

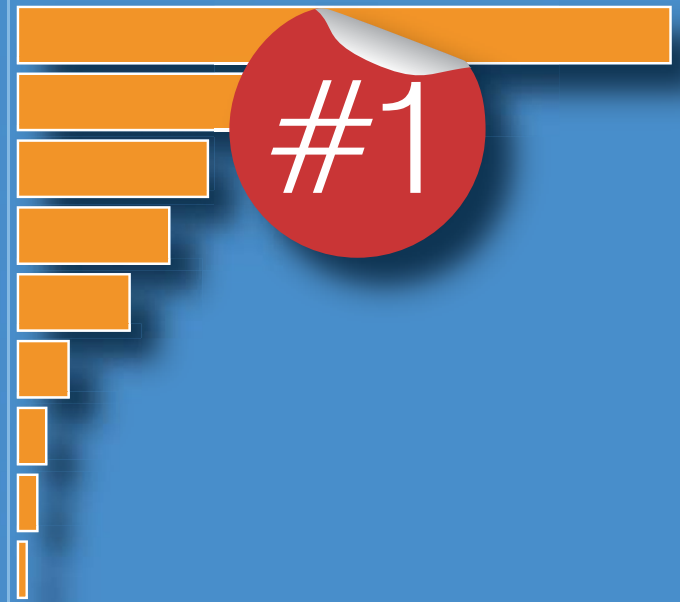


2015 annual report



Growth Statistics (2014 vs 2015) Endorse Nambawan Super Improvements

Productivity (Payments):	1400% higher
Online & SMS Reach:	200% higher
Fraud Controls:	100% better
Member Loyalty:	89% sold out
Market Perception:	75% higher
Organic Growth (Vol Contrib):	36% higher
Staff Satisfaction:	25% higher
Customer Satisfaction:	22% higher
Productivity (Contact Centre):	17% higher



Source: NSL 2014 and 2015 Customer Satisfaction Survey & Stakeholder Perception Survey.

Nambawan Super 2015 Highlights

36%

Increase in number of members doing voluntary contributions during 2015

43

Thousand members registered from sms balance service during 2015

K280 million
Net profit 2015

K5,171,000,000

in estimated net member assets, as at 31 December 2015

Source: NSL 2015 Results

reaching out to members

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 respect and service for our Members, are as follows:

- Customer** Providing an excellent customer experience for our members through first-class & efficient services;
- Innovation** Constantly seeking new and innovative ways to manage our operations while fully meeting member needs;
- Accountability** Taking responsibility for what we say and do;
- 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 by our members;
- Professionalism** Committing to continuously improving, learning and applying world's best practice in whatever we do; and
- Integrity** Engendering fairness, honesty and respect for others and upholding the principles of good governance.

Our Key Competencies

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

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chairman's statement

ANTHONY SMARÉ | CHAIRMAN

On behalf of the Nambawan Super Board, it is my pleasure to present the 2015 Annual Report.

2015 Highlights

Nambawan's key highlights in 2015:

- K280 million in after tax profit,
- K102 million parked in reserves,
- K5.2 billion in net assets,
- 155,330 members,
- 20,810 members doing voluntary contributions including Choice Super,
- 3,686 members for Retirement Savings Account,
- 14,892 members for Savings and Loans,

Resilient financial performance in challenging conditions

Financial performance

The Board is pleased with the overall results of the Fund for its Members given what has been an increasingly challenging year economically for Papua New Guinea.

K280 million was recorded in after-tax profit which enabled the Fund to apply a 5.8% crediting rate to members accounts and to reserve K102 million to assist the Fund in addressing any challenges that 2016 presents to earnings. The crediting rate was paid into members accounts, including the RSA's of retired Members in March 2016.

The positive results in difficult economic conditions illustrate Nambawan Super's prudent and cautious stewardship of its investments and in particular, highlights the resiliency inherent in the Fund's investment portfolio after 2014's realignment of its investment strategy to focus on realised gains. Our performance was largely determined by the fortunes of the PNG economy, in general, and the PNG bond market in particular.

Challenging economic conditions to continue

It is important at this juncture to remind our members about the continuing economic challenges we believe PNG will face in the coming year. As you know, the government has recently, significantly reduced revenue and GDP growth estimations.

This has already impacted all levels of the economy as illustrated by reduced government expenditure and companies delaying or cancelling capital expenditure and tightening on costs leading to

less money in the economy. A number of companies including those in which Nambawan invests have already reported declines in revenue for this year due to the challenging conditions.

Opportunities in tough times

From an investment perspective, tough economic conditions generally reduce asset values, meaning that there are investment opportunities that offer long term return and value for disciplined investors with prudent capital management strategies and a long investment outlook. During difficult economic conditions in the period 1993 to 2005, Nambawan made some of its most astute investments which have delivered strong returns over the long term such as Nambawan's 85% interest in Paradise Foods. Due to the strong liquidity management maintained by the Board and Management, the Fund is well placed to take advantage of promising investment opportunities that may present themselves in 2016.

The Board will ensure that the Fund maintains discipline with its liquidity management but also ensuring that there are funds available for investment if compelling investment opportunities which promise to deliver long-term investment return for members are identified.

Members remember to save

In tough times, it is important that our members remember to maintain their discipline with maintaining savings, and curtailing non-essential expenses. Saving remains critical to the long-term financial survival of all our members, and it remains too important to ignore; either now, or at any time in the future. Nambawan Super has a number of products to encourage members to save, such as increasing voluntary contributions, or utilising our Choice Super product. Our staff stand ready to assist with any of your queries, through our call centre or any of our branches.

Continuous improvement in member services

In 2015, we have seen several positive developments with service to our members - we are attracting new members, retaining existing ones and creating more new products and services for all of them.

To improve members' experience and access to information and services, Nambawan has embraced digital technology – in August 2015, we launched a mobile text-based SMS Alerts service for benefits payment tracking and in September 2015, we launched our smartphone application to enable members to access their balances and other information on their smartphones. Our effort to eliminate inefficiencies in document processing with our 24 hour turn-around mantra has resulted in zero files in processing or pending queues at the end of each work day.

The improvement in member services has been noticed by members – in 2015, Nambawan conducted three surveys to assess how members were responding to the Fund's increased

focus on members. There were major improvements in sentiment in several areas measured compared to 2014. In the Customer Satisfaction Survey, Nambawan Super scored 89% in its net promoter score, indicating a very loyal membership base, 86% of members indicated Nambawan has very good to excellent services and 91% of members indicating they are very happy with Nambawan's investment portfolio and investments strategy.

A Stakeholder Perception Survey showed that 75% of those surveyed believe that Nambawan Super has better service standards in the superannuation industry with 76% of that number preferring to recommend Nambawan Super to their work colleagues, friends and family.

One point of concern is that the Branding Survey measured Nambawan's brand in the market and notes Nambawan's brand lacks visibility – accordingly the Board has instructed management to develop an appropriate branding strategy to revitalise the brand and allocations have been made in the budget.

The Fund exists to serve members – thus the interests of members must be at the core of all the Fund's operations and strategies. Although Nambawan has significantly improved its services to members, it can do much more, and it will do so. It is not enough for the Fund to provide the best member services in the PNG superannuation industry, it needs to provide services on par with the best in the world and that is the challenge that we all must aspire to.

Continuing to build people and culture within the Fund.

In order for the Fund to deliver on the Board's vision for a best in class organisation, it must have the people and organisational culture that is required to deliver a high level of performance. Over 2015 the Fund invested heavily in training staff, as well as enhancing the capability of the Fund, by recruiting only university graduates, so as to fill all roles from clerical positions to supervisory level. This strategy is intended to develop staff, which can adapt to and learn new roles quickly, and to fill demands, both vertically, and horizontally, within the Fund. This will create a stable and diverse pool of talent, so as to sustain and grow a service-oriented culture in the years ahead.

The organisation's focus is to continue to develop existing talent within the organisation, but also to build a cadre of strong Papua New Guinean leadership within the senior and middle management ranks. This will see further investment in leadership training in 2016 as well as the recruitment of talented and accomplished Papua New Guineans into the organisation to supplement the existing leadership talent pool.

The Board

Director Buksens' retirement

The board of directors saw an important departure from its ranks this year. Due to the operation of the term limitations in the Nambawan Super constitution and applicable prudential



ANTHONY SMARÉ | CHAIRMAN

standards, Leon Buskens retired from the Board on 31 December 2015. Mr Buskens had made a significant contribution to the Fund over many years, first as an officer, then Managing Director and then a director of the Fund. The Fund owes him a debt of gratitude for his sterling service and I formally thank him for his contributions on behalf of the Board, the Fund as a whole and on behalf of our members, both present and past.

Regional board meetings

As a process of bringing the decision makers closer to the rank and file members outside of Port Moresby, we have taken a decision to have more board meetings outside of Port Moresby.

Accordingly, in 2015, the Board had a board meeting in September in Mt Hagen and a further board meeting in Kokopo in December and there were stakeholder and membership functions held in each location which were well attended. Having these board meetings outside of Port Moresby helps ensure that directors and management maintain direct personal contact with members to understand their problems and aspirations and to identify areas for growth and improvement as we seek to improve the Fund's relevance to its members through improved member services. Additionally, it provides further context to assist the Fund's investment strategy and processes as it weighs up long term investment in areas outside of Port Moresby and regional industries.

It has been a personal highlight for me to meet the Highland's based high school headmasters that attended our Hagen meeting as well as East New Britain member representatives in Kokopo, and to listen to them talk about their challenges in delivering services to the people that they serve and how they make a difference. It's also emotionally rewarding to hear how they feel that we have improved the Fund operations and services in recent years.

Continued director development

In order to improve the skills and expertise of the Board to ensure good leadership is provided to the organisation, support was provided to several directors, the CEO and the Company Secretary to ensure that the full board has received director training from the world-leading Australian Institute of Company Directors.

chairman's statement

ANTHONY SMARÉ | CHAIRMAN

Transforming Nambawan Super

Nambawan Super's existing superannuation business model has supported our members, employers and partners – for 24 years.

Nambawan needs to continually change, as there have been many changes in the industry over the years. For example, changes in the superannuation industry since conversion of the fund from a pension scheme to an accumulation fund in 1991, the reforms in 2002, changes in communications technology, and the increased age of Fund members. Also, the challenging global and local economy, in which we operate, confirm the need for the Fund to remain flexible and attentive to change.

To ensure we are best placed to overcome the challenges and take advantage of the opportunities that change presents, we are entering an unprecedented period of transformation at Nambawan that has impacted what we do and how we do it.

Some of the high level transformation initiatives having been completed or are currently work in progress to transform Nambawan include:

- Strict compliance to regulatory requirements;
- Development of a 5-year strategic plan that cascades from the Board to the CEO, Executive Management and all line staff;
- Moving to a new head office environment in around mid-2016 with a modern and open environment conducive for communication and efficient workflow;
- Efficiencies gained from improved systems and processes such as production of audited accounts 6 months earlier than in previous years, 24 hours turnaround for servicing of all enquiries including benefit payments; and
- Improved security measures to detect or deter fraudulent claims.

