

29 August 2022

ASX/PNGX | Announcement

ASX Markets Announcement Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Australia

PNGX Markets
Harbourside West Building
Unit 1B.02, Level 1, Stanley Esplanade
Down Town, Port Moresby 121
Papua New Guinea

BY ELECTRONIC LODGEMENT

1H 2022 - Consolidated Financial Statements

Please find attached for release to the market, Kina Securities Limited's (ASX:KSL | PNGX:KSL) *1H 2022 Consolidated Financial Statements*.

ENDS

This Announcement was authorised for release by Kina Securities Limited's Board of Directors.

For further information:

Samantha Miller
Executive General Manager Investor relations, Corporate Affairs and ESG
Email: Samantha.miller@kinabank.com.pg
Phone: +61 402 426 767

**KINA SECURITIES LIMITED
AND ITS SUBSIDIARIES**

CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

**CONTENTS OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022**

DIRECTORS' REPORT	1
INDEPENDENT AUDITOR'S REVIEW REPORT	2-3
DIRECTORS' DECLARATION	4
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	5
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	6
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	9-29

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2022

The Directors of Kina Securities Limited and its Subsidiaries ("the Group", "Company", "Kina") submit herewith the annual financial report of the Company and its Subsidiaries for the half year ended 30 June 2022.

Principal Activities

The principal continuing activities of the Company and its Subsidiaries during the half year were the provision of commercial banking and financial services (including asset financing, provision of commercial and personal loans, money market operations and corporate advice), fund administration, investment management services and share brokerage.

The Directors consider there are no unusual or other matters that warrant their comments and the Group's financial position and results from operations are properly reflected in these financial statements

Country of Incorporation

The Company was incorporated in Papua New Guinea on 14 October 1985 and has its principal place of business in Port Moresby, Papua New Guinea.

Registered Office

Its registered office is Level 9, Kina Haus, Douglas Street, Port Moresby, National Capital District, 121, Papua New Guinea.

Directors and Secretary

The names of the directors of the Company in office during the accounting period are:

I. Taureka, Chairman

A Carriline

G. Pawson, Managing Director and Chief Executive Officer

P. Hutchinson

K. Smith-Pomeroy

J. Thomason

I. Temu

The company secretary is C. Chopra.

Dividends

Dividends declared for the half year amounted to K 29,634,517 (and paid for the half year ended 31 December 2021 amounted to K 53,119,078).

Results

The operating profit attributable to equity holders for the half year for the Group was K 45,591,565 (2021: K 39,752,148).

Events subsequent to reporting date

Details of events subsequent to reporting date are outlined in note 29 in this Financial Report on page 29.

Signed at Port Moresby on behalf of the board on the 29th day of August 2022.


Mr Isikeli Taureka
Director and Chairman


Mr Greg Pawson
Managing Director and Chief Executive Officer

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2022



Deloitte Touche Tohmatsu
Deloitte Haus, Level 9
MacGregor Street
Port Moresby
PO Box 1275 Port Moresby
National Capital District
Papua New Guinea

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

Tel: +675 308 7000
Fax: +675 308 7001
www.deloitte.com/pg

Phone: +61 7 3308 7000
www.deloitte.com.au

Independent Auditor's Review Report to the shareholders of Kina Securities Limited

We have reviewed the accompanying half-year condensed interim consolidated financial report of Kina Securities Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed interim consolidated statement of financial position as at 30 June 2022, the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 4 to 29.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year condensed interim consolidated financial report in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. The directors' responsibility also includes such internal control as the directors determine is necessary for the preparation and fair presentation of the half-year condensed interim consolidated financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year condensed interim consolidated financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year condensed interim consolidated financial report is not presented fairly, in all material respects, in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. As the auditor of Kina Securities Limited, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2022



Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the condensed interim consolidated half-year financial report of Kina Securities Limited does not present fairly, in all material respects, the consolidated entity's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

A handwritten signature in black ink, appearing to read "David Rodgers".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "David Rodgers".

David Rodgers
Partner
Chartered Accountants
Registered Company Auditor in Australia

Brisbane, 29 August 2022

A handwritten signature in black ink, appearing to read "Benjamin Lee".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Benjamin Lee".

Benjamin Lee
Partner
Chartered Accountants
Registered under the Accountants Act, 1996

Port Moresby, 29 August 2022

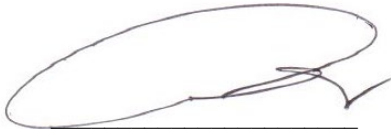
KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 30 JUNE 2022

The Directors declare that:

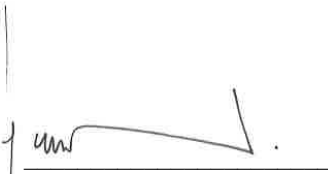
- in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- in the Directors' opinion, the attached condensed interim consolidated financial statements and notes thereto give a true and fair view of the financial position and performance of the Group in compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Mr Isikeli Taureka
Director and Chairman
Port Moresby


