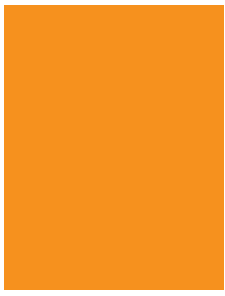




building your future...

annual **report** 2013



2013 highlights

financial results

An outstanding result in a challenging investment climate

- After tax net return K410 million
- Net assets increased to K4.3 billion, up nearly half a billion Kina from 2012
- Interest of 11.25% credited to Members' accounts, representing a real return of 6.55%
- Interim interest rate of 3% declared for Members leaving the Fund in 2013, highest of all PNG-based super funds
- Employer contributions of K413m, benefit payments of K299m leaving a net organic growth of K115m for investment in 2013.
- 8,399 members made voluntary contributions of K24m

asset management

Diversification strategy again proven effective

- International Equities thrived
- Property was the only sector that made a loss
 - Low vacancy rates
 - Increase in rental income
 - Significant reduction in rental arrears

retirement savings account (RSA)

- Membership grew to 2741 with balance of funds totaling K107m as at December 2013 (up 11% from end of 2012)
- 179 exiting super fund Members rolled over entitlements into the RSA during 2013
- Average account balance in the RSA at the end of 2013 was K36,100

member services

Continuing growth in membership

- 139,075 Members at 31 December 2013 (up 5.6% from 2012)
- Average Member account K26,260, again the highest of all PNG-based super funds
- 298 Employer Members (189 from the private sector and 109 from the public sector)

Ongoing focus on Member access and communications

- NSL moved into a new office location in Lae at the IPI building with a modern look and feel to serve our members better. In our ongoing focus to improve member services, NSL:
 - engaged with members and employers throughout the country educating them of our products and services including induction to NSL branch staff,
 - increased number of members registered on SMS service to 13,500 and 8,400 members, making voluntary contributions,
 - cleared K0.63m of negative contributions; and
 - removed all accounts with zero balances.

nambawan super savings & loan society (NSLS)

- Strong growth marks second full year of operation
- 8,256 Members at end 2013 (up from 5,242 in 2012)
- Total funds on deposit K17.8 million (up from K10.7 million)
- Total assets of K18.4m, up from K7.6m
- Total loans to Members K2 million (up from K927,000.00)

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mission, vision & corporate values

Vision

Long kamap Nambawan fren bilong yu na pamili; halivim, strongim na lukautim moni gaden bilong yu nau na bihain

Mission

To provide financial security for our members and their families.

Corporate Values

Our corporate values shape our policies, guide our actions and underpin our respect for our Members.

Innovation - Constantly seeking out new and innovative ways to manage our operations and fully meet Members' needs.

Accountability - Taking responsibility for what we do and say.

Team Work - Working together in the knowledge and understanding that collectively our decisions and actions can make a difference.

Transparency - Ensuring that our decisions are guided by policies fully endorsed and accepted by our Members.

Professionalism - Committing to continuously improving, learning and applying world's best practice in whatever we do.

Integrity - Engendering fairness, honesty and respect for others and upholding the principles of good governance.

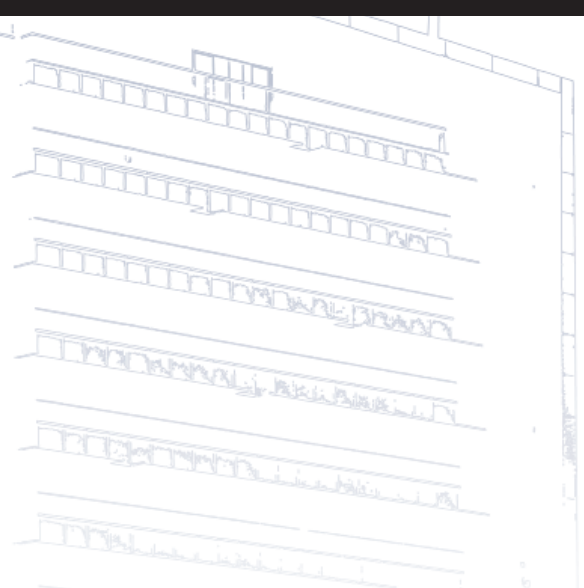
Our Key Competencies are:

Operational - Effectively planning, managing, implementing and monitoring the Fund's internal and external processes and systems including our business relationships.

Special Assets - Maximising the value of our tangible and non-tangible assets to provide a competitive advantage including adding value to the overall performance of the Fund.

Supporting Change & Growth - Adopting organisational management principles which are conducive to allow niche growth opportunities.

Relationship Management - Maintaining strong strategic partnerships to optimise growth opportunities, including challenges to pursue long term objectives of the Fund.



Front Cover features: Holiday Inn Suites, Vulupindi Annex Building, Vulupindi Annex Building, Oil Search Haus, Kemas Building, Marketing Oil Search Haus, Marketing Oil Search Haus, Holiday Inn Express

chairman's statement

ANTHONY SMARE | Acting Chairman

On behalf of the board I would like to present you our 2013 annual report. Nambawan Super aims to protect and maximise the superannuation benefits for its Members. Our commitment to this mission lays the groundwork for us to build the Next Generation Nambawan Super.

As reported as reported in our financial statement, our net return in 2013 was K410m. This was K61 million (18%) higher than 2012. The value of the Fund's Net Assets increased from K3.7 billion in 2012 to K4.3 billion in 2013 representing an increase of 14%. The Fund's investment portfolio increased to K3.9 billion, an increase of K419 million.

The results confirm the effectiveness of Nambawan Super's controlled investment strategy and is a very pleasing result the existing economic climate. The result also endorses the effectiveness of Nambawan Super's objective of "providing an after tax return of at least +2% above CPI with negative returns in no more than one in five years".

The investment returns achieved across the portfolio during 2013 demonstrate why a range mix of assets, wisely selected and carefully monitored, is a sensible strategy for a superannuation fund. When making investment decisions, we take into account that at any one time the different asset classes are in different positions on their economic cycles - some up, others down. In terms of income, the solid returns produced from domestic listed and unlisted equities (shares) and strong commercial property rentals counteracted lower interest rates and declining residential income. This validate

our decision that diversification is a sound investment strategy, confirming the value of holding both income producing and capital growth assets in the Fund's portfolio. I invite you to refer to the Investment Manager's Statement in this Report for more detail about the performance of the Nambawan Super Fund portfolio.

Nambawan Super will be making sure that the investment portfolio is as safe as it can be by increasing the allocation to safer assets (defensive assets) like PNG government bonds. The effect of this strategy is that Nambawan Super Limited will get safer returns and at lower cost, since bonds are cheaper to manage than shares or property.

By the end of 2013 PNG-based assets represented about 80% of the total portfolio. By investing locally our country also benefits now and into the future, through employment growth, capacity development, wealth creation and the retention of capital.

Nambawan Super is also a strong supporter of the National Government's policy on financial inclusion. We want to see as many people as possible with access to quality financial services - deposit accounts, loans, superannuation - regardless of where they live or work in PNG. So it is very



pleasing for us to see an increase in the number of Fund Members. By the end of 2013 our employed Members rose from 131578 in 2012 to 139075 in 2013, an increase of more than 5%.

It is also good to see the increase in voluntary contributions made by Members over the course of 2013. Voluntary contributions increased to K 24 m (73%) from 2012. It pleases me to note that again there is a marked increase in the number of people making Voluntary Contributions to boost their account balances, which will help them achieve a more comfortable retirement lifestyle. Your employer may not be obliged to make super contributions if there are less than 15 employees. However if you are an employee in this situation we encourage that you look after your own best interests by joining the Fund and make voluntary contributions.

In the Retirement Savings Account (RSA) gross savings grew by 11.2% from K99.1 million at the end of 2012 to K99.1 million at the end of 2013. Membership of the RSA grew 7% from 2,562 at the end of 2012 to 2,741 by the end of 2013.

chairman's statement

One of our key objectives is to give members the knowledge and the tools they need to take control of your own super, and to recognise the role Super plays in shaping your life after work. With this in mind I am pleased to note another year of membership growth in both the Super Fund and the RSA.

In late 2003 the Board announced restructures in the organisational structure. This restructure was done to ensure that the Fund upscale its capability to grow its own internal investment management and oversight capability and also capability to improve its services and product range for its members.

Among some of the changes in 2013 we appointed a new CEO, Garry Tunstall. With his experience in Papua New Guinea, we believe his appointment will enable Nambawan Super to continue to strengthen the services and features we offer to you. Mr. Tunstall brings on board solid leadership, capabilities and significant expertise in banking and finance.

On behalf of your Board I would like to express sincere thanks to all service providers, the dedicated Nambawan Super staff led by Chief Executive Officer Garry Tunstall, who have all worked hard to produce the outstanding results achieved in the year ended 31 December 2013, and last but not least, the Directors of the Board.

Anthony Smare

Interim Chairman of Board

board of directors



Professor Albert Mellam



Mr Leon Buskens



Professor David Kavanamur



Mr Anthony Smare



Sir Nagora Bogan

corporate governance

Nambawan Super (“the Fund”) is a defined contribution fund (accumulation fund), approved under the Superannuation General Provisions Act 2000. The Fund is governed by the Board of Directors of Nambawan Super Limited, the Fund’s Corporate Trustee (“the Trustee”).

The Fund exists to invest amounts contributed by or on behalf of Members for their retirement. It has no purpose other than to serve the interests of its membership.

The Trustee’s primary responsibility to Fund Members is to ensure the Fund is run according to the principles of good governance. To achieve this objective, the Board implements five key governance principles across the entire operation of the Trustee and the Fund. These principles are compliance with the law, effective leadership, integrity, accountability, risk management.

Nambawan Super is an authorised superannuation fund (ASF), regulated and monitored by the Bank of Papua New Guinea (BPNG) and subject to Prudential Standards released by BPNG from time to time.

The BPNG Superannuation Prudential Standard 7/2012 Corporate Governance was implemented on 1 January 2013. However, given the difficulties faced by most Licenced Trustees to comply with PS 7/2012 by December 2013, BPNG extended the full implementation to 31 December 2014. The PS 7/2012, which all ASFs have to comply with from 1 January 2014, sets our specific requirements for Board Structure as well as Board responsibilities including investment, risk management and remuneration for License Holders and its officers to ensure that Licence Holders are prudently managed and that reasoned, informed and impartial decisions are made in the best interest of the members of ASF’s.

The Audit & Risk Committee is a committee of the Board and functions as an independent reviewer, working with the Board and the stakeholders to provide an objective appraisal of the financial and operational activities of Nambawan Super Limited. The Committee provides the Board with information necessary for them to fulfil their responsibilities in making informed financial and operational decisions in the best interest of the Company and its members.

As of 31 December 2013 the Committee comprised of Mr David Guinn as chairman and Sir Nagora Bogan and Mr Anthony Smare as committee members.

The Remuneration and Nomination Committee has two key roles: to help the Board set appropriate, fair and responsible remuneration practices and to identify suitable candidates to fill vacancies on the Board, Standing Committees and from the Executive Management as they arise. As a 31 December 2013 the committee comprised Mr Anthony Smare as interim chairman and Professor Albert Mellam and Professor David Kavanamur as committee members.

The Investment Committee is a committee of the Board with the responsibility of ensuring that all investments of NSL are made in consideration of all requirements of the BPNG and in the best interest of the members to optimise returns on risks evaluated placements.



Membership Committee

Standing L-R: David Kavanamur | Leon Buskens | Martin Kenehe | Leuth Nidung | Damien Aiybaibai | Dumo Mamata

Sitting L-R: Eimi Kaptigau | Santee Margis | Pauline Laki | Helen Are’e.

As at 31 December 2013 the Committee comprised Mr Syd Yates as chairman and Sir Nagora Bogan and Mr Bruce Scott and Mr Leon Buskens as committee members.

The Membership Committee helps the Trustee deal with member enquiries or complaints about the operation and management of the Fund. It provides a forum for Members to give their views and recommendations on the Fund’s activities and offerings. The Committee discusses and sets guidelines for benefits and advises the Trustee on Members’ information and communication needs.

During the year the Membership Committee discussed and made determinations on a wide range of issues on behalf of Members, including timely recording of Members’ contributions, reducing the State contribution arrears, benefit payments, Nambawan Savings & Loans Society and Retirement Savings Account issues, Housing Advances, Member communications, group life insurance and proposed superannuation legislative amendments.

The composition of the Committee is key to its ability to represent Fund Members’ interests and give them a strong voice. As well as a Member of the Trustee Board, the Committee also includes representatives of a number of influential PNG unions and large private organisations.

At the end of 2013 the Committee comprised Leon Buskens, Director of Nambawan Super Limited as chairman, David Kavanamur, Director of Nambawan Super Limited, Martin Kenehe from PNG Teachers Association, Santee Margis from PNG Energy Workers Union, Pumo Mamata from Amalgamated General Workers Union, Mamato Dumo from PNG Firefighters Union, Leuth Nidung from PNG Police Association, Eunice Isom from Papindo Trading Limited, Damien Aiyebaibai from Correctional Services Employees’ Association, Eimi Kaptigau from PNG Nurses Association and Pauline Laki from the Public Employer Association.

chief executive officer's statement

GARRY TUNSTALL CHIEF EXECUTIVE OFFICER



The Board of Nambawan Super Limited (NSL) has supported moving the business to Worlds Best Practice standards. For Members this means continuing to improve overall returns in the safest possible manner, making sure service is efficient and meets the needs of members. At the same time delivering new products and services that the members want to see and desire.

I am extremely pleased with our crediting rate of 11.25% per annum for members. This has been achieved against a background of change.

In 2013 NSL looked at improving our staff's capacity, operational stability and providing better service for our members.

One key focus was to rebuild capacity within the organisation. As a result I was pleased to be able to make a number of internal appointments to key roles as well recruit a number of seasoned professionals to improve the Executive Management Team. Our organisation has grown and matured. It is good to be able to retain high-performing staff and to assist in their career progression.

A move to a culture of continuous improvement and change has seen the organisation transform to ensure members are serviced in all that they want within a 24 hour timeline. There is still a great deal to do to achieve this goal however members can be assured that the team is working in conjunction with its service providers to achieve this end.

Staff training and development has been the cornerstone of the progress to date. As it continues it will breed a new team of people that are totally committed to members and getting results. All staff have spent at least one full day learning about

making performance changes to improve outcomes for themselves and for our members. Staff have all been placed on performance management work contracts and set meaningful key performance indicators to ensure consistency of service and delivery.

Our marketing department has been expanded and while the existing Tok Tok Super communication, telephone call centre and face to face capability is well established, the future demands more. Providing a fresh communication platform for members including web based solutions, new statement design as well as delivering identification cards will be high on our agenda in the year ahead. Other technology enhancements via SMS, mobile telephone applications can be expected in the future.