Unfunded State Liability

Nambawan Super public servant members have an unfunded liability from their employer, the State, of K2.07 billion as at 31 December 2015. This relates to a period from 1991 to 2008 when the State did not fully pay its fortnightly employer's superannuation contribution for members.

The State owes a further K135.6 million to 155,330 current members. This amount is owed from November 2014 to 30 November 2015.

The Nambawan Super board of directors, made a decision not to pay out unfunded employer contributions on behalf of the State to exiting public service members as at 1st December 2015. Accordingly, 190 members who exited in December 2015 were only paid the full balance of their funds held at Nambawan Super and are owed K6.73 million for the unfunded State share.

The decision by the Board was taken to fully honour the Board's fiduciary responsibility to protect and preserve the assets of the Fund and it necessarily prioritised the interests of the continuing

members of the Fund over the interests of the members that were exiting in so far as it related to using member's funds to pay the State's unfunded component to exiting members.

It was a difficult decision, it may have not been liked by some stakeholders, and it took courage on the part of the Board to make the decision, but ultimately, it was the right decision because it protected the funds of the existing members of the Fund

We assure our members and stakeholders that we are having continued dialogue with the National Government at all levels to have K135 million owed to members settled as well seeking the Government to make a provision of further funding to Nambawan Super to settle exiting public servant members in 2016 as well as to reduce the unfunded liability of K2 billion further. If dialogue is not successful, the Superannuation Act provides other means to recover the debt on behalf of affected members.

Conclusion

The lingering pessimism surrounding a recovery in the global and local economies presents a difficult year ahead for Nambawan Super, from an investment perspective. While your Fund delivered a return of 5.8% to member accounts for 2015, members are cautioned that a similar result may not be repeated for 2016. With the outlook for gold, copper and oil prices not improving for the next year or so and, thus depressing the global and PNG economies, Nambawan Super anticipates years of low returns in the foreseeable future.

I thank my board of directors for being stewards and guardians of our members' retirement savings. I also thank CEO Garry Tunstall, the management and staff of Nambawan for their tireless efforts in working to deliver on the strategic objectives of the organisation in 2015.

While people generally resist change, I appreciate the loyalty of Nambawan staff and members for being receptive to the transformation the Fund is going through over the last two and a half years and supporting and contributing to efforts to build a better organisation. I am thankful for the support that staff and members have provided to the Board in 2015.

The Fund exists to service its members and thus, as your trustee directors, management and staff, we look forward to serving you in 2016 to the best of our ability to ensure that the Fund rides out the year's challenges in a positive and resilient fashion to deliver you sterling service and ensuring your retirement savings continue to grow sustainably.

Anthony Smaré

Chairman of the Board

organisational structure

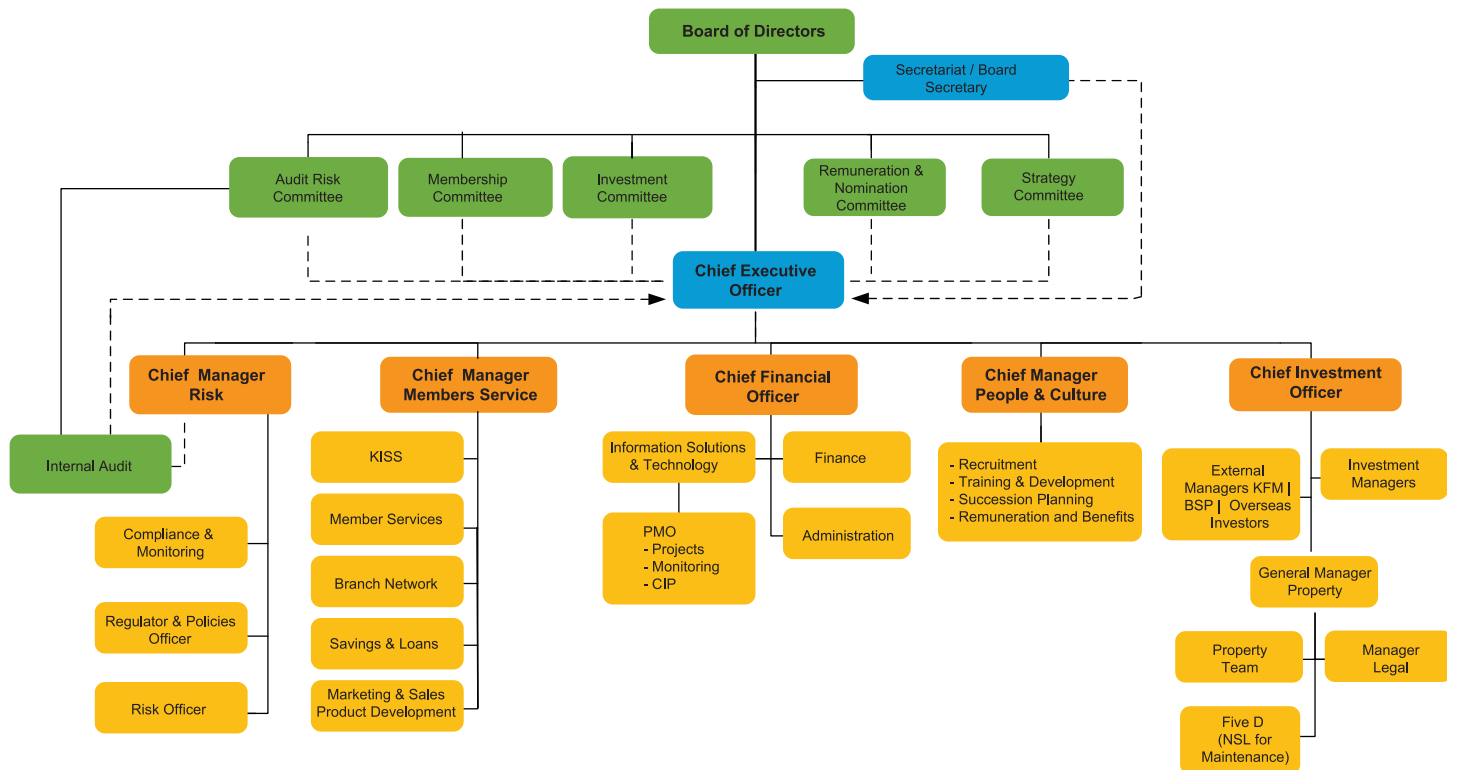


Figure 6, Source: NSL

Our Team

Nambawan Employees



73%
Employee engagement score

42
Average age

50%

50%

31

December '15

119

Employees

Source: NSL 2015 Human Resources Report

board of directors

Mr Anthony Smaré
chairman



Mr Anthony Smaré, has been a director since 2012 and currently is a member of the Investment Committee and the Remuneration & Nomination Committee in addition to being Chairman of the Board. Mr Smaré has a Bachelor of Law and Bachelor of Applied Science (Geology) from the Queensland University of Technology, has studied leadership at Harvard University and Oxford University and is a graduate member of the Australian Institute of Company Directors. He is a former partner of Allens Arthur Robinson lawyers specialising in mergers and acquisitions, corporate finance and natural resources law, practicing in PNG and Australia. He is a director of Paradise Foods Limited and City Pharmacy Limited. Mr Smaré is also Chairman of the Kumul Foundation Inc and founder of the Kumul Gamechangers Initiative. In 2014, the World Economic Forum appointed Mr Smaré a member of its Forum of Young Global Leaders for a term of 6 years.

Lady Aivu Tauvasa
deputy chairlady



Lady Aivu Tauvasa, returns to the board after four years having previously served on the board from 2002 to 2010. Lady Tauvasa has held various key positions in the Pacific related to business, trade, export facilitation and enterprise development over the past 28 years. Lady Tauvasa was previously the Managing Director for the Investment Promotion, Trade Commissioner, Pacific Islands Trade & Investment Commission, Sydney and Permanent Representative and Delegation of the Pacific Islands Forum to the WTO. Lady Tauvasa holds an MBA, Aviation Management from the Embry-Riddle Aeronautical University, Florida, USA, a Bachelor of Arts Degree from the University of Papua New Guinea and a Primary School Teacher's Certificate from Simon Fraser University in British Columbia, Canada. Lady Tauvasa is the chairperson for the Strategy Committee and she is also on the Membership Committee and the Remuneration Committee.

Mr Leon Buskens
director



Mr Leon Buskens, was the first Managing Director for NSL to be appointed under a merit based process brought about by the superannuation reforms in 2002. He served for 9 years as Managing Director and a total of 22 years with NSL. He left NSL in 2011 and after a year away rejoined NSL as a Board Director until the end of 2015. He is currently employed as General Manager, Stakeholder, with Oil Search Limited. He serves as Director for following companies, Capital Insurance Group, ANZ (PNG) Board, SP Brewery and Toyota Tomatsu (PNG).

Mr Buskens has a Masters in Finance from RMIT and a Bachelor of Commerce from the University of Technology PNG. He is a member of the AICD and PNGID. He is a member of the Audit & Risk Committee and the Investment Committee.

Mr Reginald Monagi
director



Mr Reginald Monagi, was appointed a director in 2014. Mr Monagi has extensive private sector experience having previously worked with South Pacific Brewery Limited, Goodman Fielders International PNG, Colgate Palmolive (PNG), British American Tobacco (PNG) Limited, Fairdeal Liquors (PNG) Ltd and Shell (PNG) Ltd. He is currently Director Corporate Services and Company Secretary for the International Education Agency of PNG Ltd. Mr Monagi holds a Bachelor of Arts Degree (Psychology) from the University of Papua New Guinea, a Master of Business Administration and a Diploma of Company Directors Course (Corporate Governance), from the University of Queensland. He is a graduate member of the Australian Institute of Company Directors and a founding member of the Papua New Guinea Institute of Company Directors. Mr Monagi is a member of the Audit & Risk Committee, and Membership Committee.

Mrs Lesieli Taviri
director



Mrs Lesieli Taviri, was appointed a director in 2014. She is currently employed as the Chief Executive Officer for Origin Energy PNG Limited. Prior to succeeding into the Country Manager's role in September 2012, she served in several other senior management capacities including Head of Corporate Services, Marketing, Customer Service and Business Development. She is a Director (Chair) for Business Coalition for Women and President for Badili Club of PNG. She is a member of the Remuneration & Nomination Committee and Strategy Committee.

