



KINA ASSET MANAGEMENT LIMITED

**APPENDIX 4B STATEMENT
FOR THE 12 MONTHS ENDED 31 DECEMBER 2017**

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

INTERIM RESULTS FOR ANNOUNCEMENT TO THE MARKET 12 MONTHS ENDING 31 DECEMBER 2017

The reporting period is the year ended 31 December 2017 with the corresponding prior period being the year ended 31 December 2016.

Highlights

Kina Asset Management Ltd (KAML) recorded NPAT of K8.4 million for the year ending 31 December 2017. This was a very strong increase of 35.5% compared to the previous corresponding period.

The company delivered a strong investment performance for shareholders generating an investment return of 16.8% during the year. Investment markets performed favorably over the course of the year leading to this performance outturn which is one of the best results ever achieved by the Company for its shareholders, and a reflection of the strategic investment approach which focuses on long term holdings in leading businesses both in PNG and Australia.

As a result of the strong performance of the company, directors have declared a final dividend of 3 toea per share and to be paid to shareholders on 12 July 2018.

Having paid an interim dividend of 2 toea per share in October 2017 the total dividend for KAML shareholders in 2017 will be 5 toea per share.

Main contributors to the result were capital gains of K2.2 million resulting from strong performances of share prices of CSL Limited, Transurban Group and Oil Search Limited which rose by 40.7%, 20.4%, and 19.5% respectively over the period.

Dividend and interest income were also strong contributors to the Fund totalling K3.5 million. Key contributors to dividend income were Bank South Pacific and Vanguard International.

The depreciation of the Kina against the Australian dollar by 9.2% over the period also contributed to the growth in the value of the Fund, with currency gains adding K3.6 million.

Asset allocation at year end was 36.14% invested in domestic stocks, cash and fixed income; and 63.86% invested in international stocks and cash.

Key portfolio holdings at year end were Bank South Pacific at 20.9%, Vanguard International at 12.1%, Mirvac Group at 5.9%, Oil Search at 5.6% and CSL and Transurban at 5.0% each. Cash holdings were at 20.3% as the fund manager Kina Funds Management took a conservative approach to investment of the cash. Towards the end of the year Telstra Corporation was introduced to the portfolio. Telstra in our view is a business with strong defensive qualities, has a strong dividend yield of 6.6%, and the stock trades on a low price earnings ratio.

Other transactions comprised of the partial stock disposal of Oil Search to trim exposure and take advantage of strong gains in the share price in line with a seasonal increase in the oil price.

The Fund's international equities investments significantly outperformed their respective benchmarks. Domestic equities in line with the domestic equity index over the year. ASX equities and global funds generated returns of 25.0% and 24.0% respectively, whereas their benchmarks of the S&P/ASX50 provided an increase of 4.6% and the MSCI World ex-Australia 13.38%. Domestic equities generated a return of 13.3% in line with 13.6% for the KSHi index.

Net tangible asset backing per share as at 31 December 2017 was K1.31 (2016: K1.19) (pre dividend), an increase of 10.1% from the same prior period NTA.

Domestic Investments

- Bank South Pacific yet again provided healthy returns with a 17.9% total return. This was attributed to the 5.6% increase in share price, but largely dividends of 79 toea per share (full year) and 32 toea per share (interim) paid during the year. BSP currently provides an annual dividend yield of 12.3% which represents excellent ongoing income for the Fund and its shareholders. BSP is the largest

investment position in the Fund representing 20.9% of the portfolio and in the view of the Manager remains a strong investment for KAML's investors.

- Other domestic investments provided a combined 5.2% total return thanks largely to strong returns from Oil Search with a 33.7% gain, which offset sluggish performances from the remainder of the domestic listed equity investments. Oil Search will continue to be a valuable investment for the fund as the company and its partners progress the Papua LNG project to a target Final Investment Decision (FID) in 2019, thanks to rising Chinese demand for LNG as that country looks to replace coal and develop its narrative in the Climate Change space to advance its course as a legitimate global leader.

International Investments

- CSL was the best stock performer in the international portfolio generating a total return of 56.8% during the year, continuing its solid performance from prior periods.
- Transurban and Mirvac also performed strongly during the year with total returns of 38.1% and 26.6% respectively. Both companies continued to reap the benefits of an upswing in the construction market in Australia.

