



16th March 2017

Ms Karen Aisoli
Port Moresby Stock Exchange
Level 4, Defens Haus
Cnr of Hunter & Champion Pde
Port Moresby
National Capital District

Dear Ms Aisoli

KINA ASSET MANAGEMENT LIMITED – APPENDIX 4B – 31 DECEMBER 2016

Enclosed is the Appendix 4B Report in compliance with the Port Moresby Stock Exchange Listing Rules 4.3 and 4.3.1 for your consideration and records.

Should there be any queries, please do not hesitate to contact the undersigned.

Yours faithfully
Kina Asset Management Limited


.....
Syd Yates, OBE
Director



KINA ASSET MANAGEMENT LIMITED

**APPENDIX 4B STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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



RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 31 December 2016 with the corresponding prior period being the year ended 31 December 2015.

Highlights

Kina Asset Management Ltd (KAML) recorded a NPAT of K6.1m up 29.6% for the year ending 31 December 2016 compared to the previous corresponding period.

The 2016 year delivered a strong investment performance for shareholders with the value of the Fund increasing in total by 14.7%.

Main contributors to the result were a valuation gain of K2.1m resulting from a strong performance of the share price of Bank South Pacific (BSP) which rose by 20.0% over the year.

Dividend and interest income were also strong contributors to the Fund with dividends and interest income received totalling K3.2m. The depreciation of the Kina against the Australian dollar by 4.3% over the year also added to the increase in the value of the Fund.

Target asset allocation at year end was 42.5% invested in domestic stocks, cash and fixed income; and 57.5% invested in international stocks and cash.

Key portfolio holdings at year end were BSP at 21.9% of the Fund, Vanguard International at 11.4%, Oil Search Limited at 8.2% and Mirvac Group at 5.4%.

The Fund's key investment sectors of domestic and international equities outperformed their respective benchmarks over the year.

Net tangible assets per share (unaudited and pre dividend) of K1.19 (2015: K1.10).



2016 – The Year in Review

Global economic uncertainty remained a key theme for investment markets during 2016 but notwithstanding this investment markets generally performed well. International markets continued to be supported by ongoing low interest rates leading investors continuing to seek investment alternatives to holding cash or fixed interest with a beneficiary from this trend being strong equity markets. Local investment outcomes were more focused on stock specific factors as we outline in this report.

Against a backdrop of generally well performing markets KAML continued to perform with stable consistent growth in keeping with the long term strategies of the Fund on behalf of investors.

KAML's performance was again strong, following on from the 2015 result. The 2016 year delivered an investment gain of 14.7%. The result was primarily driven by the gains on the Fund's investment in BSP, as well as an increase in the value of the international portfolio resulting from both share price increases and depreciation of the Kina against the Australian dollar.

Domestic Investments

- Bank South Pacific (BSP) again provided healthy returns with a 31.7% total return. This was attributed in large part to the 20.0% increase in share price and the continued growth of dividends. BSP currently provides a dividend yield of 10.0% which represents excellent ongoing income for the Fund and its shareholders. BSP is the largest investment position in the Fund representing 21.9% of the portfolio.
- Oil Search (OSH) closed the year with a total return of 17.1% as the share price firmed in expectation of a generally stronger oil price following OPEC's decision to reduce global oil supply and growing expectations of a return to stable (albeit low) GDP growth globally.
- Kina Securities (KSL) returned 8.7% over the year primarily from its consistent dividend yield. The most recent profit result for the 2016 financial year shows strong growth with profitability increasing from K4.9m for the previous corresponding year to K41.0m as the company begins to yield the benefit of its acquisition of Maybank in PNG.
- Credit Corporation's (CCP) returns were negative for the year, down 7.6%, much of which was related to a 15.6% decline in the share price. We continue to see this company as providing good value for the Fund as its share price is trading at a significant discount to the underlying value of its businesses which are trading well. Notwithstanding the recent performance we view the company represents good value for the Fund.

International Investments

- ANZ Banking Group (ANZ) was the best stock performer in the international portfolio with a total return of 19.5%. The other financials in National Australia Bank (NAB) and Westpac (WBC) also generated strong returns at 13.2% and 8.1% respectively.
- Mirvac (MGR) was again a top performer with a total return of 16.7%. As a property owner and developer the company has continued to reap the benefits of strong property market in Australia across the various sectors it invests in, being commercial, residential and industrial.
- CSL failed to maintain its performance from the last two years with the investment generating a mere 1.4%, however our view remains positive as the company is a global leader in the field of



bio-therapeutics with a strong funnel of research and development opportunities as well as in-market products that provide a strong platform of profitability.