A key achievement during the year was acquiring new and improved hardware to stabilise and improve our technology platform and operational capability. It has also assisted in building improved redundancy and recovery platforms in the event of failure or disaster. Our branch network is being progressively reviewed and assessed to ensure the best possible outcomes for all concerned. An important decision has been taken by management and the Board to establish a new member's service branch at the Aopi Building in Waigani.

In time it will also move to a more modern and efficient building as a head office for staff and members in the NCD. Preliminary work has commenced on these particular projects which should conclude by year end 2014.

Over the past 12 months NSL has been working closely with Government to improve collections and payment allocations and I am pleased to say that the systems are working electronically and effectively.

Continued streamlining of Nambawan Saving and Loans Society (NSLS) has seen improved turnaround times for members to receive payments which are now electronic. The business has continued to grow and develop during the year showing that members see this as an important service. NSLS now has in excess of 8000 members and in excess of K18 Million of funds under management

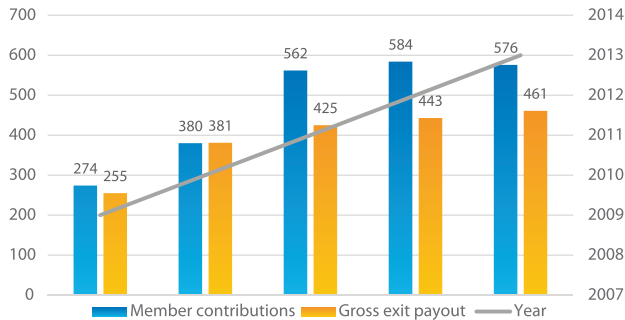
Outsourcing of the property management function to a firm experienced in commercial leasing, tenancy activities and co-ordinating building maintenance has been extremely successful and rewarding for NSL. All rental property income is being received and is up to date with little or no arrears.

chief executive officer's statement

GARRY TUNSTALL CHIEF EXECUTIVE OFFICER

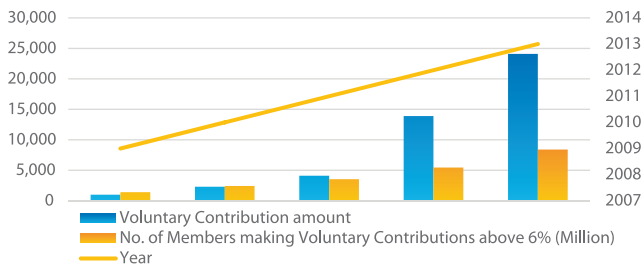
The charts (below) show the growth in key statistic number of employers, Fund members, average account balances and voluntary contributions from 2009 to 2013.

Member Contributions



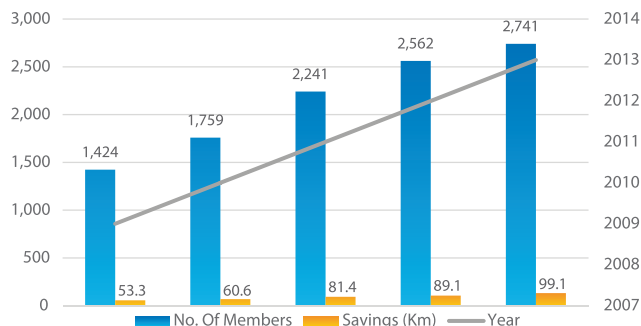
As shown above our member contributions has been steady for the past years.

Voluntary Contributions



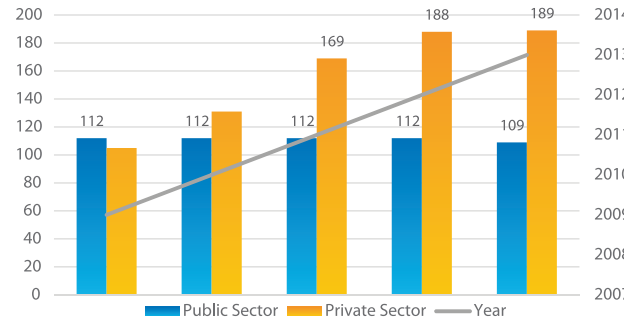
It is pleasing to see that members are making more voluntary contributions over 6%, and that has increased over the past five years.

Retirement Savings Account (RSA)



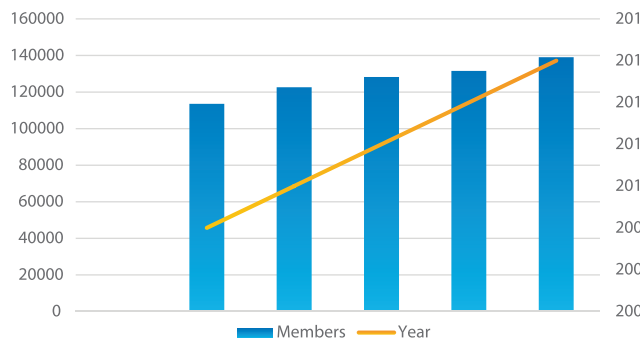
Interestingly many retired members are moving their funds into RSA accounts so that their hard-earned super can continue growing to help provide a financially secure retirement lifestyle for Members and their families.

Contributing Employers



NSL has good mix of both private and sector employers contributing to the fund.

Membership Growth



Our membership growth has been steady for the past couple of years.

All in all, 2013 will go down as a year of extremely positive accomplishments and this brings me to remind Members about expectations.

The return accomplished for the 2013 year was excellent, and the improved investment rate will be a significant benefit to Members' accounts.

Members clearly want high returns over the long term to ensure that they have sufficient funds in their retirement. However members should also realise that this may not always be possible as investments that NSL make can fluctuate in value at any given time. Notwithstanding with the continual movement in the economic environment and investment markets members can rest assured NSL will always endeavor to do what is in their best interests.

Members should understand that your superannuation arrangements are put in place for years while short term results may sometimes be high or low our focus is on the long term performance of your funds. Nambawan Super Fund investment objective is to make an after tax return of at least CPI +2% however negative returns may also be expected in volatile market environments.

On behalf of our Members I wish to express sincere thanks to all individuals and associations who have helped Nambawan Super throughout 2013. It would be remiss of me not personally thank our former Chairman, Sir Nagora Bogan for his support, assistance and guidance over the last 12 months and during my tenure with the fund.

Similarly, I wish to convey my personal appreciation to our Acting Chairman and Board of Directors along with the staff and management team of Nambawan Super. We have a determined and outstanding group of people that are all aligned to work hard in our Members' best interests and this is certainly evident by our results in 2013.

A tremendous effort by all concerned and well done.

Garry Tunstall
Chief Executive Officer

our people

Nambawan Super exists to look after the best interests of Members. To do so we need to attract and retain people with the right qualifications, skills and abilities and provide the right work environment to allow them to reach their potential. Twenty-one new employees joined Nambawan Super during 2013.

Staffing in 2013

Staff Level	National	Expatriate	Total
Full time	99	-	99
Contract	22	3	25
TOTAL	121	3	124

Learning and development

Nambawan Super operates in a dynamic environment. Our business is influenced by external factors, such as the current economic climate and legislative or regulatory changes. As well, we implement changes to enhance our services and offerings to Members. With change a constant factor in our operations, our people need to be equipped with the information and resources to stay in step with the demands of our operation.

Accordingly, learning and development continued to be a key priority for Nambawan Super during 2013. Over 20 percent of our staff members undertook learning and development activities over the course of the year, including short courses, conference and seminar attendance, extension studies and overseas training.

Senior Management Salaries

The following table shows the number of employees in different salary bands during 2013.



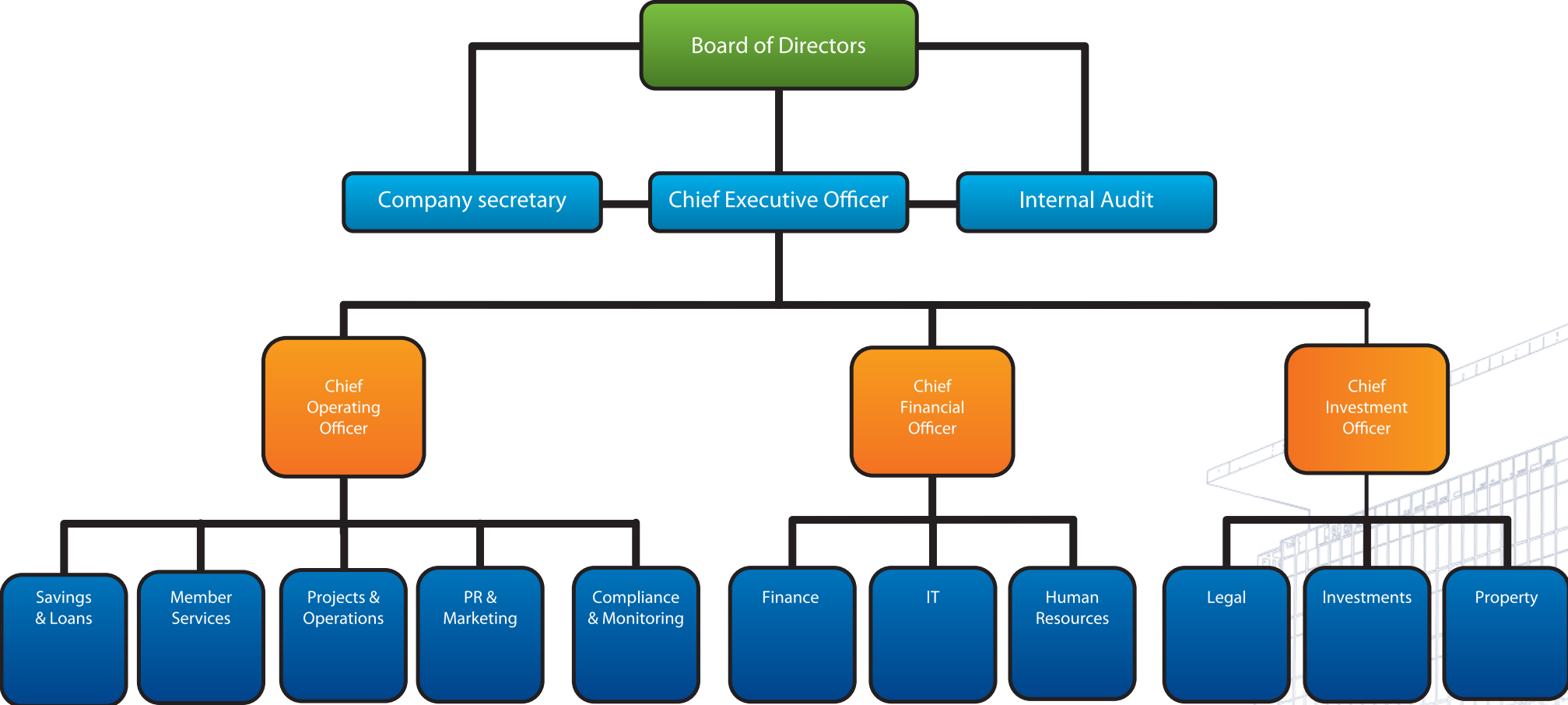
Standing L-R: **Garry Tunstall**, Chief Executive Officer | **Jeffrey Levongo**, Manager Projects/Strategy & Operations | **Chris Mota**, Manager Member Services | **Loka Pepena Niumatairua**, Manager Human Resources | **James Magung**, Manager Information Technology | **Terence Wilson**, Manager Savings and Loan Society | **Frank Lokalyo**, Manager Compliance & Monitoring | **George Koi**, Manager Legal Services

Sitting L-R: **Rebecca Habitein**, Manager Finance | **Michael Block**, Chief Investment Officer | **Patricia Taureka**, Company Secretary | **Andrew Esler**, General Manager Property | **Charlie Gilichibi**, Chief Operation Officer

Not in the picture: **Chetan Chopra**, Chief Finance Officer

Salary range	Number of employees
K20,000 - K49,999	92
K50,000 - K99,999	28
K100,000 - K199,999	1
K200,000 - K499,999	1
K500,000 - K799,999	1
K800,000 - K1,000,000	1

organisational structure



comparative statistics summary

		2013	2012	2011	2010	2009
PROFITABILITY						
Total Investment Income	K(m)	477	412	72	313	241
Total Expenses	K(m)	50	45	34	36	35
Income Tax Expense	K(m)	18	16	14	14	16
Net Profit After Tax	K(m)	411	351	24	263	190
BALANCE SHEET						
Net Assets	K(m)	4,268	3,743	3,235	3,093	2,830
Net Asset Growth	%	14	15	5	9	8
Reserves	K(m)	47	47	47	79	73
Reserves as a % of Net Assets	%	1.1	1.24	1.46	2.54	2.58
Retirement Savings Account Balance	K(m)	107	89	81	61	59
RETURN TO MEMBERS						
Rate of Return on Funds Employed	%	10.3	11.79	0.8	12.5	9.9
Interest Credited to Members	%	11.25	11	2	10	10
Headline Inflation Rate	%	4.7	1.6	6.9	7.2	5.7
Real Return to Members	%	6.55	9.4	-4.9	2.8	4.3
MEMBERSHIP						
Number of Members		139,075	131,578	128,230	122,638	113,564
Average Wealth Per Member	K	30,688	28,449	25,892	25,218	24,920
Number of RSA Participants		2,741	2,562	3,327	1,787	1,406
Average Number of Pensioners		376	382	448	650	694
MEMBER CONTRIBUTION & PAYOUTS						
Contributions	K(m)	453	436	473	221	274
Gross Exit Payouts	K(m)	338	301	337	292	237
Number of Exit Payments		3,328	5,291	4,502	5,238	3,513
Total Pension Payments	K(m)	2	2	2	3	3
TRUSTEE EXPENSES						
Management Expenses	K(m)	50	45	34	36	35
Management Expense Ratio (MER)	%	1.2	1.3	1	1.21	1.27
Fund Administration Fee	K(m)	5.4	7.6	4.6	3	3
Investment Management Fee	K(m)	9.5	8.9	8.6	9	9
Number of Staff		124	121	133	119	115

fund administrator's statement

■ KINA INVESTMENT & SUPERANNUATION SERVICES LIMITED



As the Fund Administrator, Kina Investment & Superannuation Services Limited (KISS) is pleased to provide to the Board of Nambawan Super Limited the administration report for the 2013 Financial Year.

