



KINA ASSET MANAGEMENT LIMITED

APPENDIX 4B STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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• Results for announcement to the market
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FINAL YEAR RESULTS FOR ANNOUNCEMENT TO THE MARKET AS AT 31 DECEMBER 2020

The reporting period is the full year ended 31 December 2020, and the corresponding prior period is the year ended 31 December 2019.

Highlights

Kina Asset Management Ltd (**KAML** or the **Company**) recorded a net profit after tax of K3.32 million for the full year ended 31 December 2020.

The Company's investment performance of 6.2% for the full year was achieved in volatile global market conditions dominated by the Covid-19 pandemic, ongoing geo-political tensions, the US presidential election and subsequent turmoil in the transition of government.

Despite the recovery in global equity markets from the record falls of the March quarter, capital losses totalling –K3.09 million on the fund's equity holdings were recorded for the full year.

Despite the economic impact of the Covid-19 pandemic on corporate earnings, dividend and interest income contributed strongly to the Company's performance, totalling K3.72 million for the full year.

A strengthening Australian dollar and a series of gradual reductions in the PGK/USD trading band by the Bank of PNG resulted in foreign currency exchange gains of K3.96 million for the full year.

Asset allocation at 31 December 2020 was 38.7% invested in domestic stocks, cash and fixed income; and 61.3% invested in international stocks and cash. The portfolio benchmark weights are 40% (domestic) and 60% (international) respectively.

Key portfolio holdings as a percentage of the Fund at 31 December 2020 were: BSP (19.3%), the Vanguard fund (12.5%), CSL (7.6%), Kina Securities (6.3%), and Mirvac (5.1%). Cash holdings stood at 9.8% as the fund's manager, as Kina Funds Management (KFM), continued to maintain a cautious approach to the evaluation of new growth opportunities for the Company in the uncertain global economic conditions.

The Company's equity investments recorded mixed results against their benchmark indices. Domestic equities (2.9%) outperformed the benchmark KSI Home Index (1.8%); ASX-listed equities and global equity funds generated returns of 3.2% and 18.8% respectively, against their PGK-equivalent benchmark S&P/ASX200 Accumulation and MSCI World ex-Australia Index returns of 4.6% and 23.2%.

Net tangible asset backing per share as at 31 December 2020 was K1.59 (2019: K1.53 pre dividend), an increase of 3.9% from the corresponding period.

Domestic Investments

- BSP (+13.3%) continued to maintain its position as the biggest driver of the Company's investment performance. This return was attributable to a 2.1% increase in share price, and a dividend yield of 11.2% from the final and interim dividend payments totalling of K1.21 per share. BSP is the Company's largest investment, representing 19.3% of the portfolio at 31 December 2020.
- Credit Corporation (+13.8%) recorded the strongest performance in the domestic portfolio, attributable to a 6.3% increase in share price, and dividend returns of 7.5%.
- Oil Search (-39.6%) and City Pharmacy (-38.3%) were the worst performers in the domestic portfolio, attributable almost entirely to decreases in their respective shares prices.



International Investments

- ResMed (+36.0), Sonic Healthcare (+28.2%), Boral (+26.0%) and CSL (+18.6%) were the best performing ASX-listed stocks in the international portfolio.
- Sydney Airport (-12.6%), Suncorp (-10.7%), Westpac (-8.4%) and Worley (-8.3%) were the worst performing ASX-listed stocks in the international portfolio.

The Company's global equity funds performed strongly, with Vanguard (+18.9%) outperforming its counterpart BlackRock iShares (+18.4 %).

Review and Outlook

In March 2020 equity prices in most developed markets fell to levels close to, or below, the lows achieved during the GFC in 2007-2008. In Australia, the ASX200 fell as much as 36.5% from an historic high of 7,162.5 on 20 February, before recovering to 6,587.1 at 31 December 2020, 1.5% lower than the previous year, in Australian dollar terms.

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

In PNG, the falls in global energy prices have been estimated to add K2 billion to the projected fiscal deficit for 2020 of K4.6 billion, creating an unprecedented financing requirement which included, for the first time, a quantitative easing programme of GIS purchases by BPNG described by the Treasurer as "a last resort". More recently, the Government has been successful in obtaining concessionary budget support loans from "friendly" governments and NGOs. Business groups and economic commentators continue to seek more urgency from Government to in facilitating the commencement of key resource projects, as PNG continues to struggle with international and domestic travel restrictions and other measures to prevent the spread of Covid-19.