Mr Greg Pawson
Managing Director and Chief Executive Officer
Port Moresby

on the 29th day of August 2022.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE HALF YEAR ENDED 30 JUNE 2022

		Consolidated	
		Half Year 30 June	
		2022	2021
	Notes	Unaudited	Unaudited
Continuing operations		K'000	K'000
Interest income		110,506	99,636
Interest expense		(17,998)	(14,193)
Net interest income	3	92,508	85,443
Fee and commission income		54,231	40,371
Fee and commission expense		(23)	(7)
Net fee and commission income	4	54,208	40,364
Foreign exchange income		31,986	29,246
Dividend income		142	128
Net gain from financial assets at fair value through profit and loss		63	394
Other income	5	229	164
Operating income before impairment losses and other operating expenses		179,136	155,739
Expected credit losses on financial instruments at amortised cost	6.1	(2,017)	(4,358)
Administrative and operating expenses	7	(111,565)	(94,768)
Profit before tax		65,554	56,613
Income tax expense	8	(19,962)	(16,861)
Net Profit for the period attributable to the equity holders of the Company		45,592	39,752
Other comprehensive income		-	-
Total comprehensive income for the period attributable to the equity holders of the Company		45,592	39,752

	2022	2021
Earnings per share - basic (toea) (Note 20 (b))	15.9	13.9
Earnings per share - diluted (toea) (Note 20 (b))	15.8	13.8

The notes on pages 9 to 29 are an integral part of these condensed interim consolidated financial statements.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2022

Consolidated Attributable to the equity holders of the Group	Share Capital	Share Based Payment Reserve	Retained Earnings	Total
	K'000	K'000	K'000	K'000
Balance as at 31 December 2020	394,693	2,774	179,567	577,034
Profit for the period	-	-	39,752	39,752
Employee share scheme – vested rights	-	(3,379)	-	(3,379)
Employee share scheme – value of employee services	-	2,096	-	2,096
Dividend paid	-	-	(48,360)	(48,360)
Balance as at 30 June 2021	394,693	1,491	170,959	567,143
Profit for the period	-	-	31,058	31,058
Additional shares issued	-	-	-	-
Employee share scheme – vested rights	-	(98)	-	(98)
Employee share scheme – value of employee services	-	2,194	-	2,194
Dividend paid	-	-	(23,674)	(23,674)
Balance as at 31 December 2021	394,693	3,587	178,343	576,623
Profit for the period	-	-	45,592	45,592
Employee share scheme – vested rights	-	(499)	-	(499)
Employee share scheme – value of employee services	-	2,259	-	2,259
Dividend paid	-	-	(53,119)	(53,119)
Balance as at 30 June 2022	394,693	5,347	170,816	570,856

The notes on pages 9 to 29 are an integral part of these condensed interim consolidated financial statements.


KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		Consolidated	
		30 June 2022	31 December 2021
	Notes	Unaudited	Audited
		K'000	K'000
Assets			
Cash and due from banks	9	384,918	408,334
Treasury and Central bank bills	10	1,075,588	795,362
Regulatory deposits	11	249,195	212,874
Financial assets at fair value through profit and loss	12	11,715	11,652
Loans and advances to customers	13	2,053,116	1,950,447
Investments in government inscribed stocks	14	112,355	112,107
Current income tax assets		32	31
Deferred tax assets		20,574	16,988
Property, plant and equipment	15	85,203	90,467
Goodwill	16	92,786	92,786
Intangible assets	16	41,831	48,663
Other assets	19	47,231	45,947
Total Assets		4,174,544	3,785,658
Liabilities			
Due to other banks		7,063	4,701
Due to customers	17	3,391,676	3,036,921
Current income tax liabilities		26,094	11,697
Employee provisions		10,444	10,906
Lease Liabilities	18	46,511	48,851
Other liabilities	19	121,900	95,959
Total Liabilities		3,603,688	3,209,035
Net Assets		570,856	576,623
Shareholders' Equity			
Issued and fully paid ordinary shares	20a	394,693	394,693
Share-based payment reserve		5,347	3,587
Retained earnings		170,816	178,343
Total Equity		570,856	576,623

The notes on pages 9 to 29 are an integral part of these condensed interim consolidated financial statements.

These financial statements have been approved for issue by the Board of Directors and signed on its behalf by:



Mr Isikeli Taureka
Director and Chairman



Mr Greg Pawson
Managing Director and Chief Executive Officer

on the 29th day of August 2022.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2022