2013 YEAR IN REVIEW

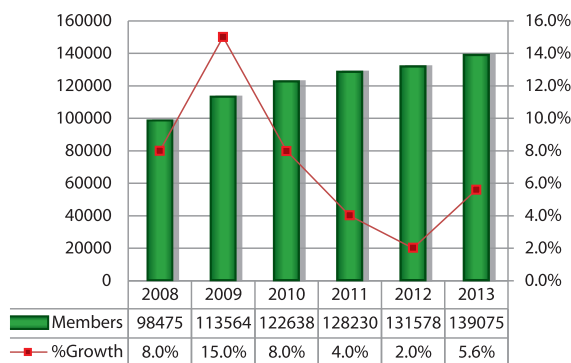
2013 was a year focused on administrative excellence allowing Nambawan Super and their members to experience the best fund administration services in Papua New Guinea. In the second year after a significant strategic shift that enabled both Nambawan Super and Kina Investment & Superannuation Services to provide members with a 'one team' approach whilst focusing on our respective strengths our long standing partnership continues to grow to even greater heights.

Throughout the year it was pleasing to note how members became increasingly aware of the importance of their superannuation savings evidenced by a significant increase in members taking advantage of the benefits of voluntary contributions. It was also terrific to see members actively embracing technology to gain easier access to their account information thus saving them the time and cost of getting to a branch when they can have direct access to information anywhere anytime via the Nambawan Super website and services such as SuperText.

Other highlights for the year include the investment of K31.76 million into Retirement Savings Accounts by members who are eligible to access their superannuation savings, the promotion of 1562 pension files into our core imaging and workflow system allowing the Nambawan Super to view the images of these documents and provide more prompt responses to member queries, closing off 929 negative balance accounts, and ceasing of lump sum back payment in unemployment benefits that lead to a significant reduction in the amount of money paid out since March 2013.

MEMBERSHIP

Overall membership for the fund grew by 5.6% in 2013 representing the largest yearly growth for the past three years. Total membership as at 31 December 2013 was 139,075 consisting of 105,371 active and 33,704 inactive members, compared to 131,578 at the end of 2012.



As membership numbers increase it becomes even more crucial for members to supply their biographical data such as date of birth, as well as keeping their contact details such as postal addresses and phone numbers up to date. Whilst a total of 11,833 members updated their details throughout 2013 and 6,288 members signed up for SMS services more than 48% of the membership base are still yet to supply their date of birth. Nambawan Super and Kina Investment & Superannuation Services continue to collaborate on and deliver ways of making it easier for members to supply these details and we would encourage members to keep their details updated by engaging with Nambawan Super via the contact centre or at one of the many local branches throughout PNG.

RETIREMENT SAVINGS ACCOUNT

The number of accounts continued to grow and in 2013 with 15% of the eligible exiting members electing to invest part or all of their entitlement into the retirement savings product. 610 new members with an investment value of K31.76 million opened a retirement savings account in 2013 whilst 370 accounts were exited were more than K4.6 million was paid out. A further K19.46 million paid out as lump sum payments in 2,734 transactions, and K2.93 million in regular fortnight payments. This brought the overall number of retirement savings account holders to 2,652 with a total investment value of K107.77 million as at 31 December 2013. The value includes 11.25% crediting rate for the year 2013.

HOUSING ADVANCE

In 2013, more than K7.79 million in housing advance were allocated to 679 members who applied for the purpose of building a new house, renovating or improving existing dwelling house. There are currently 4,031 members repaying their housing advance whereas 2,237 members have not made any repayments over the last 12 months as at 31/12/2013.

CONTRIBUTIONS

Total contributions for the year was K311.28 million consisting of K254.53 million by the government and K56.75 million by other contributing private & statutory organisations. At present 70% of the contributing employers send hard copy contribution listings thus their employees experiencing both delays in having their contributions loaded into their accounts as well as greater risk of data discrepancies. In October 2013 in an attempt to streamline this process we launched an initiative to assist employers to move to electronic contributions. We have since been working closely with employers and are pleased to note that 46 employers are now providing all their contribution listings electronically.

fund administrator's statement

■ KINA INVESTMENT & SUPERANNUATION SERVICES LIMITED



Nambawan Super has now joined Kina Investment & Superannuation Services in working collaboratively with all other employers across PNG to phase out paper-based contribution files within the coming year.

VOLUNTARY CONTRIBUTIONS

The number of members making voluntary contributions significantly grew in 2013. An additional 2,954 members started voluntary contributions, this is an increase of 54% from the previous year. Total investment grew by 73% from K13.90 million in 2012 to K24.10 million in 2013. Based on feedback from the Trustee and members we are anticipating continued growth as current members increasingly value the importance of saving up for a standard of living after retirement.

SUPERTEXT & ONLINE SERVICE

The number of members who subscribed to the SuperText grew by 51% during 2013. This service was launched in 2011 to ensure a more secure and efficient way for members to see their savings balance and is proving to be popular with members who continue to sign up in mass. Online services are also proving to be extremely popular and as access to the internet, in particular internet on mobile devices, becomes easier and more affordable a higher percentage of the membership base are signing up to use this convenient way of viewing their account balance including the growth of their superannuation investment.

BENEFITS PAYMENT

The total number of benefit payments for 2013 was 5,356 totalling K266.48 million and consisted of:

Exit Type	2013		2012	
	No of Members	Amount	No of Members	Amount
Resignation, Retrenchment, Retirement, Termination, etc.	3478	249.65	3,405	248.44
Death Benefits	414	41.19	432	47.87
Monthly Unemployment Benefits	1399	2.64	1,519	2.06

The average full withdrawal benefit for members leaving Nambawan Super reduced from K102,000 in 2012 to K77,225 in 2013.

BENEFITS PAYMENT FROM RETIREMENT SAVINGS ACCOUNTS

The total number of benefit payment from the Retirement Savings Accounts product for 2013 was 5,894 and consisted of:

Payment Type	2013		2012	
	No of Members	Amount	No of Members	Amount
Full Benefit Payment	348	4.76	362	5.27
Death Benefit	32	0.87	44	1.79
Partial Payment	2,492	18.12	2,734	21.06
Regular Fortnight	3,022	2.45	3,621	2.93

The average full benefit withdrawal from Retirement Savings Account grew from K14,815 in 2012 to K17,406 in 2013. Average partial benefit withdrawal also grew from K7,271 in 2012 to K7,702 in 2013

2014 FORECAST

With the national budget being the biggest in PNG history and economic activity including employment rates predicted to increase throughout year there are positive signs that Nambawan Super's active membership numbers will continue to grow. We also view the Financial Inclusion and Literacy Programme run by the Treasury and Bank of Papua New Guinea as an important initiative that will not only make more people think about their immediate financial needs but also their needs post retirement. In addition we continue to believe the superannuation legislation would benefit from a review and we welcome the proposed establishment of a Bank of Papua New Guinea Task Force to provide recommendations for change.

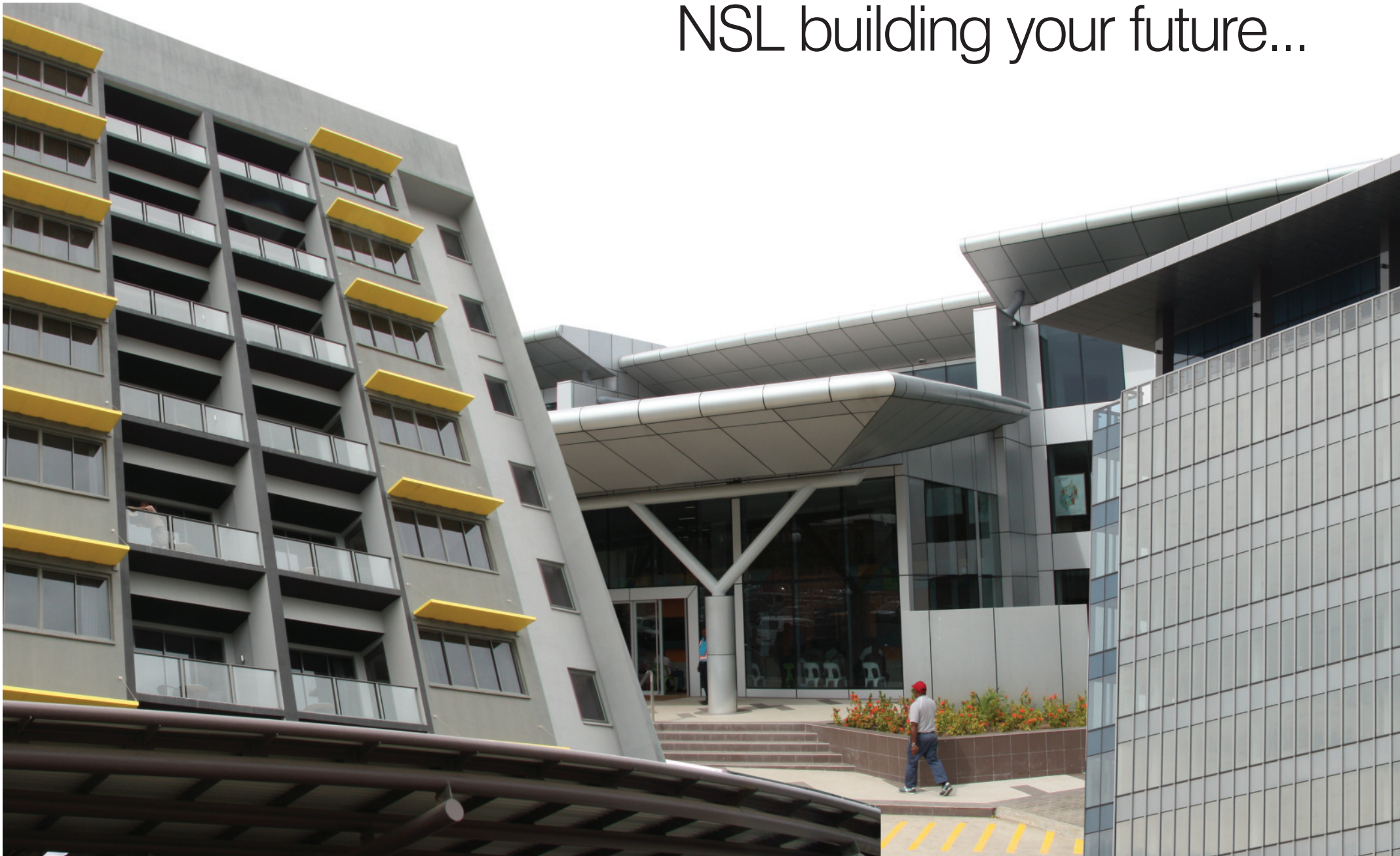
With respect to ourselves, Kina Investment & Superannuation Services has been the Fund Administrator for Nambawan Super for over a decade and we are as committed as ever to introduce significant and industry leading services for the benefit of members. We already utilise the best core superannuation systems and this allows us to be responsive to member's needs. The sign up rates for mobile and online services shows us that members enjoy these offerings and we will continue to advance the functionality provided by this technology. We have a very talented and committed team with the systems and processes to provide the best possible service to Nambawan Super and their members and we therefore look forward to an exciting and productive year ahead.

Adam Fenech

General Manager

Kina Investment & Superannuation Services

NSL building your future...



Holiday Inn Suites

Kemas Building

Oil Search Haus

2013 projects



Vulupindi Annex Building

Holiday Inn Express

investment manager's statement

KINA FUNDS MANAGEMENT LIMITED



The Fund has constantly sustaining its growth and this report outlines the drivers of performance and provides an allocation breakdown on the Fund's holdings.

1. Investment Strategy

The Fund's primary purpose is to preserve and maximise superannuation benefits of members through prudent investment management. The investment strategy guides the investment decisions of Kina Funds Management (KFM) as the Investment Manager. The Fund's objective is to provide an after-tax return of at least +2% per annum above CPI with negative returns in no more than one in five years. The headline CPI for Papua New Guinea for 2013 was 4.7%.

2. Investment Portfolio Performance

The Fund's investment portfolio increased to K4,207.9 million as at 31 December 2013, an increase of K565.1 million or 15.5% from K3,642.8 million at end of December 2012. The increase in the portfolio was mainly due to investment income of K491.2 million, the K156 million received for partial repayments for unfunded liabilities from the State, but partially offset by the net withdrawal from the Fund.

The investment income was attributed to the gain from valuation of listed equities, and unlisted equities, and the dividend and interest income, and foreign currency gains from valuation of international investment but partially offset by the valuation loss on properties.

3. Portfolio Composition

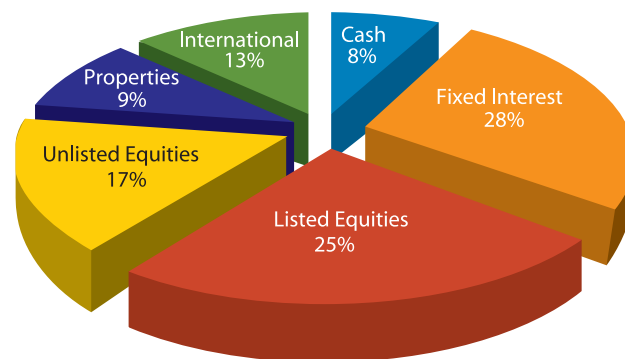
The Fund continually maintains and chooses investments to diversify our risks. This table compares the mix of investments in the portfolio as at 31 December 2013 with the asset class breakdown at the end of the previous year.

Table 1: Composition of Investment

Asset Class	1 Portfolio Value (Km)		Percentage Holdings	
	31/12/13	31/12/12	31/12/13	31/12/12
Cash	327.3	159.8	7.8	4.4
Fixed Interest	1,158.5	954.9	27.5	26.2
Unlisted Equities	1,067.1	867.2	25.4	23.8
Listed Equities	714.0	695.2	17.0	19.1
Property	395.7	500.9	9.4	13.8
International	545.3	464.6	13.0	12.8
Total Portfolio	4,207.9	3,642.8	100.0	100.0

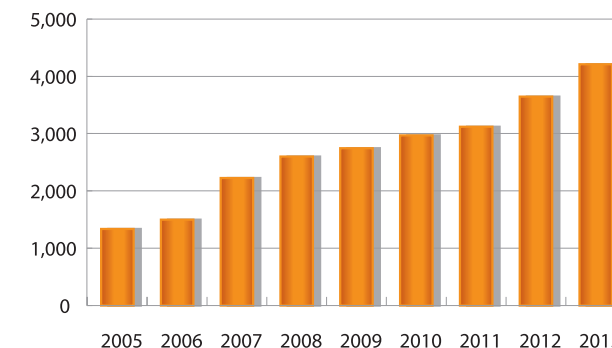
¹Portfolio Value is inclusive of Cash and Cash equivalents

Graph 1: Asset Allocation within the Fund's portfolio



The chart below shows the increase in the investment portfolio since 2003. The investment portfolio value has increased five times since 2003 averaging 19.2% growth per annum.