Outlook

2017 was an exceptional financial year for the company and its shareholders. Despite challenges, global markets remained strong, underwritten by high levels of liquidity, ongoing low interest rates, low inflation and an earnings season in the United States that was well ahead of expectations. Domestically the economy remained under pressure with global market prices for PNG's key export commodities, particularly in the resources sector, struggling to recover however KAML's investments are largely in sectors not heavily exposed to domestic consumption.

2018 has opened with market volatility coming to the fore after a lengthy period of stability and strongly rising markets. Inflationary concerns are being stoked in the USA by a generally recovering economy, which has seen employment approaching "full employment" with pro-cyclical large tax cuts in the United States, combined with increasingly synchronised global growth adding to inflationary concerns. This has seen the 10 year bond yield in the USA move up dramatically. Our view is that 10 year US bond yields will move towards 4% as the year unfolds, and this will keep pressure on equity markets generally, despite the present economic environment being one that is conducive to strong earnings outcomes.

Further, rising short term interest rates will mean that US dollar strength will likely put pressure on global US dollar borrowers in addition to increasing interest rates. We remain cautious for the coming year as valuations have been supported by a low interest rate environment, which is an environment that is changing.

KAML retains a solid liquidity position which is held offshore. This will be used to avail of opportunities as they arise, and also is a defensive strategy against further depreciation of the Kina which we believe will remain under pressure against major foreign currencies.

Top 5 Holdings as at 31 December 2017

	Asset	Percentage of Total Assets (%)	Value of Investment (PGK)
1.	Bank South Pacific	20.9	13,186,171
2.	Vanguard Int'l Shares Index Fund	12.1	7,625,593
3.	Mirvac Group	5.9	3,722,802
4.	Oil Search	5.6	3,535,681
5.	CSL	5.1	3,195,226

Brands KAML Invests In



Financial Year ended 31 December 2017			
Kina Asset Management Limited and Subsidiary			
Company No	Half yearly	Final	financial year ended
HUBSP0000055.		X	31-Dec-17
Extracts from this report for announcement to the market (see note 1)			
Sales (or equivalent operating) revenue (item 1.1)			3,851,025
Abnormal after tax attributable to shareholders (item (2.5)			-
Operating profit (loss after tax (before amortisation of goodwill) attributable to shareholders (item 1.26)			8,354,085
Operating profit (loss) after tax attributable to shareholders (item 1.10)			8,354,085
Extraordinary items after tax attributable to shareholders item 1.13			-
Operating profit(loss) and extraordinary items after tax attributable to shareholders (item 1.16)			8,354,085
Dividend (distributions)		Amount per + security	
Final dividend (preliminary final report only -item 15.4)		n/a	n/a
Interim Dividend (Half yearly report only - item 15.6)		0.02	968,329
Previous corresponding period (Preliminary final report -item 15.5 Half yearly report - item 15.7)		0.04 n/a	1,923,639 n/a
Record date for determining entitlements to the dividend (In the case of a trust, distribution) (see item 15.2)			NA

				Current Period K	Previous Corresponding period K
1.1	Sales (or equivalent operating) revenue			3,851,025	3,471,515
1.2	Share of associates "net profit(loss) attributable to shareholders" (equal to item 16.7)			-	-
1.3	Other Revenue			5,678,149	3,611,168
1.4	Operating profit (loss) before abnormal items and tax			8,494,278	6,177,179
1.5	Abnormal items before tax (detail in item 2.4)			-	-
1.6	Operating profit (loss) before tax (items 1.4 + 1.5)			8,494,278	6,177,179
1.7	Less tax			140,193	27,485
1.8	Operating profit (loss) after tax but before outside equity interest			8,354,085	6,149,694
1.9	Less outside equity Interest			-	-
1.10	Operating profit(loss) after tax attributable to shareholders			8,354,085	6,149,694
1.11	Extraordinary items after tax (detail in item 2.6)			-	-
1.12	Less outside Equity Interest			-	-
1.13	Extraordinary items after tax attributable to shareholders			-	-
1.14	Total Operating profit(loss) and extraordinary items after tax (items 1.8 + 1.11)			8,354,085	6,149,694
1.15	Operating profit (loss) and extraordinary items after tax attributable to outside equity interest (items 1.9 + 1.12)			-	-
1.16	Operating profit (loss) and extraordinary items after tax attributable to shareholders (item 1.10+1.13)			8,354,085	6,149,694
1.17	Retained profits (accumulated losses) at beginning of financial period			9,391,089	4,678,169
1.18	If change in accounting policy (include brief description)			-	-
1.19	Aggregate of amounts transferred from reserves				
1.20	Total available for appropriation (carried forward)			17,745,174	10,827,863
1.21	Dividend provided for or paid			- 2,891,968	- 1,436,774
1.22	Aggregate of amounts transferred to Reserves			-	-
1.23	Retained profits (accumulated losses) at end of financial period			14,853,206	9,391,089
	Profit restated to exclude amortisation of goodwill				
1.24	Operating profit(loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill			8,354,085	6,149,694
1.25	Less(plus) outside equity interest			-	-
1.26	Operating profit(loss) after tax (before amortisation of goodwill) attributable to shareholders			8,354,085	6,149,694