		Consolidated	
		30 June	30 June
		2022	2021
	Notes	Unaudited	Unaudited
		K'000	K'000
Cash flows from operating activities			
Interest received		96,107	99,270
Interest paid		(15,870)	(19,185)
Foreign exchange gain		31,986	29,246
Dividend received		142	128
Fee, commission and other income received		53,740	39,871
Fee and commission expense paid		(23)	(7)
Net trading and other operating income received		231	544
Recoveries on loans previously written-off		738	1,080
Cash payments to employees and suppliers		(90,492)	(83,870)
Income tax paid		(9,137)	(4,488)
Cash flows from operating profits before changes in operating assets		67,422	62,589
Changes in operating assets and liabilities:			
- net (increase) / decrease in regulatory deposits	11	(36,321)	(5,601)
- net (increase) in loans and advances to customers	13	(103,006)	(144,624)
- net decrease in other assets	19	(1,285)	1,752
- net increase in due to customers	17	352,626	212,268
- net increase/ (decrease) in due to other banks		2,363	(820)
- net increase/ (decrease) in other liabilities	19	24,574	18,698
Net cash flows from operating activities		306,373	144,262
Cash flows from investing activities			
Payments for purchase of property, equipment and software		(8,768)	(17,455)
Proceeds from sale of property and equipment		-	14
Net movement in investment securities		(340,985)	(44,039)
Net cash flows from investing activities		(349,753)	(61,480)
Cash flows from financing activities			
Dividend payment		(53,119)	(48,360)
Net cash flow from financing activities		(53,119)	(48,360)
Net increase in cash and cash equivalents		(96,499)	34,422
Effect of changes in the foreign exchange rates on cash and cash equivalents		(1,917)	110
Cash and cash equivalents at 1 January 2022 (1 January 2021)		568,334	400,147
Cash and cash equivalents at 30 June 2022 (30 June 2021)		469,918	434,679
Net cash generated during the six months ended 31 December 2021		-	133,655
Cash and cash equivalents at the end of the period 30 June 2022 (31 December 2021)	9	469,918	568,334

The notes on pages 9 to 29 are an integral part of these condensed interim consolidated financial statements.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

1. Significant accounting policies

The Company and its subsidiaries are incorporated in Papua New Guinea. The Groups business activities include provision of banking services, personal and commercial loans, money market operations, provision of share brokerage, fund administration, investment management services, asset financing, and corporate advice.

The company is listed on Papua New Guinea's National Stock Exchange (**PNGX**) and the Australian Securities Exchange (**ASX**). The address of its operational office is Level 9, Kina Haus, Douglas Street, Port Moresby, National Capital District, 121, Papua New Guinea.

a) Statement of compliance

These condensed interim consolidated financial statements of Kina Securities Limited and its subsidiaries ("the **Group**") have been prepared in accordance with IAS 34: *Interim Financial Reporting*. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial statements.

These condensed interim consolidated financial statements have been reviewed, not audited. They were approved for issue by the Board of Directors on 29 August 2022.

b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

c) Impact of COVID-19 and other economic uncertainties

The domestic environment sees new macroeconomic challenges that have broad implications for the financial sector and the economy as a whole. The most prominent of these is COVID-19 which continues to presents challenges for investment, economic activity, aggregate demand, and places a strain on the government's fiscal and monetary operations. In addition the Group recognises the impact of emerging risks including rising inflation and interest rates in PNG and globally.

The Group has carefully considered the impact of COVID-19 and other emerging risks in preparing its condensed interim financial statements for the period ended 30 June 2022, particularly in areas involving critical accounting estimates and judgements including:

Expected credit losses on financial assets

The Group has considered the available forward looking macroeconomic information in estimating expected credit losses on financial assets and included adequate overlays commensurate with economic uncertainties.

Provision for impairment of non-current assets

The Group has assessed non-current assets including goodwill for indicators of impairment. In doing so, the Group specifically considered the impact of inflation and interest rate rises on profitability and credit risk and concluded that given current information, there were no impairment indicators.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2022

1. Significant accounting policies (continued)

d) Accounting policies and disclosures

The accounting policies and methods of computation adopted are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 31 December 2021. The accounting policies are consistent with International Financial Reporting Standards.

2. Critical accounting estimates and judgments

The preparation of interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021 except as disclosed otherwise. Key estimates used in preparation of consolidated financial statements for the year ended 31 December 2021 and this interim financial information are as follows:

- Significant increase in credit risk;
- Recognition of deferred tax asset for carried forward tax losses;
- Estimated allowance for loans and advances to customers;
- Estimated goodwill impairment; and
- Estimated useful life of intangible asse

3. Net interest income

	Consolidated	
	30 June	30 June
	2022	2021
	Unaudited	Unaudited
	K'000	K'000
Interest income		
Cash and short-term funds	28,173	22,032
Investment in government inscribed stocks	6,310	6,470
Loans and advances to customers	76,023	71,134
	110,506	99,636
Interest expense		
Banks and customers	(17,998)	(14,193)
Net interest income	92,508	85,443

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

4. Net fee and commission income

	Consolidated	
	30 June	30 June
	2022	2021
	Unaudited	Unaudited
	K'000	K'000
Investment and portfolio management	5,000	4,809
Fund administration	10,906	10,392
Shares brokerage	1,303	572
Loan fees and bank commissions	9,970	10,421
Digital banking fees	18,369	9,560
ATM and other transaction fees	8,683	4,618
	54,231	40,371
Fee and commission expenses	(23)	(7)
Net fee and commission income	54,208	40,364