Graph 2: Investment Portfolio



4. Portfolio Composition by Asset Class

4.1 Cash

The Fund's domestic cash portfolio comprises bank at call and term deposits, government securities and loans with a term less than 90 days to maturity at the time of issue. As at 31 December 2013, the Fund held K327.3 million in this asset class, which represents 7.8% of the total portfolio, above the target allocation of 3.0% as outlined in the investment strategy. The Fund began purchasing Central Bank Bills via the secondary market to generate higher returns compared to term deposit rates during the year. The Fund continues to spread its maturities of Cash and Fixed Interest investments in order to cater for liquidity. Low returns on these assets continued in 2013 due to persistency high levels of domestic liquidity. Shorter term rates increased in the second half of 2013 as the yield curve expanded due to large government deficit and new issuance program.

4.2 Fixed Interest

The Fixed Interest Portfolio comprises bank term deposits, government securities and loans with term equal or more than 90 days to maturity at the time of issue. As at 31 December 2013, the value of fixed interest securities in the

investment manager's statement

Fund was K1,158.5 million, which represented 27.5% of the total portfolio. This result is above the target allocation of 21% outlined in the investment strategy. The fund continued its overweight strategy in this investment category in 2013 due to low cash returns and the poor outlook for domestic property. The fund continued to participate in longer term maturities of bank term deposit and government securities to reduce cash and maximise returns. Fixed interest is used as secondary cash buffer. Certain securities and bank deposits can be liquidated if an immediate cash requirement arises.

4.3 Equities

The Domestic Equities Portfolio consists of listed and unlisted equities. As at 31 December 2013, the Fund's equities portfolio stood at 1,781.1 million. This represents an increase of K145.9 million or 8.9% from the K1,635.2 million total for 2012.

4.3.1 Listed Equities

As at 31 December 2013, the Domestic Listed Equities portfolio was valued at K714 million which represented 17% of the portfolio. The portfolio increased by K18.7 million for the year mainly due to the increase in share prices of Credit Corporation, City Pharmacy Limited and Oil Search This was slightly offset by a lack of liquidity in the POMSOX as small holders sold down BSP. The fall in BSP price also reduced the overall exposure to the stock within the Fund's portfolio.

This table shows the Fund's equity holding listed on the Port Moresby Stock Exchange (POMSoX) and shares listed jointly with the Australian Securities Commission (ASX) or the London Stock Exchange (LSE):

Table 2: Domestic Listed Equities

Listed Equities	Stock Exchange	Industry/ Sector
Bank South Pacific Ltd	POMSoX	Banking/Finance
Credit Corporation Ltd	POMSoX	Finance/Property
City Pharmacy Ltd	POMSoX	Health/Retail
New Britain Palm Oil Ltd	POMSoX/LSE	Agriculture
Highlands Pacific Ltd	POMSoX/ASX	Mining
Marengo Mining Ltd	POMSoX/ASX	Mining
Oil Search Ltd	POMSoX/ASX	Oil & Gas

4.3.2 Unlisted Equities

The value of the Fund's unlisted equities portfolio at the end of the year was 1,067.1 million, up by 127.15 million or 13.5% from K939.9 million at 31 December 2012. Strong valuation gains were seen in SP Brewery and Westpac.

Table 3: Domestic Unlisted Equities

Unquoted Ordinary Shares	Industry/Sector	Holdings (%)
Alotau International Hotel Ltd	Hotel	34
Brian Bell & Co. Ltd	Wholesale/Retail/Merchant	34
Capital Life Insurance Company Ltd	Insurance	34
Capital Way Holdings Ltd	Telecommunications	10
Gazelle International Hotel Ltd	Hotel	65
Kumul Hotels Ltd	Hotel	55
Pacific Management Services Ltd	Building Maintenance	50
Paradise Foods Ltd	Food & Snacks/Manufacturing	85
PNG Water Ltd	Utilities	30
Post Courier Ltd	Media	21
SP Brewery Ltd	Manufacturing	20
Toyota Tsusho (PNG) Ltd	Motor Vehicle	4
Westpac Banking Corporation (PNG) Ltd	Banking /Finance	7

4.4 Properties

The Fund's Properties Portfolio comprises commercial, residential, industrial and land investments. As at the end of 2013, the portfolio was valued at K395.7million, which represents 9.4% of the total investment portfolio, below the target allocation due to the poor outlook for property value in PNG, particularly Port Moresby

The Fund has continued the implementation of the property strategy of divesting non-core and underperforming assets, upgrading existing key assets and focus on optimising profitability on core assets.

investment manager's statement

Table 4: Property Portfolio as at 31 December 2013:

Properties	Location	Description
COMMERCIAL BUILDINGS		
Era Rumana (S20 L6&7 Champion Parade)	Port Moresby	7 Level Commercial Office Complex in the CBD
Mogoru Moto (S20 L8&9 Champion Parade)	Port Moresby	9 Level Commercial Office Complex in the CBD
Aopi Centre (S390 L12,13 & 14 Waigani Drive)	Port Moresby	A 6 Level Twin Tower Office Complex on Waigani Drive. Currently leased to the Health and Lands Department
Vulupindi Haus (S405 L15 Waigani Drive)	Port Moresby	6 Level Commercial Office Complex in Waigani. Leased to the Finance & National Planning Department
Revenue Haus (S20 L11 Champion Parade)	Port Moresby	9 Level Commercial Office Complex in the CBD
Burns House (S19 L20 Champion Parade)	Port Moresby	4 Level Mixed Office & Retail Space in the CBD
The former Century 21 office (S25 L34 Hunter St)	Port Moresby	Freestanding Commercial Building, Opposite Crown Plaza. Town CBD.
Port Tower (S3 L21 Hunter Street)	Port Moresby	9 level Mixed Use Commercial/ Residential Complex in the CBD
Vele Rumana (S6 L19&20 4th Street, Top Town)	Lae	6 Level Commercial Office Complex in the CBD subject of major refurbishment.
IPI Building	Lae	7 level Mixed Use Commercial/Residential Complex
INDUSTRIAL PROPERTIES		
S15, 16 & 17 L64 (Gordons - Warehouse)	Port Moresby	NSL Data Storage Facility
S64 L41 (Huon Road)	Lae	Retail Shop & Service Station; subject of divestment.
Angco L5, 6, 19&20 S34 (Macdhui Street)	Lae	Industrial Warehouse
L23 S50 (Milfordhaven Road)	Lae	Industrial Warehouse
RESIDENTIAL APARTMENTS		
Bayside Apartments (Portion 178)	Port Moresby	42 x 2&3 Bedroom Residential Units located at Koki; Complete refurbishment of 42 units.
Lawes Road (S7 L24) (50%)	Port Moresby	20 x 2&3 Bedroom Units located on Lawes Road; subject of divestment
Pacific Vista (S42 L14)	Port Moresby	7 x 3 Bedroom Executive Apartments located on Ogoa Street
Cedar Units (S33 L11 Hibiscus St.)	Lae	8 x 3-Bedroom Units; subject of divestment
Hibiscus Street, Eriku (S33 L11)	Lae	6 Residential Units; subject of divestment
Portion 212 (Portion 212, Boundary Road)	Lae	40x 2&3 bedroom residential units. Subject of refurbishment.

Properties	Location	Description
VACANT PROPERTY		
Bautama Land	Port Moresby	Vacant undeveloped land along Magi Highway; subject of divestment
PROPERTIES IN HOLDING COMPANIES		
Coastwatcher Court Ltd	Port Moresby	Holding company that owns 31 constructed apartments on Touaguba Hill. NSL owns 65% of the company.
Hunter Ltd	Port Moresby	Holding company that owns the Defens Haus in the CBD. NSL owns 30% of the company. Subject to Divestment
Moki Ltd	Australia	Holding company that owns Cairns Conservatory Building. NSL owns 100% of the company.
Morobe Front Holdings Ltd	Lae	Holding company that owns the Lae Waterfront Land as its sole asset. NSL owns 100% of the company.
UPCOMING DEVELOPMENTS		
4 Mile Land	Port Moresby	Currently assessing options. Subject to Divestment
9 Mile Land (Portion 989, 1568, 2124, 2156 & 2159)	Port Moresby	On-going efforts and consultation with NCDC and Lands Department for a proposed "satellite town" development. Subject of a title dispute.
Old Parliament House Limited	Port Moresby	Joint development with Lamana for a 9 storey commercial building. Anticipated completion 2014
Waigani Asset Limited (Lands Building)	Port Moresby	Joint development with Lamana for 4 storey building; Completed and progressing fitout before occupation.
Touaguba Apartments (S63 L22 Daugo Drive)	Port Moresby	New 12 unit residential construction.
Kokopo Market Land (S22 L7&8)	Kokopo	Currently assessing options.

4.5 International Portfolio

The International Portfolio includes bank call accounts, term deposits, listed equities, unlisted equities and properties. The total International Portfolio holding as at 31 December 2013 was K545.3million which represents 13% of the total investment portfolio.

The Fund's strategy for the International Listed Equities portfolio has been a mix of active, passive, value and growth across a number of assets classes. The international portfolio is structured to allow the Fund flexibility and convenient access to investments that will benefit from economic growth outside of PNG's limited pool of available investments.

investment manager's statement

The existing international investments within the portfolio were carefully selected to contribute to the quality of their respective asset class and purchased at reasonable value to be held for medium to long periods. This maximises tax-efficiency and allows the accumulation of dividend and interest income, as well as valuation gain to build wealth for Fund members. The Fund targets combinations of assets with low correlation for diversification and blending of investment styles. The Funds has gradually purchased and divested global equities through 2013 to bring its allocation to international equities to roughly target allocation. Strong gains in high yielding stocks such as bank shares were expanded by currency movement.

Through 2013, international equities market rallied. The Fund was able to benefit from rallies in the Australian stock market and the depreciation of the PNG Kina against most major currencies, including the Australian Dollar. Transactions were done to reduce our exposure to listed ASX equities and to have the proceeds transferred back to PGK to reduce our exposure in the AUD currency thus to position of the fund accordingly with the current currency outlook

The Fund is continuing its strategic alliance and partnerships with some of the globally most respected investment houses such as RBS Morgan, Credit Suisse, and Barclay's Wealth. They are mandated to seek opportunities and recommend investments globally.

Listed equities within the international portfolio as at 31 December 2013 (market value of K469.4 million):

Table 5: International Listed Equities

Listed Equities	Industry/Sector
ANZ Banking Group Limited	Banking/Finance
Barclays Discretionary Mandate	Various
BHP Billiton Limited	Mining
Bougainville Copper Ltd	Mining
Coca-Cola Amatil Ltd	Consumer Staple
Commonwealth Bank of Australia Ltd	Banking/Finance
CSL Limited	Health Care
iShares – MSCI all countries Asia (ex Japan)	Exchange Traded Fund
QBE Insurance Group Ltd	Insurance
Transurban Group Ltd	Infrastructure
Mirvac	Property Trust
Multiplex Site Trust	Hybrid
Newcrest Mining Ltd	Mining
National Australia Bank	Banking/Finance
Telstra Limited	Communications
Woolworths Ltd	Retail
Westpac Banking Corporation Ltd	Banking/Finance
Vanguard International Shares Index Fund	Global Fund ex Australia

The International Portfolio also includes several alternative investments with a total value of K40.8 million, selected and managed by Access Capital Advisors (ACA), an Australia-based investment manager specialising in alternative investments. Independent valuers conduct annual valuations of the investments, which are also subject to ACA's internal assessment process. As with many alternative investments, the value of the ACA portfolio was significantly affected by the global financial crisis and difficult trading conditions over the last few years.

These alternative investments include:

Table 6: ACA Managed Investments

Description	Industry/Sector
Smarte Carte	Airport trolley hire – US
Southern Water	Infrastructure, Water, Sewerage – UK
Tata Realty Initiative Fund 1	Property Trust – India

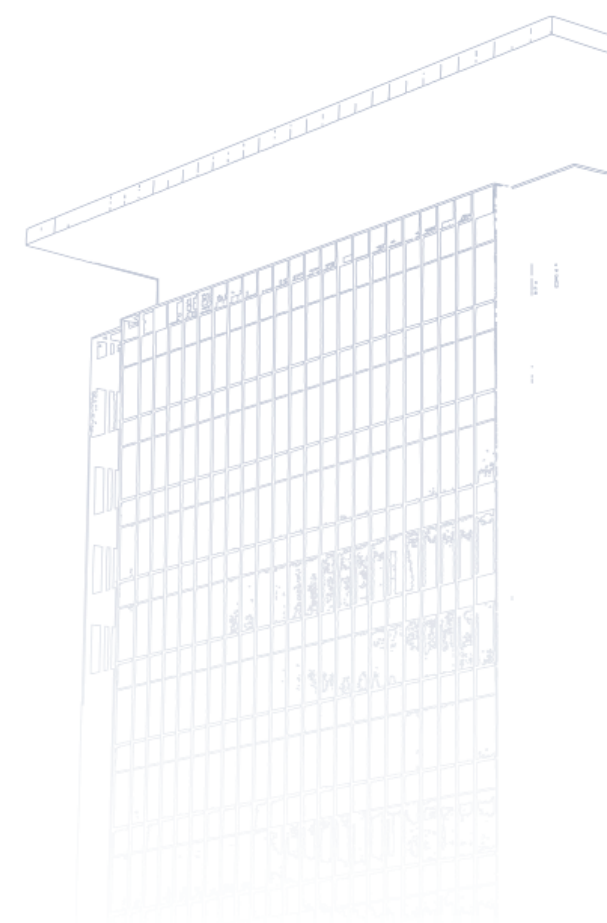
The Fund is continuing to exit these investments as opportunities arise.

financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

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Independent Auditor's Report

to the members of Nambawan Super

Report on the financial statements

We have audited the accompanying financial statements of Nambawan Super (the Fund), which comprise the statement of net assets available for benefits as at 31 December 2013, the statement of comprehensive income, statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Trustee's responsibility for the financial statements

The directors of Nambawan Super Limited, being the Fund's Trustee, are responsible for the preparation of these financial statements such that they give a true and fair view in accordance with generally accepted accounting practice in Papua New Guinea, the Superannuation (General Provisions) Act 2000 and the financial statement requirements embodied in the Companies Act 1997 and for such internal controls as the Trustee determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Fund's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements:

1. comply with International Financial Reporting Standards, the Superannuation (General Provisions) Act 2000, the financial statement requirements embodied in the Companies Act 1997 and other generally accepted accounting practice in Papua New Guinea; and
2. give a true and fair view of the financial position of the Fund as at 31 December 2013, and its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

We confirm in relation to our audit of the financial statements for the year ended 31 December 2013:

1. we have obtained all the information and explanations that we have required; and
2. in our opinion, proper accounting records have been kept by the Fund as far as appears from an examination of those records.