Mr Bruce Wilson
chairman audit
& risk committee



Mr Bruce Wilson, joined NSL in 2014. He was previously the Chief Financial Officer of Sunsuper, Brisbane for 13 years and has over 30 years' experience in financial management. Mr Wilson has held a number of senior positions with Kern Corporation, Bank of Queensland and First Australian Building Society Limited. Other positions include Member Elected Director of the Bank of Queensland Limited Officers Superannuation Fund, Member of The Smith Family, Queensland Development Board, Member of Accounting Standards and Audit Practices Committee (Institute of Chartered Accountants, Queensland), Founding Chairman of Chartered Accountants in Business Committee (Qld). Mr Wilson is member of the Remuneration & Nomination Committee

Professor
David Kavanamur
chairman of membership
committee



Professor David Kavanamur, has been a director since 2012. He is currently the Director General of the Office of Higher Education and has a Bachelor of Arts Degree with Honors from the University of Papua New Guinea, M.Phil. (Development Studies), University of Sussex and Doctor of Management, University of Western Sydney. Professor Kavanamur is a professional and is affiliated with many institutions, both in PNG and overseas including the Australian Institute of Management. He is currently a Director on the Boards of Rabaul Microfinance, Kumul Hotels Limited, Gazelle International Hotel Limited and Institute of National Affairs. Professor Kavanamur is a member of the Strategy Committee.

Mr Alan Kam
chairman of investment
committee



Mr Alan Kam, joined NSL in 2014. Mr Kam is currently Principal at Libertas Company Limited, Bangkok, Thailand, a financial advisory firm focused on Family Office and Investment Banking activities. Mr Kam received his Master & Bachelor of Business Administration degrees from the University of Denver, USA.

He has held a number of senior positions including CEO of Aberdeen Asset Management, Manulife Asset Management and Chairman of the Board of Krungsri Asset Management Co. Ltd. He has worked for Standard Chartered Bank and Merrill Lynch & Co. with experience in London, Los Angeles and New York.

Currently, he is Independent Director & Chairman of the Audit Committee for Cal-Comp Electronics (Thailand) Public Co. Ltd., Independent Director & Chairman of the Audit Committee of Mega Life Science Public Co. Ltd., Thailand, Director of Cal-Comp Holdings (Brazil), Sao Paulo, Brazil.

Mr Kam is a Lecturer at the Faculty of Accountancy, Chulalongkorn University, Thailand.

He is a Fellow Member, Chartered Director & Facilitator at The Thailand Institute of Company Directors.

He is also a Member and Facilitator at The Australian Institute of Company Directors.

Professor
Albert Mellam
chairman of remuneration
and nomination committee



Professor Albert Mellam, has been a director since 2012. He currently serves as Vice Chancellor and Chief Executive of the University of Papua New Guinea and has a Bachelor of Arts Degree (Major in Psychology & Minor in International Relations), Bachelor of Arts with Honors in Psychology from the University of Papua New Guinea, Master of Science Degree in Psychology from Stirling University, Scotland and Doctor of Philosophy, Psychology from the Australian National University, Canberra. He also serves as director of Credit Corporation (PNG) Limited, Credit Corporation Finance Limited, Era Dorina Limited, Credit House Limited, Ela Makana Development Limited and Brian Bell & Co Ltd. Professor Mellam is a Member of Membership Committee.

chief executive officer's statement

GARRY TUNSTALL | CHIEF EXECUTIVE OFFICER

Nambawan Super has continued its journey to modernise and facilitate first class member service. It has improved Strategic Asset Allocation to generate greater earned income, to rely less on improved valuations and capital growth for member profit.

Financial Results and Returns

Covering the important issue of member returns first, readers will see a vast improvement in earned income coming to the bottom line.

Our overall return this year of 5.8 percent is noteworthy, given that international equity markets had faced difficulties over 2015. This result remains, among other things, a testament to the soundness of our strategic asset allocation, which retains a preference for income, as opposed to earnings that are generated by the periodic revaluation of assets.

Nambawan has concentrated on getting a number of its larger development properties completed and we are pleased to see the Treasury Building development completed, Vele Rumana in Lae completed and nearing completion is Old Parliament Haus (OPH 1) commercial office tower in Port Moresby. Ground works have commenced for OPH 2 development being residential and accommodation units with boutique shops in the complex. A residential complex in Touaguba has recommenced and is tracking on time and budget. At the same time NSL has been successful at selling some of its smaller and older properties on the market at a profit.

Member Service and Technology

The modernisation platform has seen a new smartphone and tablet application technology introduced to Nambawan to improve and facilitate member servicing. Nambawan is very proud of this development and was the first institution to introduce a smart application for its members. This service will most certainly reduce waiting queues at our branches as members are now able to obtain up to date account balances, statements, beneficiary details and other information at the push of a button without having to visit an NSL branch.

Nambawan also revamped its automated workflow system so that members can automatically track the status of their benefit payment applications through SMS alerts and find out when funds are deposited to members accounts. Members will receive automated SMS alerts to their phone once they are registered for this service without having to visit a branch or make contact with Nambawan's call centre.

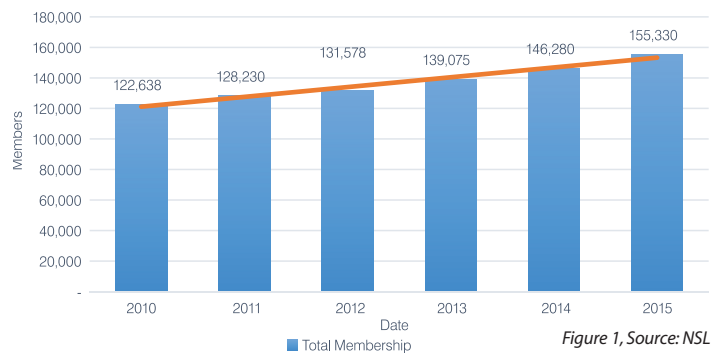
Further enhancements have been undertaken to improve the call centre operations to ensure a direct and modern link to members is available by phone and email at minimal cost. Over time we believe the call centre will become a major instrument to deliver first class service to our members.

Of importance is not to lose touch with personal service and as such NSL has expanded regional offices to serve clients in the busiest of areas. We now have major offices of substance at Aopi centre Port Moresby and Lae. Our Goroka office was refurbished to give it a more modern look. Plans have been established to develop Kokopo and Mt Hagen in the next 12 months. In an effort to better service members in outlying and rural areas a joint venture agreement was established with Post PNG that has enabled NSL to use their offices to expand and develop our distribution reach. New offices with that organisation have been opened in Arawa, Kiunga, Mendi, Kundiawa, Wabag and Madang. Once the project has been completed NSL expect to be able to connect to over 30 different locations throughout the country, close to doubling its current distribution network.

The expanded branch representation and larger more modern regional centres puts NSL in good stead for growth and development in the longer term future. It is important to recognise the valuable contribution offered to NSL by the positive and proactive joint venture relationship with Post PNG, their management and staff. Members will have additional sites in rural locations where they can obtain service and gather information for their benefit.

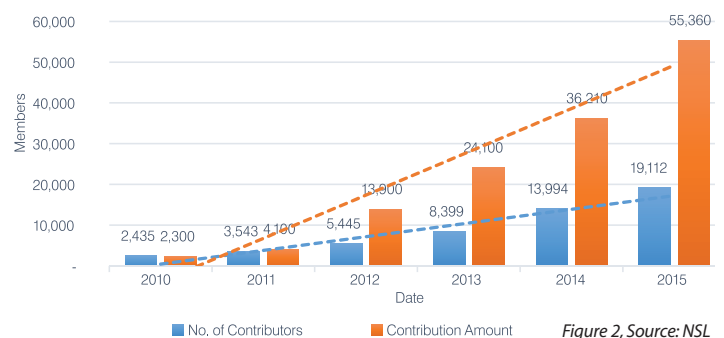
Membership Growth

NSL membership has grown by 4 percent from December 2014 figures as noted below.



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. Last year it increased by 36% as shown in figure 2, below.



Retiring Savings Account

The advantage of an RSA is the continued security of funds in retirement, members earn sound return from annual interest crediting, can enjoy Nambawan's Discount Program and have the flexibility to access their funds any time they wish.

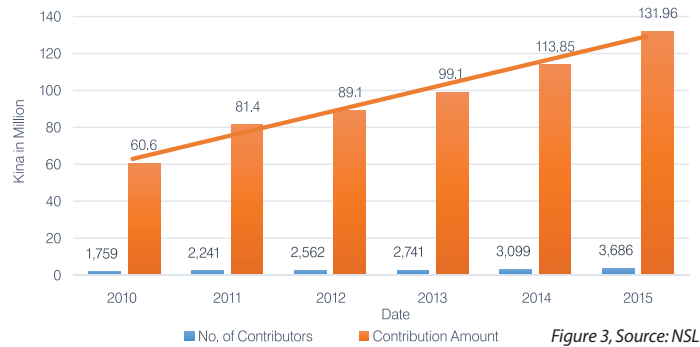


Figure 3, Source: NSL

Member Contributions

The graph below shows contributions made during the past year.

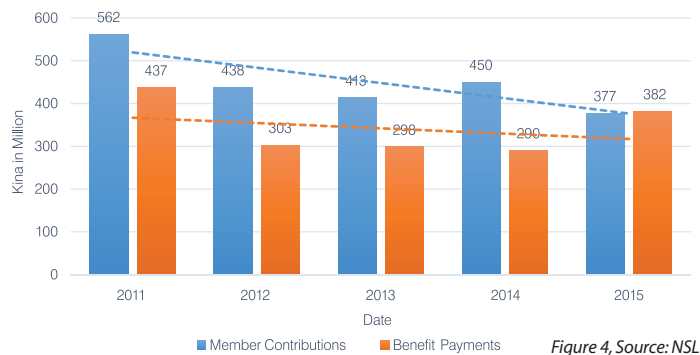


Figure 4, Source: NSL

Savings and Loans

Nambawan Savings and Loans Society (NSLS) keeps growing each year. NSLS has invested in a new cloud-based banking platform and will be deploying it over the next 12 months to cater for this growth. At 31 December 2015, NSLS had 14,892 members which is an increase of 24%. Deposits also increased from K23.8 million to K30 million, and loans increased from K4.4million to K10.million.

Governance and Operation Excellence.

Operationally NSL has not stood still and has improved efficiency to members. Please refer to figure 5 below that confirms we have a limited number of members waiting for a response each and every day.

Our internal financial reporting has been improved dramatically and we are now able to provide information to our management and Directors in modern dashboard format and promptly as required.

Risk management has taken a front seat in building a new NSL and in line with Prudential Standards is now a key focus for the organisation. Greater in depth analysis of risks associated and the coverage of same for our members is a primary responsibility. It is also measured and managed in a more robust manner throughout the organisation. New software has been introduced to capture key risks and to make sure they are reviewed throughout the year within respective departments.



GARRY TUNSTALL | CHIEF EXECUTIVE OFFICER

24 Hour Turnaround Time

Measured by files in processing and pending queues. Graph now reflects outstanding files at any given point in time on a daily basis.