	At end of current period K	As shown in last annual report K	As in last half yearly report K
Current Assets			
4.1 Cash	11,676,441	10,526,253	12,236,055
4.2 Receivables	1,679,854	921,621	1,642,386
4.3 Investments	48,502,868	44,556,459	47,773,419
4.4 Inventories	-	-	-
4.5 Other (provide details if material)	-	-	-
4.6 Total Current assets	61,859,163	56,004,333	61,651,860
Non Current Assets			
4.7 Deferred Tax Asset	132,565	-	-
4.8 Investment in associates	-	-	-
4.9 Investments	1,818,970	1,829,769	1,837,229
4.10 Inventories	-	-	-
4.11 Exploration and evaluation expenditure capitalised	-	-	-
4.12 Development properties (mining entities)	-	-	-
4.13 Other property, plant and equipment (net)	-	-	-
4.14 Intangibles (net)	-	-	-
4.15 Other (provide details if material)	-	52,806	-
4.16 Total Non current Assets	1,951,535	1,882,575	1,837,229
4.17 Total Assets	63,810,698	57,886,908	63,489,089
Current Liabilities			
4.18 Accounts payables	357,617	311,851	359,435
4.19 Borrowings	-	-	-
4.20 Current Tax Liability	-	69,648	91,984
4.21 Other (dividend payable)	-	-	2,312,447
4.22 Total current liabilities	357,617	381,499	2,763,866
Non Current Liabilities			
4.23 Deferred Tax Liabilities	46,331	-	388,592
4.24 Borrowings	-	-	-
4.25 Provisions	-	26,155	-
4.26 Other (provide details if material)	-	-	-
4.27 Total non-current liabilities	46,331	26,155	388,592
4.28 Total Liabilities	403,948	407,654	3,152,458
4.29 Net Assets	63,406,750	57,479,254	60,336,631

Consolidated Balance Sheet (continued)]				
		At end of current period K	As shown in last annual report K	As in last half yearly report K
	Equity			
4.30	Capital	48,553,544	48,088,165	48,088,165
4.31	Reserves	-	-	-
4.32	Retained Profits (accumulated losses)	14,853,206	9,391,089	12,471,282
4.33	Equity attributable to shareholders of the parent entity	63,406,750	57,479,254	60,559,447
4.34	Outside equity to shareholders of the parent entity	-	-	-
4.35	Total equity	63,406,750	57,479,254	60,559,447
4.36	Preference Capital included as part of 4.33	-	-	-

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

		Current Period K	Previous Corresponding period K
Consolidated Statement of Cash Flows			
Cash Flows related to operating activities			
7.1	Receipts from customers	4,470,494	3,428,075
7.2	Payments to suppliers and employees	- 1,311,976	- 979,048
7.3	Dividends received from associates	-	-
7.4	Other Dividends received	-	-
7.5	Interest and other items of similar nature received	-	-
7.6	Interest and other finance paid	-	-
7.7	Income taxes paid	-	33,222
7.8	Other	96,838	-
7.9	Net Operating cash flows	3,255,356	2,415,805
Cash flows related to investing activities			
7.10	Payment of purchase of property, plant and equipment	-	-
7.11	Proceeds from sale of property, plant and equipment	-	-
7.12	Payment for purchases of equity investments	- 654,177	- 285,642
7.13	Proceeds from sale of equity investments	975,598	1,266,630
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other (investment in shares)	-	-
7.17	Net Investing cash flows	321,421	980,988
Cash flows related to financing activities			
7.18	Proceeds from issues of securities (shares, options, etc)	-	-
7.19	Proceeds from borrowings	-	-
7.20	Repayment of borrowings	-	-
7.21	Dividend paid (net of reinvestment of K465,383)	- 2,426,589	- 1,248,192
7.22	Other (provide details if material)		-
7.23	Net financing cash flows	- 2,426,589	- 1,248,192
7.24	Net Increase (decrease) in cash held	1,150,188	2,148,601
7.25	Cash at beginning of period <i>(see reconciliation of cash)</i>	10,526,253	8,377,652
7.26	Exchange rate adjustment to item 7.25 Adjustment to be	-	-
7.27	Cash at end of period <i>(see reconciliation of cash)</i>	11,676,441	10,526,253
Non-cash financing and investing activities			
<i>Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows. If an amount is qualified, show comparative amount.</i>			
	n/a		