Restriction on distribution or use

This report is made solely to the Fund's members, as a body. Our audit work has been undertaken so that we might state to the Fund's members those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Fund and the Fund's members, as a body, for our audit work, for this report or for the opinions we have formed.


PricewaterhouseCoopers



G E Burns
Engagement Leader



S C Beach
Partner
Registered under the Accountants Registration Act 1996

Port Moresby
15 April 2014

statement of net assets available for benefits

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 K '000	2012 K '000
ASSETS			
Investments			
Financial assets at fair value	4(a-e)	3,297,831	2,040,171
Held to maturity	4(f-g)	22,909	879,946
Loans	4(h)	129,110	57,019
Investment properties	4(i)	395,667	452,251
Assets held for sale	4(j)	27,721	24,047
Total investments		3,873,238	3,453,434
Property, plant and equipment	3	4,583	10,949
Income tax receivable	11(b)	12,922	7,429
Receivables	6	70,715	108,538
Short-term deposits	5	262,878	173,002
Cash and cash equivalents	7	99,515	40,245
Total assets		4,323,851	3,793,596
LIABILITIES			
Deferred income tax	11(c)	7,512	1,228
Benefits payable		1,600	1,600
Payables		55,543	50,206
Total liabilities		55,543	50,206
NET ASSETS AVAILABLE FOR BENEFITS		4,268,308	3,743,390

The above Statement of Net Assets Available for Benefits should be read in conjunction with the accompanying notes to the financial statements financial statements

For and on behalf of the Board



Albert Mellam
Director



David Kavanamur
Director

Dated: 15 April 2014

statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 K '000	2012 K '000
INCOME			
Interest	9(a)	71,694	72,364
Dividends	9(b)	114,687	108,620
Property rentals	9(c)	53,190	58,971
Net gains/(losses) on assets at fair value	9(d)	227,143	193,705
Foreign exchange gain/(losses)	9(e)	24,319	(3,495)
Other income	9(f)	193	455
		491,226	430,620
EXPENSES			
Investment and administration expenses			
Property administration expenses		3,251	1,696
Direct investment property expenses		14,278	18,022
Fund administration fees		5,357	7,564
Investment manager's fees		9,497	8,874
Investment monitoring expenses		1,802	1,104
		34,185	37,260
Management expenses	10	29,873	26,228
Operating profit		427,168	367,132
Income tax expense	11(a)	17,705	16,111
Profit after income tax		409,463	351,021
Other comprehensive income			
Revaluation of property -surplus/(deficit) *		1,125	(1,625)
NET INCREASE IN NET ASSETS FROM OPERATIONS AVAILABLE FOR BENEFITS		410,588	349,396

* these may be subsequently reclassified to profit and loss

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

statement of changes in net assets available for benefits

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 K '000	2012 K '000
Net increase in net assets from operations available for benefits		410,588	349,396
Contributions/Transfers			
Member contributions	12(a)	413,428	437,554
Housing withdrawals repayments	12(b)	7,630	6,384
Transfer to retirement savings plan	12(d)	32,045	32,051
		453,103	475,988
Benefits expenditure			
Benefits payments	12(a)	298,414	302,960
Housing withdrawal advances	12(b)	7,068	3,718
Pension	12(c)	2,222	2,214
Retirement savings plan	12(d)	31,069	26,205
		338,773	335,098
Net increase in net assets available for benefit		524,918	490,288
Net assets available for benefits - beginning of the year		3,743,390	3,253,102
NET ASSETS AVAILABLE FOR BENEFITS		4,268,308	3,743,390
Comprising			
Members accounts and pensioner funds	12(a-c)	4,151,045	3,627,997
Retirement savings account	12(d)	69,806	68,830
Reserves	12(e)	47,457	46,563
Total members funds		4,268,308	3,743,390

The above Statement of Changes in Net Assets Available for Benefits should be read in conjunction with the accompanying notes to the financial statements.

statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 K '000	2012 K '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions received	12(a)	310,206	322,066
State share of benefit payments received		141,924	114,035
Benefits paid		(306,145)	(299,267)
Purchase of financial assets		(964,841)	(1,052,426)
Proceeds from sale of financial assets		910,731	546,228
Loans advanced	4(h)	(82,190)	(12,170)
Proceeds from loan repayments	4(h)	10,098	14,146
Payment for investment property development & acquisition	4(i)	(40,107)	(29,083)
Proceeds from sale of investment properties		9,689	5,990
Net investment in term deposits	4(g)	-	6,200
Payment for purchase of property, plant and equipment	3	(1,305)	(900)
Proceeds on sale of property, plant and equipment		5	715
Interest received		76,696	69,044
Dividends received	9(b)	114,687	108,620
Property rentals and other income received		55,769	77,103
Investment and administration expenses paid		(69,718)	(55,306)
Income tax paid	11(b)	(16,914)	(17,954)
Net cash from operating activities		148,585	(202,959)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of housing advances	12(b)	(7,068)	(3,718)
Proceeds from housing advance repayments	12(b)	7,630	6,384
Net cash flows from financing activities		562	2,666
Net increase/(decrease) in cash and cash equivalents		149,146	(200,293)
Cash and cash equivalents - beginning of the year		213,246	413,539
CASH AND CASH EQUIVALENTS - end of the year		362,393	213,246
Comprising -			
Cash on hand and at banks	7	99,515	40,245
Short term deposits	5	262,878	173,002
		362,393	213,247

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

1. GENERAL INFORMATION

Nambawan Super is an approved Fund under the Superannuation General Provisions Act 2000 ("Act"). The Fund is primarily a defined contribution (or accumulation) fund which provides benefits to its members in accordance with the Act. The majority of the contributors are from the public sector with the "State" as the major employer, however since the introduction of the Superannuation reforms, membership now includes private sector organisations.

In 2005, the Fund introduced a new post employment product for exiting members in the form of Retirement Savings Accounts. This facility allows members who exit the Fund to transfer all or part of their benefits to an RSA. The advantages of an RSA are the continued security of funds in retirement, the ability to make regular withdrawals from the account in line with retirement needs. Balances are not subject to tax where statutory levels of withdrawals are not exceeded.

The Fund is governed by a board of directors, pursuant to their responsibilities to Nambawan Super Limited ("NSL"), the Fund's Corporate Trustee.

NSL is domiciled in PNG and the registered office is :

Level 6, Era Rumana
Champion Parade
PO Box 483
Port Moresby

The financial statements have been authorised for issue by the directors on 11 April 2014. The Board of Directors have the power to amend the financial statements after they are issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

These financial statements are presented in accordance with the requirements of the Act, the Papua New Guinea Companies Act 1997, the Superannuation Prudential Standard 3/2008 and comply with generally accepted accounting practice, including applicable financial reporting standards approved for use in Papua New Guinea ("PNG") by the Accounting Standards Board ("ASB"). The ASB has approved all current International Financial Reporting Standards ("IFRS") as the applicable financial reporting standards.

All amounts are expressed in PNG Kina rounded to the nearest thousand Kina.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss, and certain classes of property and equipment and investment property at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements include the accounting for pensioner funds/unfunded liability and the fair value of investments.

(a) Revenue recognition

Investment income

Investment income, comprising interest on government securities, term deposits, debentures, loans and rental income, is brought to account on an accruals basis. Dividends from shares are accounted for on a cash received basis. Changes in the net market value of assets are recognised in the Statement of Comprehensive Income in the periods in which they occur.

Contribution income

Employer and member contributions are recognised upon receipt. Transfers from other funds are recognised when received by the Fund. Contributions receivable from the State in relation to exit payments are recognised when payments are made by the Fund to exiting members.

(b) Foreign currency translation

The financial statements are presented in PNG Kina, which is the Fund's functional and presentation currency. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Such balances are translated at year-end exchange rates at balance date. Translation differences for non-monetary items, such as financial assets held at fair value through the profit or loss are reported as part of the fair value gain or loss in relation to the financial assets.

The rates used as at 31 December 2013 were:

AUD	0.4714	(2012:0.4783)
USD	0.4205	(2012:0.4970)
GBP	0.2567	(2012:0.3026)

(c) Property, plant and equipment

Land and buildings (except for investment properties) - refer to note 1 (e) - are shown at fair value based on annual valuations by external independent registered valuers less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the items will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognised in the Statement of Comprehensive Income, the increase is first recognised in the Statement of Comprehensive Income. Decreases that reverse previous increases of the same asset are first charged against the revaluation reserve in the equity to the extent of the remaining reserve attributable to the asset, all other decreases are charged to the Statement of Comprehensive Income.

Land is not depreciated. Other assets are depreciated over the following estimated useful lives (reviewed annually)

Buildings		4.5%
Furniture & fittings	At rates varying from 11.25 % to 30.00 %.	
Office equipment	At rates varying from 11.25 % to 30.00 %.	
Motor vehicles		30%

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

(d) Financial assets

The Fund classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments are acquired. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those assets managed for which their performance is evaluated on a fair value basis in accordance with the Fund's investment strategy. This includes listed and unlisted equities, debt securities, and from 1 January 2013 Government inscribed stocks and treasury bills.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are accounted for on an amortised cost basis.

(iii) Held to maturity

Financial assets held to maturity are non-derivative with fixed or determinable receipts and fixed maturities that the Fund's management has the positive intention and ability to hold to maturity. They include Government CDOs in the nature of term deposits.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Financial assets at fair value through profit and loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value of 'financial assets at fair value' through profit or loss, category are presented in the Statement of Comprehensive Income within net gains on assets at fair value in the period they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income as part of dividend income when the Fund's right to receive payments is established.

Interest on debt securities at fair value through profit or loss is recognised in the Statement of Comprehensive Income within interest income based on the effective interest rate.

Foreign exchange gains and losses relating to 'financial assets at fair value' through profit or loss presented in the Statement of Comprehensive Income within 'net gains on assets at fair value'.

The Fund's equity interests in controlled entities and entities in which it holds significant influence are treated as plan assets and the investments accounted for as financial assets at fair value through profit or loss.

Loans and receivables investments are carried at amortised cost using the effective interest method.

(e) Investment properties

Investment properties are recognised initially at cost, including the transaction costs, if any. Investment properties are subsequently remeasured at each reporting date to fair value. Changes in fair value are recorded in the Statement of Comprehensive Income net gains/(losses) on assets at fair value.

Rental income from investment properties is recognised in the Statement of Comprehensive Income within rental income when the Funds right to receive income arises.

(f) Fair value estimation

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of business on the reporting date.

The fair value of financial assets not traded in an active market is determined using valuation techniques. A variety of techniques are used by the Fund using assumptions based on market conditions existing at the reporting date.

Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

Fair values of investment properties utilise the services of independent valuers. Fair value is the market value it is estimated the exchange of asset would take place at valuation date between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein each party has acted knowledgeably, prudently and without compulsion.

This is done on a discounted cash flow basis of known or expected rentals adjusted for relevant factors or by comparison with similar properties and their rental rates capitalised using recognised market multipliers.

(g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Receivables are generally due for settlement within 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for impairment of receivables is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and a default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of provisions raised is recognised in the Statement of Comprehensive Income in other expenses.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks. Other short-term highly liquid investments with original maturities of three months or less are classified under other assets.

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued...*

(i) Income tax

The income tax expense or revenue for the period is tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax asset is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that the future taxable amounts will be available to utilise these temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases for investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(j) Benefits payable

Benefits payable are benefits attributable to members but not paid by balance date.

(k) Employee benefits

Liabilities of the Fund for their employees' entitlements to wages and salaries, annual leave, and other employee entitlements are accrued at amounts calculated having regard to period of service, statutory obligations, and on the basis of wage and salary rates when the liabilities are expected to be settled.

(l) Payables

Payables represent liabilities for goods and services provided to the Fund prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

(m) Assets held for sale

Assets held for sale are stated at the lower of carrying amount or fair value less cost to sell when their carrying amount is to be recovered principally through a sale transaction and the sale is considered highly probable. The fair market value is determined similar to investment properties.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Internal Revenue Commission. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the Internal Revenue Commission is included with other receivables or payables in the Statement of Net Assets Available For Benefits.

Cash flows are presented on a gross basis. The GST component of cash flows arising from non-operating activities are recoverable from, or payable to the Internal Revenue Commission are presented as operating cash flows.

(o) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(p) Revised standards, amendments to existing standards and interpretations adopted by the Fund

The following new standards and, amendments were applicable for the first time during the accounting period beginning 1 July 2013:

- Amendment to IAS 1, 'Financial statement presentation' (effective 1 July 2013) regarding other comprehensive income requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not effect the measurement of any items recognised in the Statements of Financial Position and Comprehensive Income.
- Amendment to IAS 12, 'Income taxes', on deferred tax introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The Fund has consistently determined deferred tax on this basis.
- Amendments to IAS 19, 'Employee benefits' (effective 1 January 2013) require the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. The Fund does not have a defined benefit pension scheme.

- IFRS 10, 'Consolidated Financial Statements' (effective 1 January 2013) replaces all of the guidance on control and consolidation in IFRS 27 Consolidated and Separate Financial Statements, and SIC 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. Management do not expect the new standard to have any impact on the existing group.

- IFRS 11, 'Joint arrangements' (effective 1 January 2013) introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. As the Fund is not a party to any joint arrangements, this standard will not have any impact on its financial statements.
- IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013) includes the disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

Application of this standard will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the entity's investments.

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

- IFRS 13, 'Fair value measurement' (effective 1 January 2013) aims to improve the consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The entity does not use fair value measurement extensively and it is unlikely the new rules will have a significant impact on any amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

- IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2013) is now a standard dealing solely with separate financial statements. Application of this standard will not affect any of the amounts recognised in the consolidated or parent entity financial statements but may impact the type of information disclosed in relation to the parents investments in the separate parent entity financial statements.
- IAS 28 (revised 2011), 'Associates and joint ventures' (effective 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The Fund is not a party to any joint ventures.
- Amendment to IFRS 7, 'Financial instruments: Disclosures' on offsetting financial assets and financial liabilities (effective 1 January 2013) enhance current offsetting disclosures. They are unlikely to affect the accounting for any of the entity's current offsetting arrangements, but will require a number of additional disclosures in relation to those arrangements.
- Amendment to IFRS 1, 'First time adoption', on government loans (effective 1 January 2013) is not relevant to the Fund.
- Annual improvements 2011 (effective 1 January 2013) include minor changes to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

The entity does not expect that any adjustments will be necessary as of result of applying the revised rules.