5. Other operating income

	Consolidated	
	30 June	30 June
	2022	2021
	Unaudited	Unaudited
	K'000	K'000
Other income	229	164
Other Operating Income	229	164

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

6. Expected credit losses on financial instruments at amortised cost

6.1 Movement in expected credit loss (“ECL”) by class of financial instrument

Table below summarises the movement in expected credit loss (ECL) during the period by class of financial assets on which ECL has been recognised:

	Balance at 01 January 2022	ECL recognised during the period	Write- offs	Recoveries	Balance at 30 June 2022	Balance at 01 January 2021	ECL recognised during the period	Write- offs	Recoveries	Balance at 31 December 2021
Loss allowance by classes	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Loans and advances to customers at amortised cost	38,100	2,014	-	738	40,852	35,345	6,555	(5,550)	1,750	38,100
Investments in government inscribed stocks at amortised cost	1,639	3	-	-	1,642	1,674	9	(44)	-	1,639
Other financial assets	3,990	-	-	-	3,990	4,038	-	(48)	-	3,990
Total	43,729	2,017	-	738	46,484	41,057	6,564	(5,642)	1,750	43,729

6.2 Movement in expected credit loss by stage

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. On the basis of whether there is a significant increase in credit risk, the Group classifies the exposures into following stages:

- Stage 1** These exposures are regarded as performing loans and lower loss rates are applied in determining the ECL representing ECL equivalent to 12 months expected losses.
- Stage 2** Exposures are classified as Stage 2 if credit rating has worsened since initial recognition or if the facility is overdue by specified number of days.
- Stage 3** Stage 3 exposures are considered in default in accordance with the definition of default above.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

6.2 Movement in expected credit loss by stage (continued)

The table below analyses the movement of the loss allowance during the period per class of assets except for those where there have been no significant movement in the ECL since prior year or where no ECL is recognised:

Loss allowance – Loans and advances to customers at amortised cost	30 June 2022					31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000			K'000	K'000	K'000		
Loss allowance, beginning	14,368	8,062	15,670	-	38,100	12,058	19,777	3,510	-	35,345
Changes in the loss allowance										
- Transfer to stage 1	3,465	(2,743)	(722)	-	-	637	(616)	(21)	-	-
- Transfer to stage 2	(1,096)	1,359	(263)	-	-	(3,436)	3,453	(17)	-	-
- Transfer to stage 3	(389)	(4,646)	5,035	-	-	(209)	(4,240)	4,449	-	-
- Write-offs	-	-	-	-	-	-	(4,703)	(766)	-	(5,469)
New financial assets originated or purchased	10,368	3,300	3,614	-	17,282	22,052	8,751	11,627	-	42,430
Financial assets that have been derecognised	(7,704)	(622)	(6,204)	-	(14,530)	(16,734)	(14,360)	(3,112)	-	(34,206)
Loss allowance, ending	19,012	4,710	17,130	-	40,852	14,368	8,062	15,670	-	38,100

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

6.3 Movement in gross carrying amounts of financial assets at amortised cost

Loans and advances to customers at amortised cost	30 June 2022					31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Gross carrying amount, beginning	1,722,216	76,757	174,684	14,890	1,988,547	1,417,091	184,262	29,673	19,050	1,650,076
Changes in the gross carrying amount										
- Transfer to stage 1	47,183	(32,956)	(14,227)	-	-	39,492	(39,106)	(386)	-	-
- Transfer to stage 2	(51,205)	60,759	(9,554)	-	-	(70,073)	70,901	(828)	-	-
- Transfer to stage 3	(9,939)	(27,996)	37,935	-	-	(6,279)	(34,912)	41,191	-	-
- Write-offs	-	-	-	-	-	-	(4,704)	(766)	-	(5,470)
New financial assets originated or purchased	278,504	2,218	5,528	-	286,250	646,922	22,163	108,026	912	778,023
Financial assets that have been derecognised	(160,469)	(6,122)	(14,162)	(76)	(180,829)	(304,937)	(121,847)	(2,226)	(5,072)	(434,082)
Gross carrying amount, ending	1,826,290	72,660	180,204	14,814	2,093,968	1,722,216	76,757	174,684	14,890	1,988,547

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

6.3 Movement in gross carrying amounts of financial assets at amortised cost (continued)

An analysis of the Group's **credit risk exposure per class of financial asset and "stage"** without taking into account the effects of any collateral or other credit enhancements is provided in the following table. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	30 June 2022					31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Cash and due from banks	384,918	-	-	-	384,918	408,334	-	-	-	408,334
Treasury and central bank bills	1,075,588	-	-	-	1,075,588	795,362	-	-	-	795,362
Regulatory deposits	249,195	-	-	-	249,195	212,874	-	-	-	212,874
Loans and advances	1,826,290	72,660	180,204	14,814	2,093,968	1,722,216	76,757	174,684	14,890	1,988,547
Investment in government inscribed stocks	113,997	-	-	-	113,997	113,746	-	-	-	113,746
Other financial assets	51,221	-	-	-	51,221	49,937	-	-	-	49,937
Bank guarantees	56,107	-	-	-	56,107	46,829	-	-	-	46,829
Total gross carrying amount	3,757,316	72,660	180,204	14,814	4,024,994	3,349,298	76,757	174,684	14,890	3,615,629
Loss allowance	(24,644)	(4,710)	(17,130)	-	(46,484)	(19,997)	(8,062)	(15,670)	-	(43,729)
Net carrying amount	3,732,672	67,950	163,074	14,814	3,978,510	3,329,301	68,695	159,014	14,890	3,571,900