The Company's Investment Strategy was reviewed by the Board in 2019 (<http://www.kaml.com.pg/>). Whilst the Fund continued to add to holdings of a number of new stocks to the portfolio, this programme was suspended by the Company's fund manager, KFM, as most companies withdrew guidance as to their financial results due to the uncertainties associated with the Covid-19 pandemic. As economic conditions continue to improve, KFM is continuing to assess the impact of these developments on new growth opportunities.

KAML's Investments

In PNG



In Australia



Globally





Financial Year ended 31 December 2020			
Kina Asset Management Limited and Subsidiary			
Company No	Half yearly	Final	Financial Year Ended
HUBSP0000055.		X	31-Dec-20
Extracts from this report for announcement to the market (see note 1)			
Sales (or equivalent operating) revenue (item 1.1)			4,013,847
Abnormal after tax attributable to shareholders (item (2.5)			-
Operating profit (loss after tax (before amortisation of goodwill) attributable to shareholders (item 1.26)			3,318,873
Operating profit (loss) after tax attributable to shareholders (item 1.10)			3,318,873
Extraordinary items after tax attributable to shareholders item 1.13			-
Operating profit(loss) and extraordinary items after tax attributable to shareholders (item 1.16)			3,318,873
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)		-	-
Previous corresponding period (Preliminary final report -item 15.5 Half yearly report - item 15.7)		n/a 0.03	n/a 1,466,087
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)			4,013,847	4,686,816
1.2	Share of associates "net profit(loss) attributable to shareholders" (equal to item 16.7)			-	-
1.3	Other Revenue			866,369	11,147,366
1.4	Operating profit (loss) before abnormal items and tax			3,472,085	14,450,685
1.5	Abnormal items before tax (detail in item 2.4)			-	-
1.6	Operating profit (loss) before tax (items 1.4 + 1.5)			3,472,085	14,450,685
1.7	Less tax			153,212	13,210
1.8	Operating profit (loss) after tax but before outside equity interest			3,318,873	14,437,475
1.9	Less outside equity Interest			-	-
1.10	Operating profit(loss) after tax attributable to shareholders			3,318,873	14,437,475
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)			3,318,873	14,437,475
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)			3,318,873	14,437,475
1.17	Retained profits (accumulated losses) at beginning of financial period			25,511,800	12,540,411
1.18	If change in accounting policy (include brief description)				
1.19	Aggregate of amounts transferred from reserves				
1.20	Total available for appropriation (carried forward)			28,830,673	26,977,887
1.21	Dividend provided for or paid			-	1,466,087
1.22	Aggregate of amounts transferred to Reserves			-	-
1.23	Retained profits (accumulated losses) at end of financial period (Item 1.10 + 1.21)			28,830,673	25,511,800
	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			3,318,873	14,437,475
1.25	Less(plus) outside equity interest			-	-
1.26	Operating profit(loss) after tax (before amortisation of goodwill) attributable to shareholders			3,318,873	14,437,475

Intangible, abnormal and extra ordinary items	Consolidated- current period			
	Before tax K	Related tax K	Related outside equity interest K	Amount (after tax)attributable to shareholders K
2.1 Amortisation of goodwill				
2.2 Amortisation of other intangibles	-	-	-	-
2.3 Total Amortisation of Intangibles	-	-	-	-
2.4 Abnormal items	-	-	-	-
2.5 Total abnormal items	-	-	-	-
2.6 Extraordinary items	-	-	-	-
2.7 Total extraordinary items	-	-	-	-
Comparison of half year profits			Current year - K' 000	Previous year K' 000
3.1 Consolidated operating profit(loss) after tax attributable to shareholders reported for the 1st half year (item 1.10 in the half yearly report)			- 4,890,218	10,591,478
3.2 Consolidated operating profit(loss) after tax attributable to shareholders for the second half year			8,209,091	3,845,997