(q) **New standards, amendments and interpretations to existing standards that are not yet effective and not early adopted by the Fund unless otherwise stated**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the entity's accounting periods beginning on or after 1 July 2014 or later periods,

- IFRS 9, 'Financial Instruments' (effective 1 January 2015) is the first phase of replacing IAS 39, 'Financial Instrument' with a that is less complex and principles based. The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not expected to change the Fund's existing accounting policy for its financial assets and liabilities.
- Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities (effective 1 January 2014) provides an exemption to investment entities from consolidating controlled investees. The entity is an early adopter.
- Narrow scope amendments to IAS 36 "Impairment of assets" (effective 1 January 2014) address the disclosure of information about the recoverable amount impaired assets if that amount is based on fair value less costs of disposal. The entity has no such impaired assets.

(r) **Critical accounting estimates and judgements**

Net gains/(losses) on assets at fair value

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of financial assets that are not quoted in an active market

Fair value of financial assets that are not quoted in an active market are determined by independent experts using valuation techniques, primarily discounted cash flows, earning multiples and net assets values. Management and the Investment Committee review these valuations used to determine fair value for appropriateness.

Valuation models use observable data, to the extent practicable. However, there are factors requiring estimation and changes in assumptions about these factors could affect the reported fair value of the financial instruments.

Fair value of investment properties

Investment properties are valued at fair value at balance date, determined by qualified independent professional valuers. The methods used to determine fair value by the independent professional valuers include discounted cash flows of known or unexpected rentals adjusted to relevant factors, or by comparison with similar properties and their rental rates capitalised. Management and the Investment Committee review these valuations used to determine fair value for appropriateness.

The valuation models do require estimation on the part of the valuer and changes in assumptions about these factors could affect the reported fair values of the investment properties.

Receivable from the State

The State owes significant debts to the Fund in relation to State's share of the members exit payments, unpaid rentals, outgoing and interests. Management continuously assesses the recoverability of these receivables considering the nature of the debt, past history, likelihood of settlement and any relevant information available to management. Based on this assessment, a provision for impairment is recognised in the financial statements for potentially uncollectable rental outgoing and interest. Directors consider the State's share of exit payments receivable and the outstanding rentals to be fully recoverable.

In addition, the State has a significant liability to the Fund for members contributions in relation to previous years (see note 12). The Fund has not recognised this as an asset and only recognises a receivable on the member's exit from the Fund. The receivable will be recognised when the State fully recognises the quantum of the receivable and has agreed a plan for settlement.

(s) **Change in classification**

Government inscribed stock and treasury bills were previously classified as 'held to maturity'. The Investment Committee has reviewed these instruments and reclassified them as 'financial assets at fair value through profit or loss' on the basis the market is now developing for such instruments. This is a change in estimate. The impact of this has been to reclassify K446.4m of assets at 31 December 2013 and has increased the carrying value of these assets and the operating profit for the year by K11.7m.

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

3 PROPERTY, PLANT AND EQUIPMENT

Non-investment fixed assets used in the operations of the Fund are included in property, plant and equipment, as set out below. Property, plant and equipment associated with investment properties are included under Investments. Refer Note 4 (i)

Land and buildings are revalued annually. The Fund has reclassified land and buildings to investment properties from 1 January 2013. This property has a fair value of K5.3m at 31 December 2013 (1 January 2013: K5.9m).

	Land & Buildings K' 000	HOUSING Plant & Equipment K' 000	Land & Buildings K' 000	Furniture & Fittings K' 000	OFFICE BUILDINGS Plant & Equipment K' 000	VEHICLES Motor Vehicles K' 000	Total K' 000
2013							
COST OR REVALUATION							
<i>At 1 January 2013</i>	1,897	376	6,374	2,384	5,287	1,731	18,049
Additions	-	121	-	22	900	262	1,305
Revaluation increment	-	-	-	-	-	-	-
Works in progress	-	-	-	-	-	-	-
Disposal	(222)	(51)	(6,374)	(2,132)	(3,122)	(211)	(12,111)
At 31 December 2013	1,675	445	-	274	3,065	1,782	7,242
ACCUMULATED DEPRECIATION							
<i>At 1 January 2013</i>	236	168	457	1,813	3,703	723	7,100
Depreciation	13	45	1	61	286	319	725
Disposals	(136)	(43)	(458)	(1,735)	(2,679)	(115)	(5,166)
At 31 December 2013	113	170	-	139	1,311	927	2,659
NET BOOK VALUE							
At 31 December 2013	1,562	276	-	134	1,754	856	4,583
2012							
COST OR REVALUATION							
<i>At 1 January 2012</i>	1,897	379	7,999	2,357	5,021	2,071	19,724
Additions	-	3	-	34	228	593	858
Revaluation decrement	-	-	(1,625)	-	-	-	(1,625)
Works in progress	-	-	-	-	42	-	42
Disposal	-	(6)	-	(7)	(4)	(933)	(950)
At 31 December 2012	1,897	376	6,374	2,384	5,287	1,731	18,049
ACCUMULATED DEPRECIATION							
<i>At 1 January 2012</i>	221	133	456	1,742	3,428	767	6,747
Depreciation	15	35	1	72	275	439	837
Disposals	-	-	-	(1)	-	(483)	(484)
At 31 December 2012	236	168	457	1,813	3,703	723	7,100
NET BOOK VALUE							
At 31 December 2012	1,661	208	5,917	571	1,584	1,008	10,949

There are no conditions that indicate impairment of property, plant and equipment as at 31 December 2013.

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 K '000	2012 K '000
4 INVESTMENTS		
(a) Financial assets - onshore		
<i>Government Inscribed Stocks & Treasury Bills</i>		
Purchases during the year	651,762	-
Maturities during the year	(118,382)	-
Reclassification	446,641	-
Fair value gain	26,499	-
Balance at the end of the year	1,006,520	-
(b) Financial assets - unlisted shares (onshore)		
Balance at the beginning of the year	939,942	724,277
Investments during the year	7,046	79,273
Prior year adjustment	-	-
Fair value gain from change in net market value	120,102	136,392
Balance at the end of the year	1,067,090	939,942
(c) Financial assets - unlisted shares (offshore)		
Balance at beginning of year	203,103	72,359
Investments during the year	798	131,106
Divestments during the year	(12,718)	(5,904)
Fair value gain from change in net market value	9,635	5,542
Balance at the end of the year	200,818	203,103
(d) Financial assets - listed shares (onshore)		
Balance at the beginning of the year	695,249	666,566
Investments during the year	-	9,474
Divestments during the year	(1,459)	(32,327)
Fair value gain from change in net market value	20,226	51,536
Balance at the end of the year	714,015	695,249
(e) Financial assets - listed shares (offshore)		
Balance at the beginning of the year	201,877	168,981
Investments during the year	136,257	76,895
Divestments during the year	(159,370)	(55,311)
Fair value gain from change in net market value	130,623	11,312
Balance at the end of the year	309,387	201,877
Total financial assets at fair value	3,297,831	2,040,171
(f) Held to maturity financial assets - onshore		
<i>Government securities (Central Bank bills)</i>		
Balance at the beginning of the year	873,701	566,235
Purchases during the year	149,350	755,678
Maturities during the year	(553,410)	(455,444)
Accumulated amortisation of premium	(91)	7,232
Reclassification	(446,641)	-
Balance at the end of the year	22,909	873,701

Investments in Central Bank bills are carried at amortised cost maturing in 2014 and have a face value of approximately K23m (2012: K48m). Refer to note 2(s) and 4(a) for reclassification of Government Inscribed Stocks & Treasury Bills

	2013 K '000	2012 K '000
(g) Held to maturity financial assets - offshore		
Balance at the beginning of the year	6,245	12,490
Withdrawals	-	(6,200)
Gain due to the effect of exchange rate movements	476	-
Fair value loss from change in net market value	-	(45)
Impairment of financial assets	(6,721)	-
Balance at the end of the year	-	6,245
Total held to maturity	22,909	879,946
(h) Loans		
Balance at the beginning of the year	58,091	60,067
Advances made	82,190	12,170
Payments received	(10,098)	(14,146)
Loan balance at the end of the year	130,182	58,091
Fair value gain on financial assets	-	(1,072)
Loans written off	(1,072)	-
Balance at the end of the year, net of provisions	129,110	57,019
(i) Investment properties		
<i>Properties at fair value</i>		
Balance at the beginning of the year	364,561	378,536
Additions	1,451	384
Transfer from capital work in progress	57,518	152
Transfer from property plant & equipment	7,041	-
Transfer to assets held for sale	(11,950)	-
Disposals and write offs	(1,346)	(2,878)
Depreciation on investment properties	(1,316)	(602)
Fair value loss from change in net market value	(80,500)	(11,030)
Balance at the end of the year	335,457	364,561
<i>Capital work in progress - properties under construction (at cost)</i>		
Balance at the beginning of the year	87,690	59,299
Additions	38,657	28,699
Transfer to properties	(57,518)	(152)
Disposals and write offs	(8,619)	(156)
Balance at the end of the year	60,210	87,690
Total investment properties	395,667	452,251

Investment properties with fair values of K377,661,228 (2012 K364,619,700) had their fair values determined by independent valuers with recognised and relevant professional qualifications.

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 K '000	2012 K '000
4 INVESTMENTS <i>continued...</i>		
(j) Assets held for sale		
<i>Properties held for sale</i>	27,721	24,047
Certain properties of the fund are held for the purpose of sale. These sales are expected to be completed within a period of a year.		
TOTAL INVESTMENTS	3,873,238	3,453,434

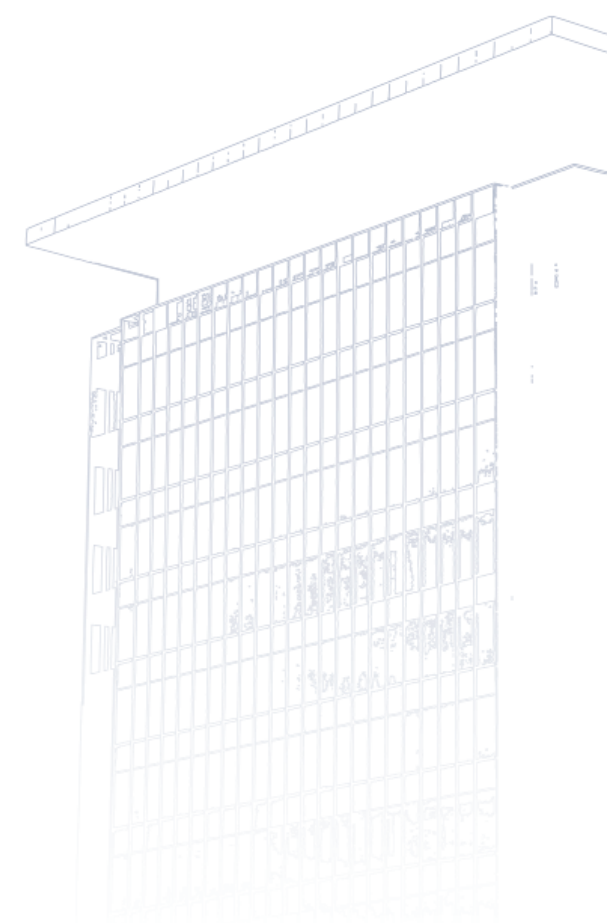
Amounts recognised in Statement of Comprehensive Income for investment properties:

	2013	2012
Rental income	53,190	58,971
Direct operating expenses	(14,278)	(18,022)
Net rental income	38,911	40,949

(k) Asset Allocation	Portfolio Value (K million)		Percentage Holdings	
	2013	2012	2013	2012
<i>Asset Class</i>				
Onshore				
Held to maturity (fixed interest)	23	874	1	25
Equities				
Listed	714	695	18	20
Unlisted	1,067	940	28	27
Other financial assets at fair value	1,006	-	26	-
Property	396	452	10	13
Assets held for sale	28	24	1	1
Loans	129	57	3	2
Offshore				
Held to maturity (fixed interest)	-	6	-	-
Equities				
Listed	309	202	8	6
Unlisted	201	203	5	6
	3,873	3,453	100	100

(i) Single Investments exceeding 5% of the net assets:

Investment	Type	% Shareholding	% of net assets	Value	Value
			2013	K(million)	K(million)
Bank South Pacific Ltd	Listed equity	9.6	8.8	374.8	379.7
Bank of PNG	GIS & T/Bills	N/A	23.6	1,006.5	865.6
SP Brewery	Unlisted equity	19.99	7.7	327.7	202.4



notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

4. INVESTMENTS *continued...*

(m) Valuation methodology

Unlisted equities - onshore	Industry	Valuation Method	Earnings Multiple	% shareholding 2013	Value	% shareholding	Value
					K(million) 2013	2012	K(million) 2012
Alotau International Hotel Ltd	Hotel	Net Assets	-	34.06	3.8	34.96	5.2
Brian Bell & Company Ltd	Wholesale/retail	Net Assets	-	33.53	72.3	33.53	78.6
Capital Insurance Group Ltd	Insurance broker	Net Assets	-	34.18	4.8	34.18	4.6
Capital Way Holdings Ltd	Telecommunications	Net Assets	-	10.00	3.9	10.00	8.6
Coastwatchers Court Ltd	Property	Net Assets	-	65.00	24.3	65.00	24.7
Gazelle International Hotel Ltd	Hotel	Net Assets	-	60.00	19.4	60.00	21.0
Hunter Ltd	Property	Net Assets	-	30.00	10.2	30.00	12.3
Kumul Hotels Ltd	Hotel	Net Assets	-	54.98	92.6	54.98	106.4
Moki NO.10 Ltd	Real Estate	Net Assets	-	100.00	23.0	100.00	22.8
Morobe Front Holdings Ltd	Property - Development	Net Assets	-	100.00	9.8	100.00	6.4
Pacific Building Mgt Services Ltd	Building maintenance	Net Assets	-	50.00	1.0	50.00	1.2
Paradise Foods Ltd	Food & Snacks	CME	2.3	85.00	141.6	85.00	164.0
PNG Water Ltd	Utilities	DCF	-	30.00	18.6	30.00	18.0
Post Courier Ltd	Media	CME	3.3	20.88	6.3	20.88	8.0
SP Brewery Ltd	Brewery/manufacturing	CME	3.3	19.99	327.7	19.99	202.4
Toyota Tsusho (PNG) Ltd - Ela Motors	Motor vehicle	CME	3.0	4.35	24.0	4.35	16.2
Westpac Bank (PNG) Ltd	Banking & finance	CME	6.0	7.41	140.4	7.41	103.2
OPH Limited - Ordinary Shares **	Property	Cost	-	65.00	50.6	65.00	45.0
OPH Limited - Preferential Shares**	Property	Cost	-	65.00	50.0	0.00	0.0
Waigani Asset Limited - Land Depart **	Property	Cost	-	65.00	18.6	0.00	0.0
Waigani Asset Limited - Vulupindi **	Property	Cost	-	65.00	24.1	65.00	18.6
Other	various				-		72.7
					1,067.0		939.9

Net assets - net assets on a going concern

CME - current maintainable earnings

DCF - discounted cash flows

** Due to the incomplete status of these investments, cost is considered to be an appropriate fair value approximation for the investments.