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

6.4 Days past due status of loans and advances

The table below provides an analysis of the gross carrying amount of loans and advances to customers in **arrear days**.

	30 June 2022		31 December 2021	
	Gross carrying amount K'000	Loss allowance K'000	Gross carrying amount K'000	Loss allowance K'000
Loans and advances to customers				
1-29 days	1,827,129	19,154	1,723,513	15,114
30-59 days	53,742	3,206	57,194	6,039
60-89 days	19,072	1,601	19,908	2,050
90-179 days	45,957	3,142	75,359	5,174
More than 179 days	148,067	13,749	112,574	9,723
Total	2,093,968	40,852	1,988,547	38,100

7. Other operating expense

	Consolidated	
	30 June 2022 Unaudited K'000	30 June 2021 Unaudited K'000
Staff costs	43,952	39,819
Administrative expenses	29,447	25,538
Depreciation and amortisation (note 15 & 16)	19,888	17,119
Operating lease	2,579	2,992
Software maintenance and support charges	3,740	2,592
Auditor's remuneration	811	612
Other	11,148	6,096
	111,565	94,768

Other Expenses include non lending losses and GST Expenses amounting to K1,151,644 and K2,950,144 respectively.

As at 30 June 2022, the Group had 679 (2021: 685) employees.

8. Income tax

Income tax is recognise based on management estimate of the effective annual income tax rate expected for the full financial year adjusted for the estimated non-deductible and taxable items during the period.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

9. Cash and due from banks

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
Cash on hand	163,090	115,451
Exchange settlement account	100,741	123,895
Due from other banks	121,087	168,988
Cash and due from banks	384,918	408,334
Central bank bills	85,000	160,000
Cash and cash equivalents	469,918	568,334

10. Treasury and Central bank bills

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
Central bank and treasury bills		
Less than 90 days	270,000	160,000
Over 90 days	825,990	670,000
Unearned discount	(20,402)	(34,638)
	1,075,588	795,362

Central bank bills are debt securities issued by the Bank of Papua New Guinea (BPNG). A total of K85m (2021: K160m) with a maturity term of one to three months from the date of purchase are classified as cash and cash equivalents. Central bank bills are measured at amortized cost.

11. Regulatory deposits

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
Regulatory deposits	249,195	212,874

Bank of Papua New Guinea requires a minimum cash reserve requirement of 7% against the average deposit liabilities.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

12. Financial assets at fair value through profit or loss

Fair value of listed investments are measured based on the quoted market prices and unlisted investments are measured using future maintainable earnings method.

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
Equity Securities		
- Listed	5,089	5,036
- Unlisted	6,626	6,616
	11,715	11,652

The movement in financial assets at fair value through profit or loss is reconciled as follows:

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
Balance at beginning of the year	11,652	10,682
Gains/(losses) from changes in fair value	63	817
Additions	-	153
Balance at end of the year	11,715	11,652

13. Loans and advances to customers

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
Loan to individuals	590,314	577,417
Loan to corporate entities	1,503,654	1,411,130
Gross loans and advances to customers	2,093,968	1,988,547
Expected credit losses	(40,852)	(38,100)
	2,053,116	1,950,447

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

13. Loans and advances to customers (continued)

Details of gross loans and advances to customers are as follows:

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
Overdrafts	94,393	78,489
Property mortgage	588,048	547,260
Asset financing	52,639	30,293
Business and other loans	1,358,888	1,332,503
	2,093,968	1,988,547

14. Investments in government inscribed stocks

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
GIS principal	115,000	115,000
Unamortised premium	118	170
Unamortised discount	(3,686)	(4,048)
Accrued interest	2,565	2,624
	113,997	113,746
Expected credit losses	(1,642)	(1,639)
	112,355	112,107

The movement in investments in government inscribed stocks is as follows:

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
Balance at beginning of year	112,107	114,519
Additions/(Maturities)	-	(3,000)
Accrued interest	(59)	598
Amortised premium / (discount)	310	(45)
Expected credit loss (recognised) / reversed during the period	(3)	35
	112,355	112,107

Investments in government inscribed stocks are measured at amortised cost.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022**

15. Property, plant and equipment

	Note	Consolidated	
		30 June 2022 Unaudited K'000	31 December 2021 Audited K'000
Property and equipment owned	15.1	44,835	47,153
Right of use assets	15.1	40,368	43,314
		85,203	90,467