- In the international portfolio the investment in Global Funds also delivered strong performances with Vanguard and Blackrock posting 18.8% and 16.0% respectively. These results reflected ongoing strength in global equity markets as well as a depreciation in the value of the Kina.

Outlook

In general markets have performed well for a number of years against a backdrop of low interest rates with little threat of change to the interest rate environment globally. With the recent election of the 'go for growth' focused Trump administration in the United States the likelihood of interest rates tightening at a faster rate than markets have generally priced in remains high. Changing investor expectations have been demonstrated through the increase in bond yields in the USA which have seen a substantial rise in rates over a short period of time which may ultimately pressure equity markets.

Domestically PNG has a pending election which may see investor concerns rise at a time where the domestic economy remains under pressure. In general we expect profitability from domestic companies primarily involved with domestic discretionary spending to remain subdued. On a broader basis some sectors of the economy are performing well with the financial services sector a prime example.

The Fund is in a good position to take advantage of opportunities that may arise to invest further through any potential market weakness in the upcoming year.

Top 5 Holdings as at 31 December 2016

	Asset	Percentage of Portfolio (%)	Value of Investment (PGK)
1.	Bank South Pacific	21.9	12,492,162
2.	Vanguard Int'l Shares Index Fund	11.4	6,511,789
3.	Oil Search	8.2	4,642,121
4.	Mirvac	5.4	3,065,430
5.	ANZ Bank	4.6	2,596,914

Some of the Brands KAML Invests In



Financial Year ended 31 December 2016				
Kina Asset Management Limited and Subsidiary				
Company No	Half yearly	Final	financial year ended	
HUBSP0000055.		X	31-Dec-16	
Extracts from this report for announcement to the market (see note 1)				
Sales (or equivalent operating) revenue (item 1.1)			3,471,515	
Abnormal after tax attributable to shareholders (item (2.5)			-	
Operating profit (loss after tax (before amortisation of goodwill) attributable to shareholders (item 1.26)			6,149,694	
Operating profit (loss) after tax attributable to shareholders (item 1.10)			6,149,694	
Extraordinary items after tax attributable to shareholders item 1.13			-	
Operating profit(loss) and extraordinary items after tax attributable to shareholders (item 1.16)			6,149,694	
Dividend (distributions)				
		Amount per + security		
Final dividend (preliminary final report only -item 15.4)		n/a	n/a	
Interim Dividend (Half yearly report only - item 15.6)		n/a	n/a	
Previous corresponding period (Preliminary final report -item 15.5 Half yearly report - item 15.7)		0.03 n/a	1,436,774 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)			3,471,515	2,888,029
1.2	Share of associates "net profit(loss) attributable to shareholders" (equal to item 16.7)			-	-
1.3	Other Revenue			3,611,168	1,644,672
1.4	Operating profit (loss) before abnormal items and tax			6,177,179	3,669,302
1.5	Abnormal items before tax (detail in item 2.4)			-	-
1.6	Operating profit (loss) before tax (items 1.4 + 1.5)			6,177,179	3,669,302
1.7	Less tax			27,485	1,076,394
1.8	Operating profit (loss) after tax but before outside equity interest			6,149,694	4,745,696
1.9	Less outside equity Interest			-	-
1.10	Operating profit(loss) after tax attributable to shareholders			6,149,694	4,745,696
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)			6,149,694	4,745,696
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)			6,149,694	4,745,696
1.17	Retained profits (accumulated losses) at beginning of financial period			4,678,167	886,837
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)			10,827,860	5,632,533
1.21	Dividend provided for or paid			- 1,436,774	- 954,336
1.22	Aggregate of amounts transferred to Reserves			-	-
1.23	Retained profits (accumulated losses) at end of financial period			9,391,086	4,678,197
	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			6,149,694	4,745,696
1.25	Lessplus) outside equity interest			-	-
1.26	Operating profit(loss) after tax (before amortisation of goodwill) attributable to shareholders			6,149,694	4,745,696

	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	-	-	-	-
	Comparision 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)			3,218,738	2,883,480
3.2	Consolidated operating profit(loss) after tax attributable to shareholders for the second half year			2,930,956	1,862,216