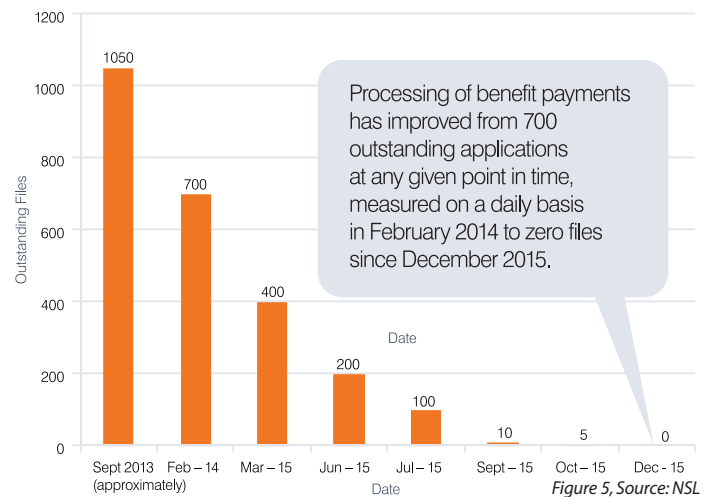


Figure 5, Source: NSL

People and Culture

Of course our major asset is our people as without their dedication and effort we would not be achieving the positive and healthy results shown in this report.

In 2015 staff went through intensive leadership programs to improve work performance and overall customer services for members. Our graduate development program which started this year will develop young people to be the next generation of leaders as part of our vision to be a world class Superannuation Fund in Papua New Guinea.

I acknowledge and sincerely thank our Executive Management and staff for their contribution and the manner in which they have accepted change and all that it brings. We have established a graduate program, and have concentrated in getting the best people into the organisation, and retaining those that are key and performing to expectations. This program will continue in the years ahead so our future is looking very bright and positive.



Garry Tunstall
Chief Executive Officer

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.

NSL is setting a new benchmark and is now only recruiting staff with University qualifications to help service our members.

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. In addition NSL implements 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 2015. All NSL 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.

Highlights for 2015

- Start of new Graduate Development Program,
- There were 41 training opportunities, with 433 'seats' attended by employees. The 41 training opportunities was increased over 2014 by 20,
- 2015 focused on managing performance, and
- Overall, employee engagement in 2015 was 73%.

Senior Management Salaries

The following table shows the number of employees in different salary bands during 2015.

Salary range	No. of employees
K100,000 – K150,000	18
K150,000 – K200,000	2
K200,000 – K250,000	5
K250,000 – K300,000	1
K300,000 – K600,000	3
K600,000 – K750,000	2
K750,000 – K800,000	1
K800,000 – K900,000	1

Figure 7, Source: NSL



Standing L-R: **Rebecca Habitein**, Manager Finance | **Thomas Opa**, Manager, Branch Network & Business Development | **Grace Bayak**, Manager, Strategy
Presley Semi, Head Project Management Office & IT | **Chris Mota**, Manager Member Services | **Chetan Chopra**, Chief Financial Officer
Charlie Gilichibi, Chief Manager Member Services | **Raymond Palangat**, Manager, Marketing | **Maharlika San Valentin**, Manager Savings & Loans
Nosua Kini, Chief Manager, Risk & Compliance | **Rossie Kambua**, Manager Internal Audit

Sitting L-R: **George Koi**, Manager Legal Services | **Dr Stephen Nash**, Chief Investment Officer | **Loka Pepena Niumatairua**, Chief Manager People & Culture
Garry Tunstall, Chief Executive Officer | **Patricia Taureka**, Company Secretary | **Andrew Esler**, General Manager, Property

Nambawan Super e-services 2015

2,975

Smartphone
app users
AS AT 31 DECEMBER 2015

9,307

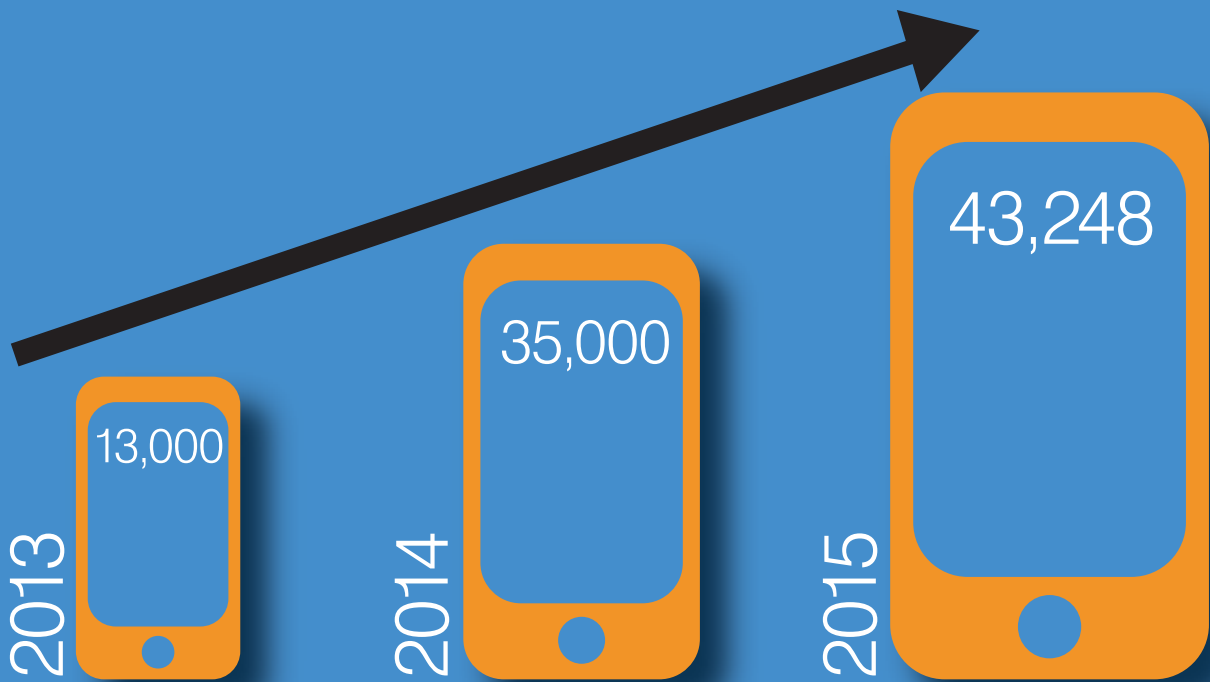
Online
users
AS AT 31 DECEMBER 2015

43,248

SMS balance
users
AS AT 31 DECEMBER 2015

Source: NSL 2015 Results

No. of NSL SMS balance users



Source: NSL 2015 Results

AS AT 31 DECEMBER 2015

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), monitored and regulated 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 ASF’s 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 2015 the Committee comprised Mr Bruce Wilson as chairman, Mr Reginald Monagi and Mr Leon Buskens as committee members with David Guinn as external expert.

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 at 31 December 2015 the committee comprised Professor Albert Mellam as chairman, Mr Anthony Smaré, Lady Aivu Tausava, Mr Bruce Wilson and Mrs Lesieli Taviri as committee members.

The Investment Committee is a committee of the Board with the responsibility of ensuring that all investments of the Fund 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. As at 31 December 2015, the committee comprised Mr Alan Kam as chairman, Mr Anthony Smaré, and Mr Leon Buskens as committee members.



Back L-R: **Professor David Kavanamur**, Chairman, Membership Committee, **Damien Aiyebaibai**, President - Correctional Services Association, **Garry Tunstall**, Chief Executive Officer, and **Reginald Monagi**, Board Director Committee

Front L-R: **Gena Gawa**, President, PNG Fire Fighters Association, **Santee Margis**, General Secretary, PNG Energy Workers Union, **Lady Aivu Tauvasa**, Board Director Committee, and **Helen Are'e** PNG Amalgamated General Workers Union of PNG

Absent: **Professor Albert Mellam**, Board Director Committee **Martin Kenehe**, Vice President, Teachers Service Commission, **Emma Faiteli**, National President, Public Employees Association, and **Lowa Tambua**, President, PNG Police Association

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 December 2015 the Committee comprised Directors of Nambawan Super Limited, Professor David Kavanamur as chairman, Lady Aivu Tauvasa, Professor Albert Mellam, Reginald Monagi and from union representatives, Martin Kenehe from PNG Teachers Association, Santee Margis from PNG Energy Workers Union, Helen Are’e from Amalgamated General Workers Union, Dumo Mamato from PNG Fire fighters Union, Lowa Tambua from PNG Police Association, Damien Aiyebaibai from Correctional Services Employees’ Association, and Emma Faiteli from the Public Employer Association, while a vacancy remains from PNG Nurses Association with the passing of the late Mrs. Eimi Kaptigau.

Customer Satisfaction Survey (2015)

89%

Net Promoter Score
(loyalty score)



86%

Very good, to excellent, services at NSL

91%

Very happy with Investments portfolios

80%

Happy with Nambawan Savings and Loans

AS AT 31 DECEMBER 2015

Stakeholder Perception Survey (2015)

87%

NSL has improved its service standards compared to previously



81%

NSL has suitable leadership and management

75%

Better service standard in the industry

76%

Prefer NSL

AS AT 31 DECEMBER 2015

fund administrator's statement

Kina Investment & Superannuation Services Limited (KISS)

2015 YEAR IN REVIEW

Delivering superior customer service is always our highest priority as we continue to support Nambawan Super and its members with the state of the art systems and services. It was therefore extremely pleasing that during the year we were able to progressively reduce our completion times for all request types by a minimum of 50%, down to a maximum service target of 1 business day (8 hours) to complete any type of member request. From July to December, in 2015, 100% were completed with this service target and 98.13% across the entire year. This standard is in line with the best fund administrators anywhere in the world, and is a credit to our hard working and highly skilled staff who continue to develop and excel.

Other highlights included the expansion of our SMS service to provide exiting members with automated notifications as their withdrawal application passed through a stage in the payment process, the implementation of upgraded website technology to improve members online experience, the ability for members to view historical statements via the website, and the launch of Papua New Guinea's first mobile application for superannuation members. This mobile app, which is available on both Google Play Store and Apple's App Store, provides Nambawan Super members with the ability and convenience to securely view their superannuation account via their smart phone anytime, anywhere thus avoiding the need to visit a branch.

FUND MEMBERSHIP

Total membership as at 31 December 2015 was 155,330 consisting of 116,039 active contributors 35,605 inactive contributors and 3,686 Retirement Savings Account members. This is a 6.18% increase on total membership from the end of 2014 and is in line with the average growth over the last 10 years which stands at 6.70%. As fund membership continues to grow, keeping members biographical data and beneficiary details up to date remains an ongoing challenge. Just over 41% (64,109) of the total members are yet to update their date of births, an increase of 3% from the previous year, and we would encourage members to come forward and update their personal details so future requests including benefit payments can be processed smoothly.