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

15.1 Property, plant and equipment

Consolidated	Furniture & Fittings	Building improvements	Motor Vehicles	Office Equipment	Land & Building	Work in Progress	Right- of-use assets	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Cost								
Balance 31 December 2020	4,810	18,578	5,627	43,034	2,129	1,074	63,503	138,755
Additions	-	4,214	164	8,158	-	1,229	12,060	25,825
Disposals	-	-	(951)	-	-	-	(4,056)	(5,007)
Transfer in (out)	-	-	-	72	-	(72)	-	-
Balance 31 December 2021	4,810	22,792	4,840	51,264	2,129	2,231	71,507	159,573
Additions	-	-	10	1,157	-	1,302	3,407	5,876
Disposals	-	-	-	-	-	-	-	-
Transfer in (out)	-	-	-	-	-	-	-	-
Balance 30 June 2022	4,810	22,792	4,850	52,421	2,129	3,533	74,914	165,449
Accumulated depreciation								
Balance 31 December 2020	(2,489)	(5,712)	(3,514)	(20,718)	-	-	(20,048)	(52,481)
Charge during the year	(667)	(2,300)	(1,159)	(5,262)	-	-	(11,559)	(20,947)
Disposals	-	-	908	-	-	-	3,414	4,322
Balance 31 December 2021	(3,156)	(8,012)	(3,765)	(25,980)	-	-	(28,194)	(69,106)
Charge during the year	(304)	(1,214)	(437)	(2,833)	-	-	(6,352)	(11,140)
Disposals	-	-	-	-	-	-	-	-
Balance 30 June 2022	(3,460)	(9,226)	(4,202)	(28,813)	-	-	(34,546)	(80,246)
Book value 30 June 2022	1,350	13,566	648	23,608	2,129	3,533	40,368	85,203
Book value 31 December 2021	1,654	14,780	1,076	25,284	2,129	2,231	43,313	90,467

16. Intangible assets

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

Consolidated	Software	Customer deposits relationship	Work in progress	Total
	K'000	K'000	K'000	K'000
Cost				
Balance 31 December 2020	42,785	22,468	10,972	76,225
Additions	1,154	-	13,512	14,666
Transfer in (out)	15,136	-	(15,136)	-
Balance 31 December 2021	59,075	22,468	9,348	90,891
Additions	2,272	-	2,346	4,618
Transfer in (out)	1,421	-	(3,936)	(2,516)
Balance 30 June 2022	62,768	22,468	7,758	92,994
Accumulated amortisation				
Balance 31 December 2020	(15,071)	(11,705)	-	(26,776)
Charges during the period	(9,223)	(6,229)	-	(15,452)
Balance 31 December 2021	(24,294)	(17,934)	-	(42,228)
Charges during the period	(5,820)	(3,115)	-	(8,935)
Balance 30 June 2022	(30,114)	(21,049)	-	(51,163)
Book value 30 June 2022	32,654	1,419	7,758	41,831
Book value 31 December 2021	34,781	4,534	9,348	48,663

Customer deposits relationship was recognised when the ANZ SME and Retail Business acquisition on 23 September 2019 was made. The value was derived on the present value of the expected benefit from existing funds coming from depositors. The intangible asset was estimated to have a useful life of five years based on the expected length of the customer deposits relationship.

On 30 September 2015, the Group, through Kina Ventures Limited, a 100% owned subsidiary of Kina Securities Limited, acquired all of the shares in Maybank (PNG) Limited and Maybank Property (PNG). Maybank (PNG) and Maybank Property (PNG) are the PNG subsidiaries of Malaysia's largest bank. The acquisition strengthened Kina Securities' investment in PNG as it was an excellent fit for its then expansion program.

The goodwill arising on this acquisition was recorded at K92,786,000. The goodwill was attributable to Maybank (PNG) Limited's strong position and synergies expected to arise after the Group's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes.

17. Due to customers

	Consolidated 30 June 2022 Unaudited K'000	31 December 2021 Audited K'000
Corporate customers	2,671,498	2,356,300
Retail customers	720,178	680,621
	3,391,676	3,036,921

18. Lease liabilities

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

Details of associated lease liabilities recognised in respect of the right of use assets are presented below:

	30 June 2022	31 December 2021
	K'000	K'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	13,252	14,365
One to five years	34,484	34,327
More than five years	8,063	10,430
Total undiscounted lease liabilities at 30 June 2022	55,799	59,122
Lease liabilities included in statement of financial position at 30 June 2022		
Current	13,340	14,409
Non-current	33,171	34,442
	46,511	48,851
Amounts recognised in statement of comprehensive income		
Interest on lease liabilities	1,840	3,752
Expense relating to short-term leases	2,911	7,061
	4,751	10,813
Amounts recognised in statement of cash flows		
Total cash outflow for leases	10,427	20,130

Total cash flows for leases is recorded under Cash payments to employees and suppliers in the statement of cash flows