Unlisted equities are valued at fair value at balance date, as determined generally by registered independent professional valuers including Deloitte Touche Tohmatsu or by BSP Capital. The valuation method used is chosen as the most relevant and appropriate by the valuers. The main factors used in determining fair value include a combination of dividend yield, future maintainable earnings, and net tangible assets. Current maintainable earnings method uses earnings multiples derived from market transactions of comparable entities. The net assets method has been used by the valuers where the entity has significant real estate backing and earnings are limited or inconsistent. The valuation method for the Brian Bell and the Kumul Hotels investments changed from CME to Net assets, reflecting the increasing importance of their real estate backing to the total value of the entities. Changes in fair values are recorded in the Statement of Comprehensive Income as part of the fair value gain.

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

4. INVESTMENTS *continued...*

(n) Sensitivity analysis

Particulars	Movement to share price by +/- 10%	Movement to exchange rates by +/- 10%	Movement to interest rate by +/- 1%
Impact to Total portfolio in kina value	103.4	63.5	10.6
Impact to total portfolio in percentage	3.1	1.9	0.3

If the share price moves up or down by 10% the investment portfolio will increase or decrease by K103.4 million or 3.1%.

If the exchange rate moves up or down by 10% the investment portfolio will increase or decrease by K63.5 million or 1.9%.

If the interest rate moves up or down by 1% the investment portfolio will increase or decrease by K10.6 million or 0.3%.

(o) Fair value estimation

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 Fund's assets and liabilities that are measured at fair value at 31 December 2013.

Assets	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total Balance K'000
Government inscribed stocks and treasury bills	-	-	1,006,520	1,006,520
Listed securities	1,023,402	-	-	1,023,402
Unlisted securities	-	-	1,267,908	1,267,908
Investment properties	-	-	395,667	395,667
Total Assets	1,023,402	-	2,670,095	3,693,497
Liabilities	-	-	-	-
Total Liabilities	-	-	-	-

The following table presents the Fund's assets and liabilities that are measured at fair value at 31 December 2012.

Assets	K'000	K'000	K'000	K'000
Listed securities	897,126	-	-	897,126
Unlisted securities	-	-	1,143,045	1,143,045
Investment Properties	-	-	452,251	452,251
Total Assets	897,126	-	1,595,297	2,492,422
Liabilities	-	-	-	-
Total Liabilities	-	-	-	-

There were no transfers between levels during the year.

The fair value of financial instruments traded in active markets is based on quoted prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available. The quoted market price used for financial assets held by the Fund is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily POMSOX or ASX equity investments. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value other than Level 1 investments include:

- Quoted market prices, central bank bid prices or dealer quotes for similar assets or instruments
- Other techniques such as multiples of future maintainable earnings, net asset values or discounted cash flow analysis are used to determine value of the remaining financial instruments.

Investment properties are valued by registered independent professional valuers, Savills (NSW) Pty Limited using discounted cash flows of future expected rentals adjusted for any anticipated major expenditure to maintain the rental levels.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

5 SHORT TERM DEPOSITS

	2013 K'000	2012 K'000
Term deposits (maturities within 90 days) - onshore	238,697	142,345
Term deposits (maturities within 90 days) - offshore	24,181	30,657
	262,878	173,002

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 K '000	2012 K '000
6 RECEIVABLES		
Rental debtors	17,440	19,826
Less: Provision for doubtful debts	(2,440)	(2,958)
	15,000	16,868
Staff housing scheme and advances	707	532
Sundry debtors	18,532	6,144
Share of member withdrawal benefits owing by the State	24,734	71,985
Prepayments and GST refundable	9,545	5,811
Accrued interest income	2,197	7,198
	70,715	108,538

(i) *Impaired rental debtors*

As at 31 December 2013, rental debtors of K2.440 million (2012: K2.958 million) relating to rental debtors were considered impaired and were provided for.

The ageing of these receivables is as follows:

3 to 12 months	196	719
Over 12 months	2,244	2,239
	2,440	2,958

Movement in the provision for impairment of trade receivables is as follows:

Opening balance	2,958	8,056
Receivables impaired during the year	1,109	-
Bad debts write off	(1,493)	-
Recoveries	(134)	(5,098)
	2,440	2,958

The creating and releasing of provision for impaired receivables is included in other expenses in the statement of comprehensive income. Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

(ii) *Past due but not impaired*

At 31 December 2013, rental debtors of K0.196 million (2012: K6.596 million) were past due but not impaired. These relate to a number of independent tenants for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

3 to 12 months	-	-
Over 12 months	196	6,596
	196	6,596

The other classes within receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Fund does not hold any collateral as security.

7 CASH AND CASH EQUIVALENTS

Cash on hand	12	11
Banks - onshore	88,588	17,483
Banks - offshore	10,915	22,751
	99,515	40,245

	2013 K '000	2012 K '000
8 PAYABLES		
Creditors	23,673	25,729
Other creditors	2,315	2,780
Deposits on sale of properties	1,540	806
Rental bond fees	4,428	3,921
Member insurance payable	5,995	5,995
State-share received in advance	3	(344)
State pension liability	6,644	6,644
Employee related liabilities	1,834	1,847
	46,431	47,378

9 INCOME

(a) **Interest**

Government inscribed stock and treasury bills	57,635	57,185
National Government loan	4,095	1,849
Loans	3,756	4,861
Short-term deposits	6,208	8,469
	71,694	72,364

(b) **Dividends**

Listed equities	47,874	35,574
Unlisted equities	66,813	73,046
	114,687	108,620

(c) **Property rental**

Gross rental income	53,190	58,971
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(d) **Net gains/(losses) on assets at fair value**

Unrealised fair value gains/(losses)		
Listed equities	150,849	62,848
Unlisted equities	129,738	141,979
Investment properties	(80,500)	(10,706)
CDOs	(6,720)	(45)
Government inscribed stock & treasury bills	11,977	-
Realised fair value gains/(losses)		
Listed equities	28,132	257
Unlisted equities	245	-
Investment properties	(6,578)	(628)
Net fair value gains	227,143	193,705

(e) **Foreign exchange gains/(losses)**

	24,319	(3,495)
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(f) **Other income**

Directors' fees received	111	138
Gain on disposal of property, plant and equipment	-	304
Other income	82	13
	193	455

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 K '000	2012 K '000
10 MANAGEMENT EXPENSES		
Advertising	137	435
Auditor's remuneration - statutory audit services	379	347
Auditor's remuneration -other services	70	113
Bad and doubtful debts and loans	(116)	(250)
BPNG license fees	2,120	1,790
Contributor expenses	1,054	566
Loss on disposal of property plant and equipment	1,283	-
Depreciation on property plant and equipment	725	837
Directors' fees & expenses	1,913	1,630
Donations	41	52
Office expenses	6,768	5,953
Professional fees	2,131	2,103
Staff remuneration	10,870	10,582
Staff housing and other benefits	1,542	1,528
Other	956	542
	29,873	26,228

	2013 K '000	2012 Restated K '000
11 INCOME		
The income tax charged on operating profit is determined as follows:		
(a) Income tax expense		
Operating profit	427,168	367,132
Prima facie tax at 25%	106,792	91,783
Tax effect of:		
Fair value changes in investments	(53,791)	(48,556)
Dividend rebate	(28,672)	(27,155)
Depreciation on investment properties	(574)	(928)
Foreign exchange gain - capital account	(6,080)	874
Other	29	93
Income tax expense for the year	17,705	16,111
(b) Income tax receivable/(payable)		
Opening balance receivable	7,429	9,108
Current income tax	(11,421)	(19,633)
Tax payments	16,914	17,954
Prior year adjustments	-	-
Closing balance	12,922	7,429
<i>Current year income tax expense comprise:</i>		
Current income tax	11,421	30,559
Deferred income tax	6,284	(3,522)
Prior year adjustments	-	-
	17,705	27,037
(c) Deferred income tax		
Opening balance at the beginning of the year	1,228	4,750
Movement during the year	6,284	(3,522)
Closing balance (receivable)	7,512	1,228
<i>Comprising:</i>		
Interest receivable	5,732	1,800
Rent receivable	4,360	4,956
Consumable stores	-	18
Prepaid insurance	179	160
Depreciation	(3)	183
Fixed assets	2,197	(700)
Employee benefits	(459)	(462)
Doubtful receivables and loans	(610)	(1,008)
Insurance claims	(1,336)	(1,336)
Other accruals	(2,548)	(2,383)
	7,512	1,228

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 K '000	2012 K '000
12 MEMBERS FUNDS		
Members funds are represented by contributor funds, contributor housing withdrawals, pensioner funds and retirement savings accounts, together with a reserve. Contributor funds are credited with contributions on a cash received basis. For 2013, interest allocated to contributor funds was determined on member balances at a rate of 11.25% (2012: 11%) based on a daily time weighted basis. Contributor housing withdrawals comprise of withdrawals from contributor funds, which are repaid by way of additional contributions at a minimum rate of 2% and from member's entitlements at the time of exit where the advance is not fully restored at the time of exit.		
(a) Contributor funds		
Opening balance	3,682,921	3,198,068
<i>Add</i>		
Members' contributions received during the year	135,529	119,087
Employers' contributions received during the year	174,677	199,970
Unallocated contributions	1,217	-
Transfers from other funds	-	3,009
State contribution on exit payments	102,005	115,488
	413,428	437,554
Interest allocation	409,694	350,259
	4,506,043	3,985,881
<i>Deduct</i>		
Member benefits paid during the year *	(200,707)	(184,677)
State Share paid - on exit	(102,005)	(115,488)
Prior year benefits payments	6,483	-
Unemployment benefits paid	(2,185)	(2,795)
	(298,414)	(302,960)
Closing balance	4,207,629	3,682,921
* Benefit payment details:		
Retirement	(169,203)	(159,229)
Death	(31,504)	(25,448)
	(200,707)	(184,677)
(b) Contributor housing withdrawals		
Opening balance	(68,558)	(71,224)
Advances or member withdrawals	(7,068)	(3,718)
Repayments received	7,630	6,384
Closing balance	(67,996)	(68,558)
(c) Pensioner funds		
Opening balance	13,634	15,848
Payments during the year	(2,222)	(2,214)
Transfer to general reserves	-	-
Closing balance	11,412	13,634
Total members accounts and pensioner funds	4,151,045	3,627,997

	2013 K '000	2012 K '000
(d) Retirement savings account		
Opening balance	68,830	62,984
Transfers during the year	32,045	32,051
Payments during the year	(31,069)	(26,107)
Prior years adjustments	-	(98)
	69,806	68,830
Interest allocation for RSA is included in Note 12(a).		
TOTAL CONTRIBUTOR FUNDS	4,220,851	3,696,827
(e) RESERVES		
Retained earnings and general reserve	24,732	23,838
Section 35(2)(c) reserve	21,278	21,278
Revaluation reserve - property	1,447	1,447
	47,457	46,563
TOTAL MEMBERS FUNDS	4,268,308	3,743,390

The amounts held in the above reserve account are unallocated benefits for the members. These reserves may be allocated to the members at the discretion of the Trustee after considering the necessary prudential and statutory requirements.

13 FUNDING ARRANGEMENTS

At the end of 2013 the future unfunded liability of the State to members is estimated to be K2,026 million (2012: K1,972 million), which is not included in the 'Net assets available for benefits' as the amount has not been agreed with the State and there are no arrangements in place for settlement.

(a) Exiting members

As members exit the Fund, the State is legally obliged to match the benefit accruing to the member from the member's contributions in the ratio of 8.4% to 6%. The total benefit is paid to the member by the Fund, with the State reimbursing the Fund for its share. During 2013 the State reduced its obligations in its obligations for such benefits paid to K24.7 million (2012 K72.0 million) -see note 6.

(b) Employer contributions

From 2003, employers commenced remitting directly to the Fund the full 8.4 % employer contributions on behalf of their members.

The State was only required to contribute 25 % of the 8.4 % employer contribution for 2003 and 2004, 50% for 2005 and 2006, 75 % for 2007 and 2008 and 100% from 2009 onwards. In 2012 the State started remitting the 8.4% employer contributions on a fortnightly basis and therefore did not owe the Fund at year ended 31 December 2013 for such contributions.

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

14 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) and credit risk. The Trustee has appointed an Investment Committee with a charter to maintain and manage the investments of the Fund. The Investment Committee has appointed a Licensed Investment Manager.

The investments of the Fund (other than cash held for liquidity purposes) are managed on behalf of the trustee by Kina Funds Management Limited ("KFM"). The investment manager is required to invest the assets managed by it in accordance with the terms of a written investment mandate. The trustee has determined that appointment of this manager is appropriate for the Fund and is in accordance with the Fund's investment strategy. The trustee obtains regular reports from the investment manager on the nature of the investments made on its behalf and the associated risks.

(a) Market risk

(i) Foreign exchange risk

The Fund is exposed to foreign exchange risk in relation to international investments and deposits. The Fund does not have any specific hedging policies to mitigate this risk but the Fund does monitor the impact of this risk on an ongoing basis. Approximately 12% (2012:12%) of investments are offshore investments subject to foreign exchange risk.

(ii) Price Risk

The Fund is exposed to equity securities price risk. These arise from investments held by the Fund and are classified on the Statement of Financial Position as financial assets at fair value.

The Fund's investment manager generally does not use derivative financial instruments to reduce risks in the share and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets.

(iii) Cash flow and interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments on behalf of its members.

The Fund's investments are subject to interest rate risks and the return on the investments will fluctuate in accordance with movements in the market interest rates.

(b) Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to rental customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The Fund has no significant concentrations of credit risk with the exception of the Government of PNG.

(c) Fair value (gain) on financial assets

The Fund's financial assets and liabilities, including derivative instruments, are included in the Statement of Financial Position at amounts that approximate net fair value.

(d) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full or can only do so on terms that are materially disadvantageous.

The Fund manages this risk by ensuring that it has sufficient liquidity in cash and short term readily convertible cash equivalents to meet financial obligations as and when they fall due.