MEMBERS AND GROWTH

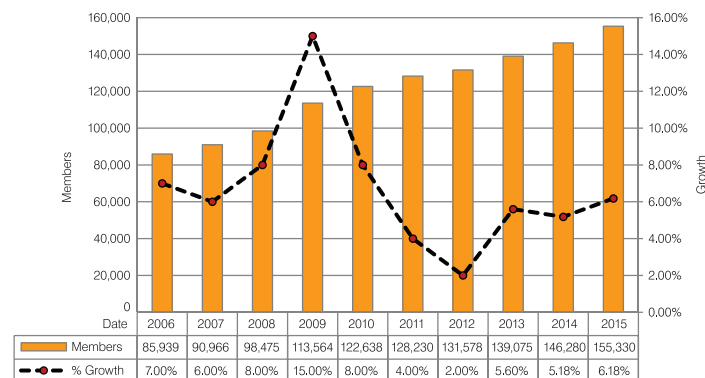


Figure 9, Source: NSL, KISS

RETIREMENT SAVINGS ACCOUNT

The growth in the number of RSA members indicates a rise in the number of exiting members opting to reinvest their entitlements with Nambawan Super. The number of RSA members grew by 18.9%, as at 31 December 2015, with more than K132.96 million in total investment compared to 3,099 members and K113.85 million, as at 31 December 2014.

PAYMENTS FROM RETIREMENT SAVINGS ACCOUNTS

In 2015, a total of K43.07 million was paid out to members, which is the highest amount of funds paid out in the last three years.

Payment Type	2014		2015	
	No of Members	Amount K(million)	No of Members	Amount K(million)
Full Benefit Payment	330	4.90	524	6.50
Death Benefit	32	1.18	52	2.82
Partial Payment	3,443	24.13	4,521	30.05
Regular Fortnight	3,890	3.29	4,247	3.7

Figure 10, Source: NSL, KISS

VOLUNTARY CONTRIBUTIONS

The number of members making extra contributions continues to grow. As at 31 December 2015, a total of 19,112 existing members have made a sum of K55.36 million in voluntary contributions compared to 13,994 members and K36.21 million as at the end of 2014. This is an increase of 36% in members and 52% in total savings in the last 12 months. It is encouraging to see a growing number of members better planning for their retirement by contributing an additional portion of their fortnightly salary to build their retirement savings whilst earning healthier interest rates in superannuation.

VOLUNTARY CONTRIBUTIONS

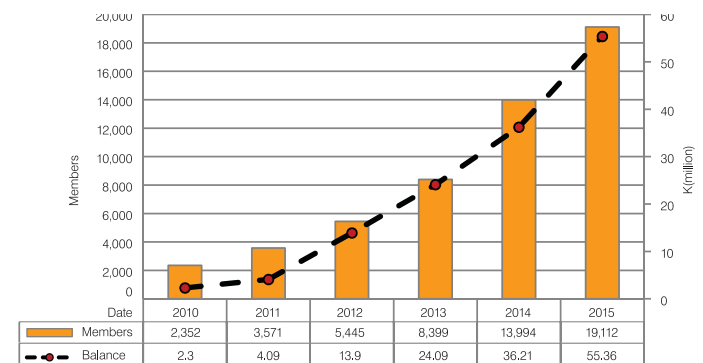


Figure 11, Source: NSL, KISS

CHOICE SUPER

In less than 2 years of launching, the Choice Super product has achieved positive growth in both membership and investment value. A total of 1,698 members with savings total of K1.19 million have entered the superannuation system. This is a 110% increase in members and more than K800,000.00 in total savings compared to 31 December 2014.

CONTRIBUTIONS

Total contributions received for the year was K378.71 million. Over 99% of these funds have already been allocated into member's accounts with K0.42 million awaiting additional information prior to loading. We believe there are opportunities for further streamlining of the contribution process and we look forward to working with employers and introducing these enhancements.

EXIT PAYMENTS

A total of 8,143 exits were processed in 2015 totalling up to K401.17 million in benefits. The exits also include a sum of K1.77 million being transferred to Nasfund for 1,277 Big Rooster members.

Exit Type	2013		2014	
	No of Members	Amount K(million)	No of Members	Amount K(million)
Resignation, Retrenchment, Retirement, Termination, Transfers out	2,944	K239.20m	5,051	K323.30m
Death Benefits	362	K41.05m	644	K74.98m
Monthly Unemployment Benefits	2,007	K2.18m	2,448	K2.89m

Figure 12, Source: NSL, KISS

TOGETHER IT'S POSSIBLE

Kina Investments and Superannuation Services is committed to supporting Namabwan Super by ensuring each and every interaction with us is a positive one. Our customer-first culture is stronger than ever and we continue to invest in our people and technology to provide you with the best fund administration services possible. We look forward to exceeding all expectations in 2016 and far beyond.

Adam Fenech

General Manager

Kina Investment & Superannuation Services

investment manager's statement

Kina Funds Management Limited (KFM)

NSL's investment portfolio (Fund) is constantly seeking for prudent, value adding, initiatives that are designed to further enhance and sustain the growth of the fund. This report outlines the drivers of the Fund's performance and provides the allocation breakdown of its investment holdings.

1. Legislation

The legislation governing the superannuation industry is the Superannuation (General Provisions) Act 2000. The Bank of Papua New Guinea (BPNG), under this Act has the main function to ensure the protection of the rights and interests of contributors. BPNG does this by issuing prudential standards that reinforce the guidelines in the Act, and BPNG monitors with reviews, and regular reporting requirements.

The Fund and Kina Funds Management Limited (KFM) continuously working together to be in compliance with regulations to ensure targeted returns can be achieved, with adequate risk.

2. Investment Strategy

The Fund's primary purpose is to preserve and maximise superannuation benefits of its members, through prudent investment management. The Fund's investment strategy (Investment Strategy) guides the investment decisions of the Fund, along with Kina Funds Management (KFM), as the Licenced Investment Manager (LIM) for the Fund. The Fund's objective is to provide an after-tax return of at least +2% per annum, above CPI, over any ten years, with the trustees to adopt adequate, and not excessive risk, so that negative real returns are to be prudently minimised. The headline CPI for Papua New Guinea for 2015 was 6.4%.

3. Investment Portfolio Performance

The Fund's investment portfolio increased to K4,899.1 million¹ as at 31 December 2015, an increase of K240.20 million or 5.2% from K4,658.9 million at end of December 2014. The increase in the portfolio was mainly due to investment income of K361.5 million, the K97.6 million received for partial repayments for unfunded liabilities from the government of Papua New Guinea (PNG), and partially offset by the net withdrawal from the Fund. The investment income is primarily attributable to the following: (i) the gain from the valuation of listed equities, and unlisted equities, (ii) dividend and interest income, and (iii) foreign currency gains from valuation of international investment. However, the investment income was also somewhat offset by the valuation loss on bonds, amongst other factors.

¹The net asset amount, as quoted by the licenced investment manager, KFM, do not reflect all the assets that are taken into account, for accounting purposes.

4. Portfolio Composition

The Fund continually maintains its investments in line with its Strategic Asset Allocation (SAA). Moreover, in close collaboration with its LIM, the Fund constantly monitors its investments and reacts to the prevailing market conditions and expectations in line with the Strategic Allocation policy. The SAA is periodically reviewed to ensure that it is established and dynamically suited to guide the Fund.

Generally, the focus is to diversify risks ensuring minimum volatility, while adding to the risk adjusted performance, and preserving the capital base (for its the members). The table below compares the

mix of investments in the portfolio as at 31 December 2015, with the asset class breakdown at the end of the previous year.

Composition of Investment as at 31 December 2015

Asset Class	Portfolio Value ¹ (Km)		Percentage Holdings	
	31/12/15	31/12/14	31/12/15	31/12/14
Cash	279.3	88.8	5.7	1.9
Fixed Interest	1,635.2	1,543.2	33.4	33.1
Unlisted Equities	976.0	1,236.8	19.9	26.5
Listed Equities	600.0	626.9	12.2	13.5
Property	623.6	521.4	12.7	11.2
International	785.0	641.8	16.0	13.8
Total Portfolio	4,899.1	4,658.9	100.0	100.0

¹ Portfolio Value is inclusive of "Short-term deposits" and "Cash and Cash equivalents" These values may not equate the net asset value

Figure 13, Source: KFM, NSL

Fund's Asset Allocation as at 31 December 2015

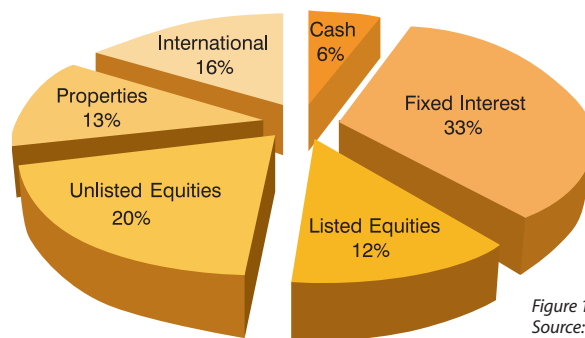


Figure 14, Source: KFM, NSL

Figure 15 below shows the increase in the Fund since 2003. Its value has increased close to seven fold since 2003 with an average cumulative growth rate (ACGR) of 19.0% per annum.

Investment Portfolio as at 31 December 2015

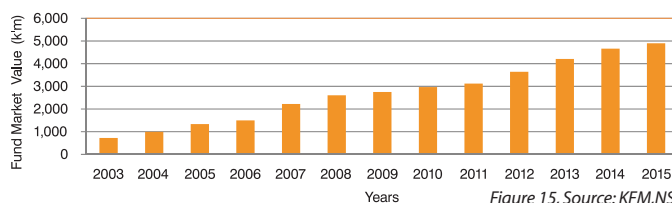


Figure 15, Source: KFM, NSL

5. Portfolio Discussion by Asset Class

5.1 Cash

The Fund's domestic cash portfolio comprises on-call accounts and Interest Bearing Deposits of terms less than 182 days. As at 31 December 2015, the Fund held K279.3 million, which represents 5.7% of the total portfolio.

The Fund has been keeping its allocation to cash streamlined and focussed on forecast cash flow demands, such as approaching investment activities, such as remittance of cash offshore, government bond auctions, property project expenditures, and also to meet short term liquidity demand. Low returns in this asset class continued in 2015, due to persistency high levels of domestic liquidity.

5.2 Fixed Interest

The Fund's fixed interest allocation (Fixed Interest Portfolio) comprises bank term deposits, government securities and loans, with term equal or more than 182 days to maturity, at the time of issue. As at 31 December 2015, the value of Fixed Interest Portfolio was K1,635.2 million, which represented 33.4% of the total investment portfolio.

This result is below the target allocation of 36.0% outlined in the Investment Strategy.

This asset class is made up mostly of government securities and the Fund continues to monitor the market for suitable opportunities to acquire.

In addition to government securities, the asset class includes investments in commercial loans for subsidiary companies construction projects and syndicated infrastructure loans.

5.3 Equity

The domestic equities allocation (Domestic Equities Portfolio) consists of listed and unlisted equities. As at 31 December 2015, the Fund's allocation to this asset class was at K976.0 million. This represents an decrease of K260.8 million or 21.1% from the K1,236.8 million total from the previous year.

5.3.1 Listed Equity

As at 31 December 2015, this sub-class (Domestic Listed Equities) was valued at K600.0 million which represented 12.2% of the Fund. The Domestic Listed Equities decreased by K26.9 million for the year, which was primarily due to the decrease in share prices of Credit Corporation Limited (CCP) and City Pharmacy Limited (CPL), but this was offset by a rise in share price of Bank South Pacific Limited (BSP).