Reconciliation of cash			
	Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current Period K	Previous Corresponding period K
8.1	Cash on hand and at Bank	11,676,441	10,526,253
8.2	Deposits at call	-	-
8.3	Bank Overdraft	-	-
8.4	Other (provide details)	-	-
8.5	Total cash at end of period(items 7.27)	11,676,441	10,526,253
Ratios		Current Period	Previous Corresponding period K' 000
Profit before abnormal and tax sales			
9.1	Consolidated operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue(item 1.1)	220.57%	177.94%
9.2	Consolidated operating profit (loss) after tax attributable to shareholders (item 1.10) as a percentage of equity (similarly attributable) at the end of period(item 4.33)	13.18%	10.70%

		Current Period K	Previous Corresponding period K
	Earnings per share (EPS)		
10.1	Calculation of the following in accordance with IAS 33: <i>Earnings per share</i>		
	(a) Basic EPS	0.17	0.13
	(b) Diluted EPS (if material differently from (a))	n/a	n/a
	© Weighted average number of ordinary shares (K'000) outstanding during the period used in the calculated of the basic EPS	48,310,879	48,104,751
	NTA backing (see note 7)		
11.1	Net tangible asset backing per ordinary security	1.31	1.19
	Details of specific receipts/outlays,revenues/expenses		
		Current Period K	Previous Corresponding period K
12.1	Interest revenue included in determining item 1.4	351,115	359,654
12.2	Interest revenue included in item 12.1 but not yet received (if material)	36,960	15,511
12.3	Interest expense included in item 1.4(include all forms of interest,lease finance charges, etc)	-	-
12.4	Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-	-
12.5	Outlays(except those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6	Depreciation and amortisation (excluding amortisation of intangibles)	-	-

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

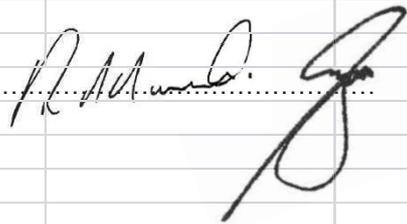
Reports for industry and geographical segments			
Segments			
<u>Operating Revenue</u>			
Sales to customers outside the economic entity		3,851,025	n/a
Inter-segment sales		0	n/a
Unallocated revenue		0	n/a
Total Revenue		3,851,025	n/a
Segment result (including abnormal items where relevant)		8,494,278	n/a
Unallocated expenses		0	n/a
Consolidated operating profit before tax (equal to item 1.6)		8,494,278	n/a
Segment assets)	63,810,698	n/a
Unallocated assets)	0	n/a
Total assets (equal to item 4.17)		63,810,698	n/a
Dividends (in the case of a trust, distribution)			
15.1	Date the dividend(distribution) was paid		
	2016 final dividend payment date		12/07/2017
	2017 Interim dividend payment date		4/10/2017
15.2	Record date to determine entitlements to the dividends (distribution) (ie, on the basis of registrable transfers received up to 5.00 pm)		30/06/2017
	2017 Interim dividend record date		20/09/2017
15.3	If it is a final dividend, has it been declared? preliminary report only - Special dividend		n/a
Amount per security			
	(Preliminary final report)	Amount per security	
15.4	Final Dividend: Current year:		
15.5	Previous year	0.04	1,923,639
Half yearly and preliminary final reports			
15.6	Interim Dividend: Current year	0.02	968,329
15.7	Previous year	n/a	n/a