	At end of current period K	As shown in last annual report K	As in last half yearly report K
Current Assets			
4.1 Cash	7,575,720	6,124,373	9,491,226
4.2 Receivables	842,419	774,463	1,314,998
4.3 Investments	68,184,082	66,230,402	59,572,748
4.4 Inventories	-	-	-
4.5 Other(provide details if material)	-	-	-
4.6 Total Current assets	76,602,221	73,129,238	70,378,972
Non Current Assets			
4.7 Deferred Tax Asset	82,304	158,235	105,729
4.8 Investment in associates			-
4.9 Investments	1,839,208	1,821,750	1,813,740
4.10 Inventories	-	-	-
4.11 Exploration and evaluation expenditure capitalised	-	-	-
4.12 Development properties (mining entities)	-	-	-
4.13 Other property, plant and equipment (net)	-	-	-
4.14 Intangibles (net)	-	-	-
4.15 Other (provide details if material)	-	-	-
4.16 Total Non current Assets	1,921,512	1,979,985	1,919,469
4.17 Total Assets	78,523,733	75,109,223	72,298,441



Current Liabilities				
4.18	Accounts payables	182,130	423,893	203,112
4.19	Borrowings	-	-	-
4.20	Current Tax Liability	-	-	75,112
4.21	Other (dividend payable)	-	-	-
4.22	Total current liabilities	182,130	423,893	278,224
Non Current Liabilities				
4.23	Deferred Tax Liabilities	43,070	53,226	70,028
4.24	Borrowings	-	-	-
4.25	Provisions	-	-	-
4.26	Other (provide details if material)			
4.27	Total non- current liabilities	43,070	53,226	70,028
4.28	Total Liabilities	225,200	477,118	348,252
4.29	Net Assets	78,298,533	74,632,104	71,950,189
Consolidated Balance Sheet (continued)]				
		At end of current period K	As shown in last annual report K	As in last half yearly report K
Equity				
4.30	Capital	49,467,860	49,120,304	48,818,301
4.31	Reserves	-	-	-
4.32	Retained Profits (accumulated losses)	28,830,673	25,511,800	23,131,889
4.33	Equity attributable to shareholders of the parent entity	78,298,533	74,632,104	71,950,189
4.34	Outside equity to shareholders of the parent entity	-	-	-
4.35	Total equity	78,298,533	74,632,104	71,950,189
4.36	Preference Capital included as part of 4.33	-	-	-



Exploration and evaluation expenditure capitalised				
<i>To be completed only by entities with mining interest if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit</i>				
			Current Period K	Previous Corresponding period K
5.10	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



Consolidated Statement of Cash Flows		Current Period	Previous
		K	Corresponding
			period
			K
Cash Flows related to operating activities			
7.1	Receipts from customers	3,977,874	4,883,148
7.2	Payments to suppliers and employees	- 1,591,795	- 1,832,288
7.3	Dividends received from associates	-	-
7.4	Other Dividends received	-	-
7.5	Payment for purchases of equity investments	- 6,515,845	- 6,488,856
7.6	Proceeds from sale of equity investments	5,036,026	2,182,502
7.7	Interest and other items of similar nature received	-	-
7.8	Interest and other finance paid	-	-
7.9	Income taxes paid	-	-
7.10	Other	-	-
7.11	Net Operating cash flows	906,260	- 1,255,494
Cash flows related to investing activities			
7.12	Payment of purchase of property, plant and equipment	-	-
7.13	Proceeds from sale of property, plant and equipment	-	-
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other (investment in shares)	-	-
7.17	Net Investing cash flows	-	-
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 K302,003)	-	- 1,164,084
7.22	Other (provide details if material)		
7.23	Net financing cash flows	-	- 1,164,084
7.24	Net Increase (decrease) in cash held	906,260	- 2,419,576
7.25	Cash at beginning of period (see reconciliation of cash)	6,124,373	8,543,950
7.26	Exchange rate adjustment to item 7.25 Adjustment to be	-	-
7.27	Effect of foreign exchange rate changes	545,087	-
7.28	Cash at end of period (see reconciliation of cash)	7,575,720	6,124,373