14 FINANCIAL RISK MANAGEMENT *continued...*

(d) Liquidity risk *continued...*

The table below shows the Fund's financial liabilities in relevant maturity grouping (K'000):

Particulars	Less than	1-2	2-5	over 5	Total
	1 year	years	years	years	
31 December 2012					
Benefit payable	1,600	-	-	-	1,600
Creditors and other liabilities	46,431	-	-	-	46,431
	48,031	-	-	-	48,031
31 December 2011					
Benefit payable	1,600	-	-	-	1,600
Creditors and other liabilities	47,378	-	-	-	47,378
	48,978	-	-	-	48,978

15 EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Subsequent to the balance sheet date, the listed equities portfolio in both the domestic and international market experienced some volatility in the share price and the net result of these movements are summarised as follows:

31 March 2014 – K79.1 million favorable movement (Domestic: Gain K4.9 m and International gain K84 m)

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

16 RELATED PARTY DISCLOSURES

- (a) The Trustee of the Fund throughout the year was Nambawan Super Ltd ("NSL"). The names of persons who were directors of the trustee company at any time during the financial year and up to the date of this report were:

Sir Nagora Bogan, KBE (Resigned 31 December 2013)	Professor Albert Mellam
Mr. Bruce Scott (Resigned 20 August 2013)	Professor David Kavanamur
Ms. Marianna Ellingson (Resigned 13 May 2013)	Anthony Smare
Mr. Leon Buskens	Bruce Wilson (Appointed 28 January 2014)

- (b) Directors' remuneration comprises an annual stipend and sitting fees. No bonus or other monetary benefits were paid during the year. Airfares and motor vehicles are provided for non Port Moresby residents when meetings are conducted in Port Moresby.

Name of director	Role	Total Remuneration	Board meetings attended	Audit & Risk Committee meetings attended	Remuneration & Nomination Committee meetings attended	Investment Committee meetings attended	Membership Committee meetings attended
Sir Nagora Bogan	Chairman	K179,793	9/9	3/3	n/a	4/10	n/a
Leon Buskens	Director	K146,310	6/9	1/3	1/3	7/10	2/4
Marianna Ellingson	Director	K64,655	Nil	n/a	n/a	n/a	n/a
Bruce Scott	Director	K94,567	6/6	2/3	1/3	4/10	1/4
David Kavanamur	Director	K143,310	8/9	n/a	3/3	n/a	3/4
Albert Mellam	Director	K141,310	9/9	n/a	3/3	n/a	n/a
Anthony Smare	Director	K144,310	9/9	3/3	3/3	n/a	n/a

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

16 RELATED PARTY DISCLOSURES *continued...*

(c) Directorship disclosure

The remuneration package for the Managing Director is determined by the Board of Directors while senior management packages are determined by the Managing Director having regard to among other factors, current market data.

Name	Role	Nature of Interest	Company
Wayne Smith (Resigned - 7 June 2013)	General Manager Commercial	Director as NSL nominee	Brian Bell & Company Ltd Coastwatchers Court Ltd Fernvale Limited Gazelle International Hotel Ltd Hunter Ltd Kumul Hotels Ltd Moki No.10 Ltd Morobe Front Holdings Ltd OPH Limited Pacific Building Management Services Ltd PNG Water Ltd Waigani Asset Limited
Andrew Esler	General Manager Properties	Director as NSL Nominee	Nambawan Savings & Loans Society Ltd Coastwatchers Court Ltd Fernvale Limited Moki No.10 Ltd Morobe Front Holdings Ltd OPH Limited Pacific Building Management Services Ltd Waigani Asset Limited
Patricia Taureka	Company Secretary	Director as NSL nominee	Nambawan Savings & Loan Society Ltd Capital Insurance Group Coastwatchers Court Ltd Fernvale Limited Moki No.10 Ltd Morobe Front Holdings Ltd OPH Limited Pacific Building Management Services Ltd Waigani Asset Limited

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

16 RELATED PARTY DISCLOSURES *continued...*

Any directors fees paid to members of the executive management for being directors as NSL nominees on certain boards are paid to NSL.

Compensation

The compensation paid to key management for employee services is shown below.

	2013 K '000	2012 K '000
Salaries	1,499	1,668
Leave accruals	62	419
	1,561	2,087

(d) During the financial year the Fund earned interest on term deposits of K874,273 (2012: K523,232) from Kina Finance Limited, a finance company which has common shareholders with the Fund's investment manager, Kina Funds Management. As at 31 December term deposits placed with Kina Finance Limited was K44.06 million (2012: K39.39 million). These transactions were carried out on commercial terms and all on cash basis for an average of 28 days placements. The Kina group also provides Investment Management and Fund Administration services, related fees paid to the Kina group amounted to K9.5m (2012: K8.9 m) and K5.3m (2012: 7.6 m) respectively.

(e) Nambawan Super holds controlling equity interests and associated Director positions in the following unlisted entities based in PNG.

- Coastwatchers Court Ltd
- Gazelle International Hotel Ltd
- Kumul Hotels Limited
- Moki No. 10 Ltd
- Morobe Front Holdings Ltd
- Nambawan Savings & Loan Society Ltd
- OPH Ltd
- Pacific Building Management Services Ltd
- Paradise Foods Ltd
- Waigani Asset Ltd

These entities are not consolidated into the financial statements of Nambawan Super and all transactions with these entities are in the ordinary course of business at arms length.

17 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(a) Related interest on pensions over invoiced to the State

The Fund over invoiced the Independent State of Papua New Guinea ("the State") for its share of pension payments and therefore a provision based on management's best estimates of K6.6 million was made as at 31 December 2003. This liability is included in note 8 to the financial statements.

The Fund has a present obligation to repay the State the related interest that has been earned by it, arising from its over-invoicing of the pension payments. As the amount of the interest earned by the Fund from over invoicing the State can only be determined subsequent to a full review of all pension payments received from the State, no further provision has been made as at balance sheet date.

(b) Litigation Claims

The Fund was served a number of litigation claims, including claims relating to member withdrawals and compensation from former employees and post employment benefit claims. The board of directors have reviewed these cases and will take the appropriate course of actions to defend them. In the Board's view, none of these claims are expected to result in significant losses to the Fund.

(c) Commitments for Capital Expenditure

	2013 K '000	2012 K '000
Amounts with firm commitments, and not reflected in the accounts	59,128	28,900

(d) Commitments for Investment Expenditure

The Fund has committed to invest in an Offshore Fund which makes capital calls on an as needs basis. Committed but uncalled amounts in relation to this equity investment are \$US8.2 million at 31 December 2013 (2012: \$US8.6 million).

notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2013

18. DIRECTORS' DISCLOSURE

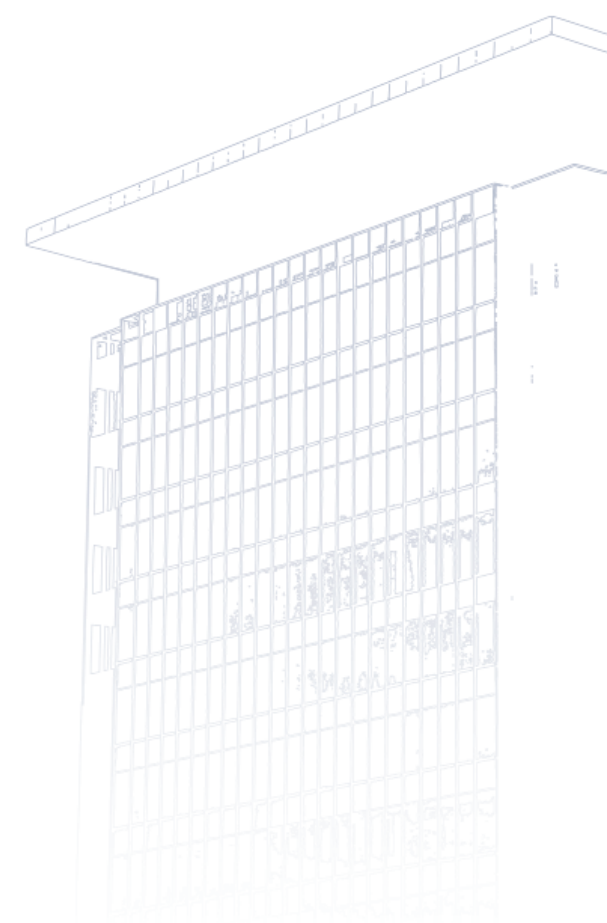
Name	Nature of Interest	Companies
Sir Nagora Bogan, KBE (Resigned 31 December 2013)	Director as NSL nominee	Bank South Pacific Ltd Paradise Foods Holdings Ltd Paradise Foods Ltd
	Director and Shareholder	In Touch Media Ltd
	Shareholder	Kina Assets Management Ltd
	Director	Ahi Holdings Ltd Mapai Transport Ltd Peoples' Advocacy Ltd
	Director - Provision of services NSL strategic plan Provision of Multimedia Services	Coprez Holdings Ltd Coprez Communications Ltd
Marianna Ellingson (Resigned 13 May 2013)	Director as NSL nominee	Alotau International Hotel Kumul Hotels Ltd
Leon Buskens	Director as NSL nominee	Alotau International Hotel Coastwatchers Court Ltd Gazelle International Hotel Ltd SP Brewery Ltd
	Independent Director	Telikom PNG Ltd ANZ Banking Group (PNG) Ltd Capital Insurance Group Investment Promotion Authority
	Director/Shareholder	Kopkop College
	Director	NBC Capital Nominee
Mr Bruce Scott (Resigned 20 August 2013)	Director	NBC Capital Nominee
Professor Albert Mellam	Director	Brian Bell & Co Ltd Credit Corporation (PNG) Ltd Investment Promotion Authority
Professor David Kavanamur	Chairman	Rabul Microbank Ltd
	Chairman	Motor Vehicle insurance Ltd
	Director	Gazelle International Hotel Ltd Kumul Hotels Ltd
	Independent Director	Institute of National Affairs
Mr Anthony Smare	Shareholder	Credit Corporation (PNG) Ltd
	Director/Shareholder	City Pharmacy Ltd
	Shareholder	Airlines PNG
	Director	Barrick Gold PNG Subsidiaries
	Director/Shareholder	Smare Family companies
	Director	Nationwide Microbank
	Indirect Shareholder	SP Brewery Limited

Except for the Managing Director, any directors' fees paid to Directors for being Directors as NSL nominees on certain boards are paid direct to the Directors.

19 CAPITAL MANAGEMENT

The Capital of the Fund is represented by the members funds. The amount of the members fund can change significantly depending on the valuation of the assets and liabilities of the Fund. The Fund's objective in managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide return to members and maintain a strong capital base to support the development of the investment activities of the Fund.

The Investment Committee, directors and management monitor capital on a regular basis. The Fund is subject to interest credit and reserving requirements of the Bank of Papua New Guinea and Superannuation Act 2000.



declaration by trustee and management

FOR THE YEAR ENDED 31 DECEMBER 2013

DECLARATION BY TRUSTEE

In our opinion the accompanying Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Members Funds, Statement of Cash flows, together with the Notes to and forming part of the Financial Statements, are drawn up so as to present a true and fair view of the state of affairs of the Fund as at 31 December 2013 and its performance for the year then ended.

The Trustee has satisfied itself that the Nambawan Super Board has:

- (a) identified the key financial and operating risks;
- (b) established systems to control and monitor those risks including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes; and
- (c) satisfied itself that the risk management systems are operating effectively and are adequate in regard to the risk they are designed to control; and
- (d) there are no apparent conflicts of interest with respect to Nambawan Super's engagement of an external auditor which may compromise the independence of the auditor's performance

The Financial Statements have been drawn up in accordance with the requirements of the Superannuation (General Provision) Act 2000 and the requirements of the Trust Deed of Nambawan Super dated 24 December 2002.

For and on behalf of the Board of Directors of the Trustee.



ALBERT MELLAM
Director



DAVID KAVANAMUR
Director

Dated at Port Moresby the 15th day of April 2014

DECLARATION BY MANAGEMENT

In our opinion the accompanying Statement of Net Assets Available for Benefits, Statement of Comprehensive Income, Statement of Changes in Net Assets Available for Benefits and Statement of Cashflows, together with the Notes to and forming part of the Financial Statements, are drawn up so as to present a true and fair view of the state of the affairs of the Fund as at 31 December 2013, and its performance for the year then ended.

The Management have satisfied themselves that the Nambawan Super Board has:

- (a) Identified the key financial and operating risks;
- (b) established systems to control and monitor those risks including adherence to prudent policies and procedures, reasonable operating limits and adequate and timely reporting processes; and
- (c) satisfied itself that the risk management systems are operating effectively and are adequate in regard to the risk they are designed to control; and
- (d) there are no apparent conflicts of interest with respect to Nambawan Super's engagement of an external auditor which may compromise the independence of the auditor's performance

The Financial Statements have been drawn up in accordance with the requirements of the Superannuation (General Provision) Act 2000 and the requirements of the Trust Deed of Nambawan Super dated 24 December 2002.

For and on behalf of Nambawan Super Management



GARRY TUNSTALL
Chief Executive Officer



CHETAN CHOPRA
Chief Financial Officer

Dated at Port Moresby the 15th day of April 2014

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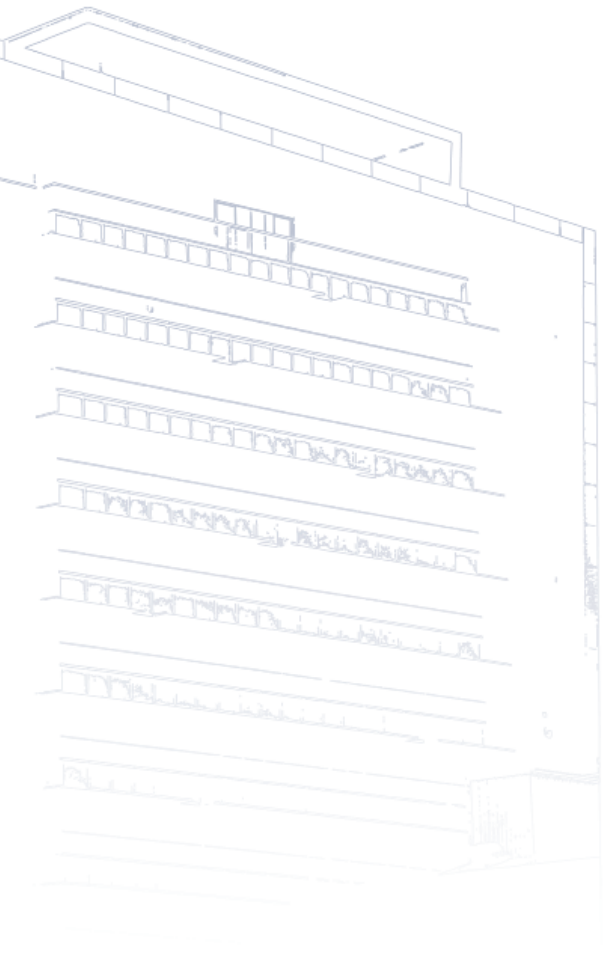
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