This table shows the Fund's Domestic Listed Equities holding within the Fund:

Domestic Listed Equities as at 31 December 2015

Listed Equities	Stock Exchange	Industry/ Sector
Bank South Pacific Limited	POMSoX	Banking/Finance
Credit Corporation Limited	POMSoX	Finance/Property
City Pharmacy Limited	POMSoX	Health/Retail
Oil Search Limited	POMSoX/ASX	Oil & Gas
Kina Securities Limited	POMSoX	Banking/Finance

Figure 16, Source: KFM, NSL, POMSoX, ASX

5.3.2 Unlisted Equity

As at 31 December 2015, this sub-class (Domestic Unlisted Equities) was valued at K976.0 million, which represented 19.9% of the Fund.

The Fund is currently working on a number of strategic initiatives, which are targeted at optimising the allocation of this asset class, including the following: (i) reducing exposure risk

to selected entities, (ii) crystallising the returns of those entities that have significantly appreciated, and (iii) divesting those equities that are relatively small in terms of the overall portfolio, and which are not yielding robust risk adjusted return.

Domestic Unlisted Equities as at 31 December 2015

Unquoted Ordinary Shares	Industry/Sector	Holdings as %
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

Figure 17, Source: KFM, NSL

5.4 Property

The Fund's properties (Domestic Properties Portfolio) is comprised of commercial, residential, industrial and land investments. As at 31 December 2015, this asset class was valued at K623.6 million, which represented 12.7% of the Fund, which is below the target allocation (partly due to the poor outlook for property value in PNG and a divestment strategy)². The Fund has continued the implementation of the property strategy of divesting non-core and underperforming assets, upgrading existing key assets and remains focussed on optimising profitability on core assets. This 'divestment' initiative is underway and it is expected to further stream line, and improve the composition of this asset class; leading to an improved risk-return profile for the Fund, and a diminished exposure to sub-optimal holdings.

²Property Holding Companies are reported under the Properties asset class in portfolio reporting, however, in financial reporting, they are included under Unlisted Equity asset class.

investment manager's statement

KINA FUNDS MANAGEMENT LIMITED

Property Portfolio as at 31 December 2015

Properties	Location	Description
COMMERCIAL BUILDINGS		
Era Rumana (S20 L12 Champion Parade)	Port Moresby	Ground and 6 upper levels Commercial Office Complex in the CBD.
Mogoru Moto (S20 L13 Champion Parade)	Port Moresby	Ground and 9 upper levels Commercial Office Complex in the CBD.
Aopi Centre (S405 L15 Waigani Drive)	Port Moresby	Tower 1 has ground and 5 upper levels. Tower 2 has ground and 4 upper levels.
Vulupindi Haus (S390 L12, 13 & 14 Waigani Drive)	Port Moresby	Ground and 4 upper levels Commercial Office Complex in Waigani.
Revenue Haus (S20 L11 Champion Parade)	Port Moresby	Ground and 11 upper levels Commercial Office Complex in the CBD.
Burns House (S20 L3, 4 & 5 Champion Parade)	Port Moresby	Ground and 2 upper levels Mixed Office & Retail Space in the CBD
Port Tower (S3 L21 Hunter Street)	Port Moresby	Ground and 5 upper levels Mixed Use Commercial/ Residential Complex in the CBD.
Morobe Haus (S6 L47, 4th Street)	Lae	Ground and 4 upper Level Commercial Office Complex in the CBD.
Nambawan Super Haus (S49, L3,4,5,6 & 7)	Lae	Ground and 6 upper levels Mixed Use Commercial/Residential Complex.
INDUSTRIAL PROPERTIES		
Gordons - Warehouse (S64 L17)	Port Moresby	NSL Data Storage Facility.
Voco Point Warehouse (S42, L5 & 6)	Lae	Industrial Property.
Bowman Warehouse (S64 L15&16)	Port Moresby	Industrial Property.
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.
Lawes Road (S7 L24)	Port Moresby	20 x 2&3 Bedroom Units located on Lawes Road. NSL owns 50% of the property.
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 Residential Units.
Hibiscus Street, Eriku (S41 L3)	Lae	6 x 3 Bedroom Residential Units.
Portion 212 (Portion 212, Boundary Road)	Lae	40x 2&3 bedroom residential units.
VACANT PROPERTY		
9 Mile Land (Portion 2159)	Port Moresby	Agricultural Land.
Malolo Estate (145-152)	Port Moresby	Housing Estate.
Koki Land (Portion 176)	Port Moresby	Staff Housing.
Kokopo Market Land (S22 L7 & 8)	Kokopo	Vacant undeveloped land.
Ex Post PNG (S387 L20)	Port Moresby	Vacant land in Waigani for possible commercial development.
PROPERTIES IN HOLDING COMPANIES		
Coastwatcher Court Ltd (S25 L37)	Port Moresby	Holding company that owns 31 constructed apartments on Touaguba Hill. NSL owns 65% of the company.
Morobe Front Holdings Ltd (S27 L47)	Lae	Holding company that owns the Lae Waterfront Land as its sole asset.
Waigani Asset Limited	Port Moresby	Holding company that owns 2 commercial properties in Waigani. NSL owns 65% of the company.
UPCOMING DEVELOPMENTS		
Touaguba Apartments (S63 L22 Daugo Drive)	Port Moresby	New 12 unit residential construction on Touaguba Hill.
Old Parliament House Limited	Port Moresby	Holding company that owns the new OPH building in down town Port Moresby. NSL owns 65% of the company.

Figure 18, Source: KFM, NSL

5.5 International

The Fund's international investments (International Portfolio) include bank call accounts, term deposits, listed equities, unlisted equities and properties. The total International Portfolio holding as at 31 December 2015 was K785.0 which represented 16.0% of the Fund.

The Fund's strategy for the International Portfolio in 2015 has moved to a passive approach. The Fund has transitioned its focus, from an individual stock selection approach to a broader market index approach.

The International Portfolio is structured to allow the Fund flexibility and convenient access to investments, which will benefit from economic growth outside of PNG's limited pool of available investments.

In 2015, the Bank of PNG (BPNG) imposed a regulatory band on foreign currency held with trading within a 75 basis point range. The PGK exchange rate relatively high level when the band was initiated in the previous year moved towards a now is around the pre band rate levels.

International listed equities, within the International Portfolio as at 31 December 2015 are as detailed below:

International Listed Equities as at 31 December 2015

Listed Equities	Industry/Sector
Black Rock Wholesale Indexed Australian Equity Fund	Australia Market (ASX 300)
BlackRock Wholesale Indexed International Equity Fund	Global Fund ex Australia
Vanguard International Shares Index Fund	Global Fund ex Australia

Figure 19, Source: KFM, NSL, Black Rock, Vanguard

The International Portfolio also includes several alternative investments, selected and managed by Whitehelm Capital (previously Access Capital Advisors). This is an Australia-based investment manager, specialising in alternative investments. Independent valuer's conduct annual valuations of the investments, which are also subject to Whitehelm Capital's internal assessment process.

As with many alternative investments, the value of the Whitehelm Capital portfolio was significantly affected by the global financial crisis and difficult trading conditions over the last few years.

Whitehelm Capital (Access Capital Advisors) Investments as at 31 December 2015

Description	Industry/Sector
Southern Water	Infrastructure, Water, Sewerage – UK

Figure 20, Source: KFM, NSL, Whitehelm Capital

The Fund is continually trying to exit these investments as opportunities arise.

comparative statistics summary

	Unit	2015	2014	2013	2012	2011	2010
PROFITABILITY							
Total Investment Income	K(m)	415	422	477	412	72	313
Total Expenses	K(m)	40	56	50	45	34	36
Income Tax Expense	K(m)	59	27	18	16	14	14
Net Profit After Tax	K(m)	280	338	411	351	24	263
BALANCE SHEET							
Net Assets	K(m)	5,171	4,764	4,268	3,743	3,235	3,093
Net Asset Growth	%	9	12	14	15	5	9
Reserves	K(m)	102	91	47	47	47	79
Reserves as a % of Net Assets	%	2.0	1.9	1.1	1.24	1.46	2.54
Retirement Savings Account Balance	K(m)	133	114	107	89	81	61
RETURN TO MEMBERS							
Rate of Return on Funds Employed	%	6	8	10.3	15	6.8	7.9
Interest Credited to Members	%	5.8	7	11.25	11	2	10
Headline Inflation Rate	%	6.4	6.6	4.7	1.6	6.9	7.2
Real Return to Members	%	0.6	0.4	6.55	9.4	-4.9	2.8
MEMBERSHIP							
Number of Members	No.	155,330	146,280	139,075	131,578	128,230	122,638
Average Wealth Per Member	K	33,290	32,567	30,688	28,449	25,892	25,218
Number of RSA Participants	No.	3,686	3,099	2,741	2,562	3,327	1,787
Average Number of Pensioners	No.	564	535	376	382	448	650
MEMBER CONTRIBUTION & PAYOUTS							
Contributions	K(m)	534	450	453	584	562	380
Gross Exit Payouts	K(m)	406	290	338	443	425	381
Number of Exit Payments	No.	3,503	2,944	3,328	5,291	4,502	5,238
Total Pension Payments	K(m)	2	2	2	2	2	3
TRUSTEE EXPENSES							
Management Expenses	K(m)	53	56	50	45	34	36
Management Expense Ratio (MER)	%	1.03	1.2	1.2	1.3	1	1.21
Fund Administration Fee	K(m)	7.0	6.5	5.4	7.6	4.6	3
Investment Management Fee	K(m)	6.0	7.3	9.5	8.9	8.6	9
Number of Staff	No.	120	142	124	121	133	119

Figure 8, Source: NSL

financial statements

FOR THE YEAR ENDED 31 DECEMBER 2015

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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 2015, the statement of comprehensive income, statement of changes in the net assets available for benefits and statement of cash flows for the year 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 2015, 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 2015:

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
Partner

Registered under the Accountants Registration Act 1996

Port Moresby
15 March 2016

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STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT 31 DECEMBER 2015

	Note	2015 K '000	2014 K '000
ASSETS			
Investments			
Financial assets at fair value	4(a-e)	3,656,420	3,670,153
Loans	4(g)	370,693	260,622
Investment properties	4(h)	509,272	521,397
Assets held for sale	4(i)	17,929	19,745
Total investments		4,554,314	4,471,917
Property, plant and equipment	3	10,129	4,870
Income tax receivable	11(b)	-	7,180
Receivables	6	229,592	107,333
Short-term deposits	5	95,106	18,184
Cash and cash equivalents	7	343,043	200,684
Total assets		4,810,170	4,323,850
LIABILITIES			
Income tax payable	11(b)	9,190	-
Deferred income tax	11(c)	16,992	7,113
Benefits payable		1,626	1,451
Payables	8	33,518	37,352
Total liabilities		61,326	45,916
NET ASSETS AVAILABLE FOR BENEFITS		5,170,858	4,764,253