Total dividend (distribution) per security (interim plus final) <i>(preliminary final report only)</i>		
	Current year	Previous year
15.8 Ordinary securities	0.06	n/a
15.9 Preference securities	-	
Half yearly report- interim dividend(distribution) on all securities or Preliminary final report- final dividend(distribution) on all securities		
	Current year K	Previous year K
15.10 Ordinary Securities	n/a	n/a
15.11 Preference securities	n/a	n/a
15.12 Total	n/a	n/a
The dividend or distribution plans shown below are in operation		
n/a		
The last date(s) for receipt of election notices for the dividend or distribution plans		
n/a		
Any other disclosures in relation to dividends (distributions)		
Details of aggregate share of profits (losses) of associates		
Entity share of associates	Current period K	Previous corresponding period K
16.1 Operating profit(loss) before income tax	-	-
16.2 Income tax expense	-	-
16.3 Operating profit(loss) after income tax	-	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit(loss)	-	-
16.6 Outside equity interest	-	-
16.7 Net profit(loss) attributable to shareholders	-	-

Material interest in entities which are not controlled entities				
Name of Entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to operating profit(loss) and extraordinary items after tax(item 1.14)	
	Current period	Previous corresponding period	Current period K	Previous corresponding period K
17.1 Equity accounted associated entities	n/a	n/a	n/a	n/a
17.2 Total	n/a	n/a	n/a	n/a
17.3 Other material interest	n/a	n/a	n/a	n/a
17.4 Total	n/a	n/a	n/a	n/a
Issued and quoted securities at end of current period				
Description includes rate of interest and any redemption or conversion rights together with prices and dates.				
Category of securities		Number issued	Number quoted	Amount paid per share(toea)
18.1 Preference securities (description)		n/a	n/a	n/a
18.2 Issued during period				
18.3 Ordinary Securities		48,587,886	-	-
18.4 Issued during current period		496,912	-	0.94
Cancellation of shares		-	-	-
		-	-	-
18.5 Convertible debt securities (description and factor)		-		
18.6 Issued during current period		-		

18.7 Options (description and conversion factor)			Exercise price	Expiry date (if any)
		n/a	n/a	
		n/a	n/a	
18.8 Issued during current period		n/a	n/a	
18.9 Exercised during current period		n/a	n/a	
18.10 Expired during current period		n/a		
18.11 Debentures (total only)		n/a		
18.12 Unsecured notes (totals only)		n/a		
Comments by directors				
Comments on the following matters are required by POMSoX or, in relation to the yearly report, by IAS 34 Financial year accounts and consolidated Accounts. The comments do not take the place of the directors report (as required by the companies Act 1997) and may be incorporated into the directors report. For both half yearly and preliminary final reports, if there are no comments in a section state Nil. If there is insufficient space to comment attach notes to this report.				
Basis of accounts preparation				
If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and IAS 34. Half-year accounts and consolidated accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.(delete if preliminary statement)				
Material factors affecting the revenues and expenses of the economic entity for the current period				
There are no material factors affecting the revenues and expenses of the economic entity for the current period				
A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)				
n/a				
Changes in accounting policies since the last annual report are disclosed as follows				
(Disclose changes in the yearly report in accordance with IAS 34. Financial year accounts and consolidated accounts. Disclose changes in the preliminary final report in accordance with IAS 8: Accounting Policies Disclosure)				
n/a				

Additional disclosure for trust				
19.1	Number of units held by the management company or a related party of it		n/a	
19.2	A statement of the fees and commissions payable to the management company			
	initial service charges		-	
	Management fees		444,172	
	other fees		-	
Annual meeting				
(preliminary final report only)				
The annual meeting will be held as follows:				
	Place		Port Moresby (the final venue to be confirm at a later date)	
	Date		Between May and June 2018	
	Time			
	Approximate date the annual report will be available		Around May 2018	

1	This report has been prepared under accounting policies which comply with accounting standards approved by the Accounting Standards Board pursuant to the Companies Act 1997 or other Standards acceptable to POMSoX (see note 13)		
	Identify other standards used	International Financial Reporting Standards	
2	Report the financial statements prepared under the Companies Act 1997 (if separate), use accounting policies.		
3	This report does give a true and fair view of the matters disclosed (see note 2)		
4	This report is based on financial statements to which one of the following applies.		
	<input type="checkbox"/>	The financial statements have been audited	<input type="checkbox"/> The financial statements have been subject to review
	<input checked="" type="checkbox"/>	The financial statements are in the process of being audited or subject to review	<input type="checkbox"/> The financial statements have not yet been audited or reviewed
5	If the audit report or review by the auditor is not attached, details of any qualifications are attached will follow immediately they are available (delete one)		
6	The entity has a formally constituted audit committee.		
	Sign here..... Director		Date 16th March 2018
	Print name	Sir Rabbie Namaliu & Syd Yates	