19. Other Assets and Other Liabilities

	Consolidated	
	30 June 2022	31 December 2021
	Unaudited	Audited
	K'000	K'000
Prepayments	3,314	5,684
Security deposits and bonds	9,133	5,545
Other debtors	38,774	38,708
Total Other Assets	51,221	49,937
Less: expected credit loss	(3,990)	(3,990)
Total Other Assets	47,231	45,947

19. Other Assets and Other Liabilities (continued)

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

Movement of expected credit loss on other assets is as follows

	Consolidated	
	30 June 2022	31 December 2021
	Unaudited	Audited
	K'000	K'000
Balance at beginning of year	3,990	4,038
Write-off during the year	-	(48)
Balance at end of the year	3,990	3,990

	Consolidated	
	30 June 2022	31 December 2021
	Unaudited	Audited
	K'000	K'000
Accruals	7,446	13,971
Unclaimed money and stale cheques	14,636	13,380
Bank cheques	21,860	7,943
Accounts payable	1,483	2,324
Unearned commission income	987	1,309
Lease incentive payable	3,733	4,083
Advance payments	43,327	31,528
Other liabilities	28,427	21,421
Total Other Liabilities	121,900	95,959

20. Issued and paid ordinary shares

a. Share capital

The Company does not have authorised capital and all ordinary shares have no par value.

	Number of shares	Share capital
	'000	K'000
Ordinary shares		
Balance at 31 December 2021	286,936	394,693
Share issued during the period	-	-
Balance at 30 June 2022	286,936	394,693

b. Earnings per share (EPS)

Basic earnings per ordinary share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period. The group has dilutive potential ordinary shares in the form of performance rights issued to senior management. However, it does not have any material impact on the EPS calculation. Consequently, basic earnings per ordinary share equals diluted earnings per share.

20. Issued and paid ordinary shares (continued)

b. Earnings per share (EPS) (continued)

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

	Consolidated	
	30 June	30 June
	2022	2021
	Unaudited	Unaudited
Net profit attributable to shareholders	45,592	39,752
Weighted average number of ordinary shares basic earnings	286,936	286,936
Weighted average number of ordinary shares diluted earnings	288,245	288,226
Basic earnings per share (in toea)	15.9	13.9
Diluted earnings per share (in toea)	15.8	13.8

c. Share-based payment reserve

In July 2015, after the Company was listed on the Australian Securities Exchange and Port Moresby Stock Exchange, Kina established various incentive arrangements to assist in the attraction, motivation and retention of management and its employees. Share options were granted to the Managing Director & Chief Executive Officer (“CEO”) and other senior executive employees. These included a short term incentive plan (“STI Plan”), long term incentive plan (“LTI Plan”) and retention plan (“RI Plan”), established under the *Kina Performance Rights Equity Incentive Plan*. The share based payment expense recognised for the period ended 30 June 2022 is K 2,259,966(2021: K 2,095,914). Current provision in the reserve account is sufficient.

21. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or where there are common directors and shareholders. Kina Securities Limited (incorporated in Papua New Guinea), is the parent entity of the Group, which owns 100% of the ordinary shares of its subsidiaries, unless otherwise stated.

A number of banking transactions are entered in with related parties in the normal course of business. These include loans, deposits and foreign currency transactions and provision of certain services to the Group by companies where there is common directorship. These transactions are carried out on normal commercial terms and at normal market rates.

From time to time during the year, Directors and Senior Management of the Parent and subsidiaries have deposits in Kina Securities Limited accounts on normal terms and conditions. Brokerage rates for buying and selling shares for the Senior Management and staff are discounted.

Total remunerations (including benefits) paid to key management personnel during the period:

	Consolidated	
	30 June	30 June
	2022	2021
	Unaudited	Unaudited
	K'000	K'000
Salary	4,936	4,919
Benefits	6,117	3,496
	11,053	8,415

The benefits included vested rights related to equity options with a total of K 499,296 (30 June 2021: K 3,379,348)

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

22. Investment under trust

The Group acts as trustee holding or placing of assets on behalf of superannuation funds and individuals. These assets are not assets of the Group and, therefore, are not included in its Consolidated Statement of Financial Position (**balance sheet**). The Group is also engaged in investing client monies. A corresponding liability in respect of these monies are also excluded from the balance sheet. Investments under trust at balance sheet are:

	Consolidated	
	30 June	31 December
	2022	2021
	Unaudited	Audited
	K'000	K'000
Clients funds held for shares trading	9,194	4,200
	9,194	4,200

23. Segment reporting

The segment information provided to the Managing Director and Chief Executive Officer for the reportable segments for the period ended 30 June 2022 is as follows:

