kavanamur owns shares in Kina Securities Limited, Santos Limited and Bank of South Pacific.

Outstanding payable to Kina Funds Management Limited as at 31 December 2023 was K87,470 (2022: K41,510). Kina Funds Management Limited provided investment management services that are disclosed in the income statement.

A management fee of K511,445 (2022: K506,027) is paid to Kina Fund Management Limited for services rendered by the entity.

(d) Transactions between the Company and its subsidiary

During the financial year, the holding company charged management fees of K881,151 (2022: K1,064,779) 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 2023, the subsidiary owed the Company K51,630,433 (2022: K50,469,088). 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

- Sydney George Yates: 3,550,261 shares held through Columbus Investments Limited (2022: 3,550,261).
- Dame Monica Salter: 11,973,117 shares held through Monian Limited (2022: 11,973,117)

(f) Interest register

| Name of Director | Name of Company | Position Held |
|---------------------------|--|----------------------|
| Syd Yates | Columbus Asset Management Pty Limited | Director/Shareholder |
| | Columbus Investments Limited (hold shares in PNG & Australian listed companies a Family company) | Director/Shareholder |
| | Kina Asset Management No.1 Limited | Director |
| | Columbus Consulting Limited (Australian Family Company) | Owner |
| | S & B Yates Pty Limited (Family Superfund) | Director |
| Dame 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 |
| Lavongai Equities Limited | Director | |
| David Kavanamur | Kina Asset Management No.1 Limited | Director |
| | Kumul Consolidated Holdings and subsidiaries | Managing Director |
| | Bank of Papua New Guinea | Director |
| | Kumul Hotels Limited | Director |
| | Gazelle International Limited | Director |

Notes to and forming part of the financial statements

for the financial year ended 31 December 2023

18. Remuneration of auditors

| | Consolidated | | Company | |
|-------------------------------|--------------|-----------|-----------|-----------|
| | 2023 K | 2022 K | 2023 K | 2022 K |
| Audit of the financial report | 62,700 | 64,581 | 62,700 | 64,581 |
| Other services | 54,716 | 65,569 | 54,716 | 65,569 |
| | 117,416 | 130,150 | 117,416 | 130,150 |

The auditor of the Group is PricewaterhouseCoopers PNG (2022: PWC PNG).

19. Dividends

A total dividend of K6,019,198 was declared and paid (2022: K2,993,478).

Shareholder Information

for the financial year ended 31 December 2023

a) Distribution of ordinary shares according to size as at 31 December 2023

| Range | Number of holders | Number of Shares | % of Issued Capital |
|-----------------|-------------------|-------------------|---------------------|
| 1 to 1000 | 1,345 | 872,303 | 1.72 |
| 1001 to 5000 | 899 | 1,691,384 | 3.34 |
| 5001 to 10000 | 103 | 711,982 | 1.40 |
| 10001 to 10000 | 92 | 2,368,457 | 4.67 |
| 100001 and Over | 24 | 45,049,860 | 88.87 |
| Total | 2463 | 50,693,986 | 100.00 |

b) The twenty largest shareholders of ordinary equity shares as at 31 December 2023

| Rank | Shareholders | Number of Shares | % of issued capital |
|-------------------------------------|--|----------------------|---------------------|
| 1 | MONIAN LIMITED | 11,973,117.00 | 23.62 |
| 2 | COMRADE TRUSTEE SERVICES | 5,426,027.00 | 10.70 |
| 3 | CREDIT CORPORATION (PNG) | 4,255,463.00 | 8.39 |
| 4 | KINA FUNDS MANAGEMENT LIMITED | 3,594,723.00 | 7.09 |
| 5 | COLUMBUS INVESTMENTS LIMITED | 3,550,261.00 | 7.00 |
| 6 | MOTOR VEHICLES INSURANCE | 3,500,000.00 | 6.90 |
| 7 | PACIFIC MMI INSURANCE LIMITED | 2,692,975.00 | 5.31 |
| 8 | CAPITAL LIFE INSURANCE COMPANY | 1,714,217.00 | 3.38 |
| 9 | EAST NEW BRITAIN SAVINGS & LOAN SOCIETY LIMITED | 1,500,000.00 | 2.96 |
| 10 | TRANS PACIFIC ASSURANCE | 1,208,259.00 | 2.38 |
| 11 | CAPITAL NOMINEES LIMITED | 1,035,312.00 | 2.04 |
| 12 | MINERAL RESOURCES DEVELOPMENT | 1,000,000.00 | 1.97 |
| 13 | WESTFERRY OPERATIONS PTY LTD | 613,725.00 | 1.21 |
| 14 | MINERAL RESOURCES STAR | 500,000.00 | 0.99 |
| 15 | MINERAL RESOURCES OK TEDI NO 2 | 500,000.00 | 0.99 |
| 16 | COURTNEY JADE SALTER | 440,894.00 | 0.87 |
| 17 | NORMAN JOHN NIGHTINGALE & DARRIE PADIR NIGHTINGALE | 289,613.00 | 0.57 |
| 18 | PAPINDO TRADING COMPANY | 268,750.00 | 0.53 |
| 19 | MIDAL ENTERPRISES LIMITED | 239,380.00 | 0.47 |
| 20 | PRAFUL PATEL INVESTMENTS PTY | 230,722.00 | 0.46 |
| TOP 20 SHAREHOLDERS TOTAL | | 44,533,438.00 | 87.85 |
| REMAINING SHAREHOLDERS TOTAL | | 6,160,548.00 | 12.15 |
| TOTAL | | 50,693,986.00 | 100.00 |

Corporate Directory

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

| | |
|---------------------------|---|
| Registered Office | Level 9, Kina Bank Haus Douglas Street (PO Box 1141) Port Moresby National Capital District Papua New Guinea |
| Directors | Sydney George Yates OBE Monica Salter DBE David Kavanamur (Appointed 17 July 2023) |
| Secretary | Sydney George Yates OBE |
| Auditors | PricewaterhouseCoopers PNG Chartered Accountants PwC Haus, Level 6, Harbour City, Konedobu, Papua New Guinea |
| Bankers | Westpac Bank Limited, Papua New Guinea Kina Bank Limited, Papua New Guinea Credit Suisse, Australia Bank of Queensland, Australia |
| Stock Exchange | Papua New Guinea National Stock Exchange |
| Broker | Kina Securities Limited |
| Share Registry | PNG Registries Limited Part of Link Group Australia Level 4, Cuthbertson House, Cuthbertson Street, Port Moresby NCD PO Box 1265, Port Moresby NCD, Papua New Guinea Ph: +675 321 6377 or 321 6378 Fax: +675 321 6379 Mb: +675 7601 7780 pngregistrieslimited@online.net.pg |
| Investment Manager | Kina Funds Management Limited |



KINA ASSET MANAGEMENT LIMITED

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