		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	10,526,253	8,377,652	9,838,340
4.2	Receivables	921,620	781,898	1,443,818
4.3	Investments	44,556,459	41,965,684	43,337,287
4.4	Inventories	-	-	-
4.5	Other(provide details if material)	-	-	-
4.6	Total Current assets	56,004,332	51,125,234	54,619,445
	Non Current Assets			
4.7	Deferred Tax Asset	26,650	26,137	-
4.8	Investment in associates	-	-	-
4.9	Investments	1,829,769	1,814,809	1,822,268
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	1,856,419	1,840,946	1,822,268
4.17	Total Assets	57,860,751	52,966,180	56,441,713
	Current Liabilities			
4.18	Accounts payables	311,851	313,556	307,697
4.19	Borrowings	-	-	-
4.20	Current Tax Liability	69,648	74,872	62,276
4.21	Other (dividend payable)	-	-	1,436,774
4.22	Total current liabilities	381,499	388,428	1,806,747
	Non Current Liabilities			
4.23	Accounts payable	-	-	118,570
4.24	Borrowings	-	-	-
4.25	Provisions	-	-	-
4.26	Other (provide details if material)			
4.27	Total non- current liabilities	-	-	118,570
4.28	Total Liabilities	381,499	388,428	1,925,317
4.29	Net Assets	57,479,252	52,577,752	54,516,396

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	48,088,165	47,899,583	47,899,583
4.31	Reserves	-	-	-
4.32	Retained Profits (accumulated losses)	9,391,087	4,678,169	6,616,813
4.33	Equity attributable to shareholders of the parent entity	57,479,252	52,577,752	54,516,396
4.34	Outside equity to shareholders of the parent entity	-	-	-
4.35	Total equity	57,479,252	52,577,752	54,516,396
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

			Current Period K	Previous Corresponding period K
	Consolidated Statement of Cash Flows			
	Cash Flows related to operating activities			
7.1	Receipts from customers		3,428,075	3,042,845
7.2	Payments to suppliers and employees		- 912,015	- 873,324
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	- 30,754
7.8	Other		-	-
7.9	Net Operating cash flows		2,482,837	2,138,767
	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		- 285,642	- 6,354,203
7.13	Proceeds from sale of equity investments		1,199,598	8,353,050
7.14	Loans to other entities		-	-
7.15	Loans repaid by other entities		-	-
7.16	Other (investment in shares)		-	- 495,448
7.17	Net Investing cash flows		913,956	1,503,399
	Cash flows related to financing activities			
7.18	Proceeds from issues of securities (shares, options, etc)		-	1,553,037
7.19	Proceeds from borrowings		-	-
7.20	Repayment of borrowings		-	-
7.21	Dividend paid (net of reinvestment of K188,582)		- 1,248,192	- 954,366.00
7.22	Other (provide details if material)		-	-
7.23	Net financing cash flows		- 1,248,192	598,671
7.24	Net Increase (decrease) in cash held		2,148,601	4,240,837
7.25	Cash at beginning of period <i>(see reconciliation of cash)</i>		8,377,652	4,136,815
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>		10,526,253	8,377,652
	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		10,526,253	8,377,652
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)		10,526,253	8,377,652
	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)		177.94%	127.05%
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)		10.70%	9.03%

			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		0.13	0.10
	(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		48,104,751	47,642,776
	NTA backing (see note 7)			
11.1	Net tangible asset backing per ordinary security		1.19	1.10
	Details of specific receipts/outlays,revenues/expenses			
			Current Period K	Previous Corresponding period K
12.1	Interest revenue included in determining item 1.4		359,652	243,413
12.2	Interest revenue included in item 12.1 but not yet received (if material)		15,511	13,281
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

	Total dividend (distribution) per security (interim plus final) <i>(preliminary final report only)</i>		
		Current year	Previous year
15.8	Ordinary securities	-	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)	
			Previous corresponding period	Current period K	Previous corresponding period K
17.1	Equity accounted associated entities	Current period			
		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		48,090,974	-	1.00
18.4	Issued during current period		198,507	-	1.00
	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		398,814		
	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 2017		
	Time				
	Approximate date the annual report will be available		Around May 2017		

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.			
		The financial statements have been audited		The financial statements have been subject to review
	X	The financial statements are in the process of being audited or subject to review		The financial statements have not yet been audited or reviewed
5	If the audit report or review by the auditor is not attached, details of any qualifications are attached/ will follow immediately they are available (delete one)			
6	The entity has a formally constituted audit committee.			
	Sign here.....			Date.....
	Director			16 MARCH 2017
	Print name.....			