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

For and on behalf of the Board



ANTHONY SMARÉ

Chairman



AIVU TAUVASA

Deputy Chairlady

Dated at Port Moresby the 22nd day of February 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	Note	K '000	K '000
INCOME			
Interest	9(a)	205,919	139,977
Dividends	9(b)	211,222	109,774
Property rentals	9(c)	59,061	52,292
Net (losses) / gains on assets at fair value	9(d)	(82,930)	129,313
Foreign exchange gain net	9(e)	16,923	11,986
Other income	9(f)	5,086	380
		415,281	443,722
EXPENSES			
Investment and administration expenses			
Direct investment property expenses		22,606	21,270
Fund administration fees		7,012	6,536
Investment manager's fees		5,974	7,349
Property administration expenses		3,896	3,037
Investment monitoring expenses		872	2,109
		40,360	40,301
Management expenses	10	35,265	37,433
Operating profit		339,656	365,988
Income tax expense	11(a)	59,480	27,771
Profit after income tax		280,176	338,217
Other comprehensive income		-	-
NET INCREASE IN NET ASSETS FROM OPERATIONS AVAILABLE FOR BENEFITS		280,176	337,217

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 2015

		2015	2014
	Note	K '000	K '000
Net increase in net assets from operations available for benefits		280,176	338,217
Contributions/Transfers			
Member contributions	12(a)	534,258	450,121
Housing withdrawals repayments	12(b)	8,823	7,318
Transfer to retirement savings plan	12(d)	53,745	39,185
		596,820	496,624
Benefits expenditure			
Benefits payments	12(a)	406,436	290,123
Housing withdrawal advances	12(b)	20,100	13,004
Pension	12(c)	2,208	2,282
Retirement savings benefit payments	12(d)	41,647	33,486
		470,391	338,895
Net increase in net assets available for benefit		406,604	495,946
Net assets available for benefits - beginning of the year		4,764,253	4,268,308
NET ASSETS AVAILABLE FOR BENEFITS		5,170,858	4,764,253
Comprising			
Members accounts and pensioner funds	12(a-c)	4,980,962	4,597,759
Retirement savings account	12(d)	87,603	75,505
Reserves	12(e)	102,293	90,989
TOTAL MEMBERS' FUNDS		5,170,858	4,764,253

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 2015

		2015	2014
	Note	K '000	K '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions received	12(a)	415,578	357,589
State share of benefit payments received		67,692	97,549
Benefits paid		(450,116)	(381,908)
Purchase of financial assets		(380,361)	(1,285,291)
Proceeds from sale of financial assets		353,684	978,837
Loans advanced	4(g)	(80,789)	(101,296)
Proceeds from loan repayments	4(h)	17,845	35,764
Payment for investment property development & acquisition	4(i)	(53,225)	(42,014)
Proceeds from sale of investment properties		23,445	7,871
Interest received		183,841	124,267
Dividends received	9(b)	146,622	109,774
Property rentals and other income received		62,580	41,870
Investment and administration expenses paid		(36,731)	(57,296)
Income tax paid	11(b)	(33,229)	(22,428)
Net cash from operating activities		236,836	(136,712)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of housing advances	12(b)	(20,100)	(12,618)
Proceeds from housing advance repayments	12(b)	8,823	7,318
Net cash flows from financing activities		(11,277)	(5,300)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment		(7,498)	(1,669)
Proceeds on sale of property, plant and equipment		1,220	156
Net cash flows used in Investing activities		(6,278)	(1,513)
Net increase/(decrease) in cash and cash equivalents		219,281	(143,525)
Cash and cash equivalents - beginning of the year		218,868	362,393
CASH AND CASH EQUIVALENTS - end of the year		438,149	218,868
Comprising –			
Cash on hand and at banks	7	343,043	200,684
Short term deposits	5	95,106	18,184
		438,149	218,868

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

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 (RSA). 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, and 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 22 February 2016. 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 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, estimates and judgment are significant to the financial statements include the measurement of financial assets at fair value and investment properties, and accounting for the receivable from the State.

(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 accrual basis. 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. 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 were:

	2015	2014
AUD	0.4578	0.4716
USD	0.3400	0.3930
GBP	0.2276	0.2508

(c) Property, plant and equipment

All 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.

Furniture and fittings	At rates varying from 11.25% to 30.00%
Office equipment	At rates varying from 11.25% to 30.00%
Motor vehicles	30.00 %

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

(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
- held to maturity 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 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. The Fund does not hold any financial assets to maturity at balance date.

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.

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

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.

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 are 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 financial assets and classified as 'financial assets at fair value through profit or loss'.

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

(e) Investment properties (including Land and Buildings)

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

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.

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

Land and buildings (which are not investment properties) 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.

Land is not depreciated. Buildings (not considered investment properties) are depreciated over the following estimated useful lives (reviewed annually)

Buildings	4.50 %
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(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 is 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.

(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 management expenses (Note 10).

(h) Cash and cash equivalents

Cash and cash equivalents include 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.

(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 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 from the Fund 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 within twelve months. The fair market value is determined similar to investment properties.

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

(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) Adoption of new or revised standards and interpretations

(i) Standards, amendment and interpretations effective in the year ended 31 December 2015

The following new standards and amendments were applicable for the first time during the accounting period beginning 1 January 2015:

- Annual improvements 2012 (effective 1 July 2014) makes minor changes to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 37 and IAS 39.
- Annual improvements 2013 (effective 1 July 2014) makes minor changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

(ii) Standards, amendments and interpretations issued but not yet effective for the year ended 31 December 2015 or adopted early

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 January 2016 or later periods, but the entity has not early adopted them:

- Annual improvements 2014 (effective 1 January 2016) makes minor changes to IFRS 5, IFRS 7, IAS 19, and IAS 34.
- Amendments to IAS 27 "Separate financial statements" on the equity method (effective 1 January 2016). These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendments to IAS 1 "Presentation of Financial Statements" (effective 1 January 2016) clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendments form a part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved.
- Amendment to IFRS 10 and IAS 28 (effective 1 January 2016) on investment entities applying the consolidation exemption. The amendments to IFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The amendments to IAS 28 allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting.
- IFRS 15 "Revenue from contracts with customers" (effective 1 January 2018) is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- IFRS 9, "Financial Instruments" (effective 1 January 2018) replaces the guidance in IAS 39 with a standard that is less complex and principles based. The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, relaxes the requirements for hedge accounting and introduces an expected credit losses model that replaces the current incurred loss impairment model.

- IFRS 16, "Leases" (effective 1 January 2019) replaces the guidance in IAS 17 and will have a significant impact on accounting by lessees. The previous distinction under IAS 17 between finance leases and operating leases for lessees has been removed and IFRS 16 will require a lessee to recognise a lease liability representing future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low-value assets. For lessees who previously entered into operating leases, one of the main impacts will be an increase in debt on the balance sheet.

(q) Critical accounting estimates, judgments and disclosures

(1) Fair Value of Assets

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, Audit & Risk Committee 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 Government Inscribed Stock and Treasury Bills

Fair value measurement of Government inscribed stocks and Treasury Bills is Marked to Market as measured by the Licensed Investment Manager. Marked to Market accounting values an asset or liability based on the current market price instead of book value or historical cost. In case of Government Securities market price is based on regular public tenders of GIS and TBills where information on the yield of these securities is publically available, and is used to mark these securities to market. Where an individual asset does not have a recent tender result, then an interpolation is performed. In the case of TBills, the security length is determined at the valuation date, and the interpolated yield is applied, where yields from the most recent tender is used, and then the security is re-valued, based on that interpolated yield.

Fair value of investment properties

Fair value estimation of investment properties utilise the services of independent valuers. Fair value is the market value estimated at which the exchange of asset would take place at valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein each party has acted knowledgeably, prudently and without compulsion. This is done considering two basis of valuation. The Discounted Cash Flow basis evaluates an IRR based on known or expected rentals adjusted for relevant factors or by comparison with similar properties capitalised using recognised market multipliers. The Capitalisation approach adopts a market yield based on estimated income adjusted for costs, outgoings and future capital upgrade costs. Based on this available information, the valuers reconcile and recommend an adopted value which reflects both the IRR and the market yield.

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

Management reviews these estimates and assumptions and the valuations to determine fair value and accepts or adjusts the valuations. The management then makes a recommendation to the Audit & Risk Committee and the Investment Committee who then review and agree on the valuations. These committees then recommend the valuations to the Board.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

(2) Receivable from the State

The State owes significant debts to the Fund in relation to:

- (1) State's share of the members exit payments,
- (2) Unpaid rentals and outgoings, and
- (3) Interest.

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 outgoings and interest.

As at 31 December 2015, the State owes the Fund K135.6 m in respect of State's share of exit payments made by the Fund. The Fund has been meeting member exit payments on behalf of the State when a member retires and exits the Fund. The Fund recognises this as a receivable only when the Fund invoices the State for these payments. All outstanding payments in respect of these invoices attract a penalty interest of average 28 days treasury bills rate plus 5%. (See further Note 13).

Directors consider the State's share of exit payments receivable and the outstanding rentals to be fully recoverable.

In addition, the State has an unrecognised liability to members (but not the Fund) arising from unfunded members contributions in relation to previous years which will become due as the members retire (See Note 13). Accordingly, this is not an asset of the Fund.

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.

	HOUSING		OFFICE BUILDINGS			VEHICLES	Total
	Land & Buildings	Plant & Equipment	Land & Buildings	Furniture & Fittings	Plant & Equipment	Motor Vehicles	
	K' 000	K' 000	K' 000	K' 000	K' 000	K' 000	K' 000
2015							
COST OR REVALUATION							
<i>At 1 January 2015</i>	1,674	563	-	287	3,768	1,459	7,751
Additions	-	1	-	7,354	143	-	7,498
Reclassification	-	-	-	3	(3)	-	-
Disposals	(1,641)	(65)	-	(1)	(185)	-	(1,892)
<i>At 31 December 2015</i>	33	499	-	7,643	3,723	1,459	13,357
ACCUMULATED DEPRECIATION							
<i>At 1 January 2015</i>	125	237	-	156	1,435	928	2,881
Depreciation	10	56	-	98	360	159	683
Disposals	(124)	(57)	-	(1)	(154)	-	(336)
<i>At 31 December 2015</i>	11	236	-	253	1,641	1,087	3,228
NET BOOK VALUE							
<i>At 31 December 2015</i>	22	263	-	7,390	2,082	372	10,129
2014							
COST OR REVALUATION							
<i>At 1 January 2014</i>	1,674	446	-	274	3,065	1,783	7,242
Additions	-	85	-	21	1,044	-	1,150
Disposals	-	32	-	(8)	(341)	(324)	(641)
<i>At 31 December 2014</i>	1,674	563	-	287	3,768	1,459	7,751
ACCUMULATED DEPRECIATION							
<i>At 1 January 2014</i>	114	170	-	139	1,310	927	2,660
Depreciation	11	67	-	17	352	1	448
Disposals	-	-	-	-	(227)	-	(227)
<i>At 31 December 2014</i>	125	237	-	156	1,435	928	2,881
NET BOOK VALUE							
<i>At 31 December 2014</i>	1,549	326	-	131	2,333	531	4,870