	Banking & Finance	Wealth Management	Total
	K'000	K'000	K'000
Interest income	110,571	(65)	110,506
Interest expense	(17,998)	-	(17,998)
Foreign exchange income	31,953	33	31,986
Fee and commission income	37,726	16,482	54,208
Other revenue	(277)	(2,146)	(2,423)
Total external income	161,975	14,304	176,279
Other operating expenses	(83,283)	(5,537)	(88,820)
Provision for impairment	(1,971)	(46)	(2,017)
Depreciation and amortisation	(19,888)	-	(19,888)
Total external expenses	(105,142)	(5,583)	(110,725)
Profit before inter-segment revenue and expenses	56,833	8,721	65,554
Inter-segment income	2,142	-	2,142
Inter-segment expenses	-	(2,142)	(2,142)
Profit before tax	58,975	6,579	65,554
Income tax expense	(17,357)	(2,605)	(19,962)
Profit after tax	41,618	3,974	45,592
Total assets	4,121,520	53,024	4,174,544
Total liabilities	(3,599,278)	(4,410)	(3,603,688)

Banking and finance segments includes the operations of the Kina Bank while Wealth Management includes fund management and fund administration business. The section for Corporate is nil as the entities have been amalgamated into Banking.

23. Segment reporting (continued)

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

The segment information provided to the Managing Director and Chief Executive Officer for the reportable segments for the period ended 30 June 2021 is as follows:

	Banking & Finance	Wealth Management	Total
	K'000	K'000	K'000
Interest income	99,559	77	99,636
Interest expense	(14,193)	-	(14,193)
Foreign exchange income	29,540	(294)	29,246
Fee and commission income	25,132	15,232	40,364
Other revenue	175	511	686
Total external income	140,213	15,526	155,739
Other operating expenses	(73,461)	(4,188)	(77,649)
Provision for impairment	(4,352)	(6)	(4,358)
Depreciation and amortisation	(17,119)	-	(17,119)
Total external expenses	(94,932)	(4,194)	(99,126)
Profit before inter-segment revenue and expenses	45,281	11,332	56,613
Inter-segment income	1,777	-	1,777
Inter-segment expenses	(21)	(1,756)	(1,777)
Profit before tax	47,037	9,576	56,613
Income tax expense	(14,153)	(2,708)	(16,861)
Profit after tax	32,884	6,868	39,752
Total assets	3,514,614	17,832	3,532,446
Total liabilities	(2,936,336)	(28,967)	(2,965,303)

The section for Corporate segment has been amalgamated into Banking & Finance.

24. Contingent liabilities

Litigations and claims

Contingent liabilities exist in respect of actual and potential claims and proceedings that have not been determined. An assessment of the Group's likely loss has been made on a case-by-case basis for the purposes of the financial statements and specific provisions are made where appropriate. As at 30 June 2022, the Group is a party to some litigation before the courts, however, management does not believe these will result in any material loss to the Group. There was no litigation matter of a material nature provided for in the consolidated financial statements.

Other contingent liabilities

The Bank guarantees the performance of customers by issuing guarantees to third parties. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers, therefore these transactions are subject to the same credit origination, portfolio maintenance and collateral requirements applied to customers applying for loans. As the facilities may expire without being drawn upon, the notional amount does not necessarily reflect future cash requirements. The credit risk of these facilities may be less than the notional amount but as it cannot be accurately determined, the credit risk has been taken as the contract notional amount.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2022

24. Contingent liabilities (continued)

	Consolidated	
	30 June 2022	31 December 2021
	Unaudited	Audited
	K'000	K'000
Bank Guarantee	56,107	46,829

25. Capital commitments

There was a total of K 3,444,606 relating to commitments under contracts for capital expenditure at reporting date (31 December 2021: K 3,822,580).

26. Fair value estimation

There is no material difference between the fair value and carrying value of the Group's financial assets and liabilities.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (**Level 2**).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (**Level 3**).

The following table presents the Group's assets and liabilities that are measured at fair value at;

30 June 2022

Assets	Level 1	Level 2	Level 3	Total
	K'000	K'000	K'000	K'000
Financial assets at fair value through profit or loss				
- Investment in shares – Listed	5,089	-	-	5,089
- Investment in shares – Unlisted	-	-	6,626	6,626
Total assets	5,089	-	6,626	11,715

31 December 2021

	Level 1	Level 2	Level 3	Total
	K'000	K'000	K'000	K'000
Financial assets at fair value through profit or loss				
- Investment in shares – Listed	5,036	-	-	5,036
- Investment in shares – Unlisted	-	-	6,616	6,616
Total assets	5,036	-	6,616	11,652

Unlisted investments are classified as Level 3. There is no material movement in value of unlisted investments since the last reporting period.

27. Financial risk factors

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

The Group's activities expose it to variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all the financial risk management information and disclosure required in the annual financial statements. They should read in conjunction with the Group's annual financial statements at 31 December 2021. There have not been any material changes in the risk management department or in any risk management policies since the year-end.

28. Liquidity risk

Compared to year-end, there was no material change in the contractual undiscounted cash flows for financial liabilities.

29. Events after the balance sheet date

Declaration of dividend

Subsequent to the financial reporting date, the directors declared a dividend of AUD 4.10 cents / PGK 10.30 toea per share (PGK 29.63 million) payable to stockholders on 4 October 2022.