Non-cash financing and investing activities			
<i>Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows. If an amount is qualified, show comparative amount.</i>			
n/a			
Reconciliation of cash			
Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current Period K	Previous Corresponding period K
8.1	Cash on hand and at Bank	7,575,720	6,124,373
8.2	Deposits at call	-	-
8.3	Bank Overdraft	-	-
8.4	Other (provide details)	-	-
8.5	Total cash at end of period(items 7.27)	7,575,720	6,124,373
Ratios			
Profit before abnormal and tax sales			
9.1	Consolidated operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue(item 1.1)	86.50%	308.33%
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)	4.24%	19.34%
Earnings per share (EPS)		Current Period K	Previous Corresponding period K
10.1	Calculation of the following in accordance with IAS 33: <i>Earnings per share</i>		
	(a) Basic EPS	0.07	0.30
	(b) Diluted EPS (if material differently from (a))	n/a	n/a
	© Weighted average number of ordinary shares (K'000) outstanding during the period used in the calculated of the basic EPS	49,124,392	49,120,304
NTA backing (see note 7)			
11.1	Net tangible asset backing per ordinary security	1.59	1.53
Details of specific receipts/outlays,revenues/expenses			
		Current Period K	Previous Corresponding period K
12.1	Interest revenue included in determining item 1.4	252,019	332,106
12.2	Interest revenue included in item 12.1 but not yet received (if material)	- 31,291	34,676
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		4,013,847	n/a
Inter-segment sales		0	n/a
Unallocated revenue		0	n/a
Total Revenue		4,013,847	n/a
Segment result (including abnormal items where relevant)		3,472,085	n/a
Unallocated expenses		0	n/a
Consolidated operating profit before tax (equal to item 1.6)		3,472,085	n/a
Segment assets)	78,523,733	n/a
Unallocated assets)	0	n/a
Total assets (equal to item 4.17)		78,523,733	n/a
Dividends (in the case of a trust, distribution)			
15.1	Date the dividend(distribution) was paid		
	2019 final dividend payment date		n/a
	2020 Interim dividend payment date		n/a
15.2	Record date to determine entitlements to the dividends (distribution) (ie, on the basis of registrable transfers received up to 5.00 pm		n/a
	2019 Interim dividend record date		23/10/2019
15.3	If it is a final dividend, has it been declared? preliminary report only - Special dividend		n/a
Amount per security			
		Amount per security	
	(Preliminary final report)		
15.4	Final Dividend: Current year:		
15.5	Previous year:		
Half yearly and preliminary final reports			
15.6	Interim Dividend: Current year	-	-
15.7	Previous year	0.03	1,466,087
Total dividend (distribution) per security (interim plus final)			
<i>(preliminary final report only)</i>			
		Current year	Previous year
15.8	Ordinary securities	0	0.03
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		49,187,121	-	-
18.4 Issued during current period		244,758	-	1.42
Cancellation of shares		-	-	-
		-	-	-
18.5 Convertible debt securities (description and factor)		-		
18.6 Issued during current period		-		
18.7 Options (description and conversion factor)			Exercise price	Expiry date (if any)
		n/a	n/a	
		n/a	n/a	
18.8 Issued during current period		n/a	n/a	
18.9 Exercised during current period		n/a	n/a	
18.10 Expired during current period		n/a		
18.11 Debentures (total only)		n/a		
18.12 Unsecured notes (totals only)		n/a		

Comments by directors			
Comments on the following matters are required by POMS0X or, in relation to the yearly report, by IAS 34 Financial year accounts and consolidated Accounts. The comments do not take the place of the directors report (as required by the companies Act 1997) and may be incorporated into the directors report. For both half yearly and preliminary final reports, if there are no comments in a section state Nil. If there is insufficient space to comment attach notes to this report.			
Basis of accounts preparation			
If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and IAS 34. Half-year accounts and consolidated accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.(delete if preliminary statement)			
Material factors affecting the revenues and expenses of the economic entity for the current period			
There are no material factors affecting the revenues and expenses of the economic entity for the current period			
A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)			
n/a			
Changes in accounting policies since the last annual report are disclosed as follows			
(Disclose changes in the yearly report in accordance with IAS 34. Financial year accounts and consolidated accounts. Disclose changes in the preliminary final report in accordance with IAS 8: Accounting Policies Disclosure)			
n/a			
Additional disclosure for trust			
19.1	Number of units held by the management company or a related party of it	n/a	
19.2	A statement of the fees and commissions payable to the management company		
	initial service charges	-	
	Management fees	506,685	
	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 2021	
	Time		
	Approximate date the annual report will be available	Around May 2021	

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 checked="" type="checkbox"/>	The financial statements have been audited	<input type="checkbox"/>	The financial statements have been subject to review
<input type="checkbox"/>	The financial statements are in the process of being audited or subject to review	<input type="checkbox"/>	The financial statements have not yet been audited or reviewed
5 If the audit report or review by the auditor is not attached, details of any qualifications are attached / will follow immediately they are available (delete one)			
6 The entity has a formally constituted audit committee.			
Sign here..... Director			Date... 11 March 2021.....
Print name..... Sydney Yates.....			