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	K '000	K '000
4 INVESTMENTS		
(a) Government Inscribed Stocks & Treasury Bills - onshore		
Balance at the beginning of the year	1,332,577	1,006,520
Purchases during the year	242,939	769,650
Maturities during the year	(225,075)	(373,619)
Fair value gain/(loss) from change in net market value	(3,508)	(69,974)
Balance at the end of the year	1,346,933	1,332,577
(b) Financial assets – unlisted shares (onshore)		
Balance at the beginning of the year	1,186,791	1,067,090
Investments during the year	-	3,537
Divestments during the year	(12,635)	(101)
Reclassification (Note 20)	-	(50,000)
Fair value gain/(loss) from change in net market value	(38,301)	166,265
Balance at the end of the year	1,135,855	1,186,791
(c) Financial assets – unlisted shares (offshore)		
Balance at the beginning of the year	29,830	45,656
Investments during the year	-	-
Divestments during the year	(5,705)	(6,250)
Fair value gain/(loss) from change in net market value	2,459	(9,576)
Balance at the end of the year	26,584	29,830
(d) Financial assets - listed shares (onshore)		
Balance at the beginning of the year	626,937	560,434
Investments during the year	11	117,206
Divestments during the year	(17,359)	(11,292)
Fair value gain/(loss) from change in net market value	(9,567)	(39,411)
Balance at the end of the year	600,022	626,937
(e) Financial assets - listed shares (offshore)		
Balance at the beginning of the year	494,018	618,131
Investments during the year	137,411	398,294
Divestments during the year	(89,078)	(498,084)
Fair value gain/(loss) from change in net market value	4,675	(24,323)
Balance at the end of the year	547,026	494,018
Total financial assets at fair value	3,656,420	3,670,153
(f) Government securities (Central Bank Bills)- onshore		
Balance at the beginning of the year	-	22,909
Maturities during the year	-	(22,909)
Balance at the end of the year	-	-
(g) Loans		
Balance at the beginning of the year	260,622	129,110
Advances made	80,789	101,296
Payments received	(17,845)	(35,764)
Reclassification (Note 20)	-	50,000
Interest charged	47,127	15,980
Balance at the end of the year	370,693	260,622

The loans attract interest at an average rate of 11.8% (2014: 12%). Interest is repayable monthly and the principal amount is repayable in accordance with the respective loan agreements, with maturities varying between 2015 and 2018. The majority of this interest is on construction loans given to related companies – Waigani Assets Limited (K30m) and OPH Limited (K17m).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

4 INVESTMENTS *continued...*

	2015	2014
	K '000	K '000
(h) Investment properties		
Properties at fair value		
Balance at the beginning of the year	423,755	335,457
Additions	1,027	180
Transfer from capital work in progress	88,361	1,582
Transfer from property, plant and equipment	1,315	-
Disposals and write-offs	(17,070)	(3,258)
Depreciation on investment properties	(837)	(1,222)
Fair value gain/(loss) from change in net market value	(42,454)	91,016
Balance at the end of the year	454,097	423,755
Capital work in progress – properties under construction (at cost)		
Balance at the beginning of the year	97,642	60,210
Additions	52,198	41,835
Transfer to investment properties	(88,361)	(1,583)
Transfer to assets held for sale	(4,771)	(800)
Disposals and write-offs	(1,533)	(2,020)
Balance at the end of the year	55,175	97,642
Total investment properties	509,272	521,397
Investment properties with fair values of K454 million (2014: K423 million) had their fair values determined by independent valuers. The valuations were conducted by Savills Valuations Pty Ltd, Australia. All professionals used by Savills have AAPI registrations and CPV qualifications approved by the Australian Property Institute.		
(i) Assets held for sale		
Properties held for sale	17,929	19,745
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	4,554,314	4,471,917

(j) Asset Allocation	Percentage Holding		Portfolio Value (K'000)	
	2015	2014	2015	2014
<i>Asset Class</i>				
Onshore				
Equities				
Listed	13	14	600	627
Unlisted	25	27	1,136	1,237
Other financial assets at fair value	30	30	1,346	1,332
Property	11	12	509	521
Assets held for sale	-	-	18	20
Loans	8	5	371	211
Offshore				
Equities				
Listed	12	11	547	494
Unlisted	1	1	27	30
Total excluding short-term deposits	100	100	4,554	4,472

	Industry	Valuation Method	Value (K'000) 2015	Value (K'000) 2014
Listed Equities - onshore				
Bank South Pacific Ltd	Banking	Last Bid Price		
City Pharmacy Ltd	Wholesale/Retail	Last Bid Price		
Credit Corporation Ltd	Finance	Last Bid Price		
Total			600,022	626,937
Other Financial Assets at Fair Value				
Government Inscribed Stock	Banking & Finance	BPNG Rates		
Treasury Bills	Banking & Finance	BPNG Rates		
Total			1,346,934	1,332,577

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

4 INVESTMENTS *continued...*

(j) Asset Allocation *continued...*

Unlisted Equities - onshore	Industry	Valuation Method	Value (K'000) 2015	Value (K'000) 2014
Alotau International Hotel Ltd	Hotel	Net Assets		
Brian Bell & Company Ltd	Wholesale/Retail	COE		
Capital Insurance Group Ltd	Insurance Broker	COE^^		
Capital Way Holdings Ltd	Telecommunications	Net Assets		
Coastwatchers Court Ltd	Property	Net Assets		
Gazelle International Hotel Ltd	Hotel	Net Assets		
Hunter Ltd	Property	Net Assets	Sold	
Kumul Hotels Ltd	Hotel	DCF^^		
Moki No. 10 Ltd	Real Estate	Net Assets		
Morobe Front Holdings Ltd	Property-development	Net Assets		
Pacific Building Mgt Services Ltd	Building Maintenance	DCF		
Paradise Foods Holdings Ltd	Food & Snacks	DCF		
PNG Water Ltd	Utilities	COE		
Post Courier Ltd	Media	COE^^		
South Pacific Brewery Ltd	Brewery	COE^^		
Toyota Tsusho (PNG) Ltd	Motor Vehicle	COE		
Westpac Bank (PNG) Ltd	Banking	COE		
OPH Ltd - Ordinary shares*	Property	Cost		
Waigani Asset Ltd	Property	Net Assets		
Total			1,135,855	1,186,791

Net assets - net assets on a going concern **COE** – capitalisation of future maintainable earnings **DCF** - discounted cash flow

CR – capital raising documentation

^^ - method of valuation changed from prior year

* Due to the incomplete status of these investments, cost is considered to be an appropriate fair value approximation for the investments. There have been no identified impairment indicators for these assets in 2015.

Unlisted equities are valued at fair value at balance date, as determined generally by registered independent professional valuers. The valuations were conducted by Ernst & Young Australia and KPMG PNG. The valuation methods used as disclosed above are considered the most relevant and appropriate. Three main valuation methods are used: (1) Capitalisation of Earnings (COE), which estimates a sustainable level of future maintainable earnings and applies an appropriate earnings multiples derived from market transactions of comparable entities or operational plans to derive a value, (2) The Net Assets method which has been used by the valuers where the entity has significant real estate backing and earnings are limited or inconsistent, and (3) The Discounted Cash Flow method where net present value is determined from estimated future cash flows. The valuation method for four unlisted investments was changed this year because of greater availability of information. The valuation method for Capital Insurance Group was changed from publicly available capital raising documentation to Capitalisation of Future Maintainable Earnings. For Kumul Hotels, management accounts and cash flow forecasts were used to adopt the Discounted Cash Flow methodology. The valuation method for South Pacific Brewery Limited and Post Courier Limited were also changed to COE method, based on improved management information. The valuation method for Paradise Foods Holdings Limited was performed on an ex-div basis as the company announced a significant dividend in December 2015. 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 2015

4 INVESTMENTS *continued...*

(j) Asset Allocation *continued...*

Property	Section/(Allotment)	Milinch	Value (K'000) 2015	Value (K'000) 2015
Commercial				
Aopi Centre	409 – (15)	Hohola (POM)		
Vulupindi Haus	390 – (12,13,14)	Hohola (POM)		
Burns Haus	20 – (3,4,5)	Granville (POM)		
Era Rumana	20 – (12)	Granville (POM)		
Mogoru Moto	20 – (13)	Granville (POM)		
Revenue Haus	20 – (11)	Granville (POM)		
Port Tower	3 – (21)	Granville (POM)		
Morobe Haus (Vele Rumana)	6 – (19 & 20)	Lae		
Nambawan Super Building	49 – (41 & 23)	Lae		
Hunter Land	25 – (34)	Granville (POM)		
Residential				
Pacific Vista Apartments	42 – (2)	Granville (POM)		
Bayside Apartments	Portion 178	Granville (POM)		
Lawes Road Apartments	7 – (24)	Granville (POM)		
Portion 212 Apartments	Portion 212	Lae		
Cedar Apartments	11 – (33)	Lae		
Hibiscus Street Apartments	41 – (3)	Lae		
Malolo Estate Properties				
Light Industrial				
Bowmans	64 – (15)	Hohola (POM)		
NSL Warehaus	64 – (16)	Hohola (POM)		
Voco Point Warehaus	42 – (5 & 6)	Lae		
Under Development				
Touaguba Apartments	63 – (22)	Granville (POM)		
Ex Post PNG	387 – (20)	Boroko (POM)		
Vacant Land				
9 Mile Land	2159	Bomana (POM)		
Malolo Estate	145 – (13-26)	8 Mile (POM)		
Total			509,272	521,397

Loans	Industry	Value (K'000) 2015	Value (K'000) 2014
PNG Power Ltd	Utilities		
Coastwatchers Court Ltd	Property		
OPH Ltd	Property		
Waigani Asset Ltd	Property		
Morobe Front Holdings Ltd	Property		
Total		370,693	260,622

Loans to related company Coastwatchers Court Limited were repaid during the year. The above includes loans to other related companies Waigani Assets Limited (K 127m) and OPH Ltd (K 224m).

Assets Held For Sale	Section/(Allotment)	Milinch	Value (K'000) 2015	Value (K'000) 2015
Malolo Estate	145 – 152	8 Mile (POM)		
PNG Motors	41 – (64)	Lae		
Goroka Land		Goroka		
Hunter Land-Defence Haus		Granville	Sold	
Angco Property	5 – (1)	Goroka		
Angco Property	6 – (1)	Goroka		
Angco Property	6 – (2, 3, 5)	Goroka		
Total			17,929	19,745

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

4 INVESTMENTS *continued...*

(j) Asset Allocation *continued...*

Listed Equities - offshore	Industry	Valuation Method	Value (K'000) 2015	Value (K'000) 2014
Oil Search Ltd	Petroleum & Gas	Last Bid Price		
Vanguard International Index Fund	Indexed Funds	Last Bid Price		
Blackrock Wholesale Index	Indexed Funds	Last Bid Price		
Blackrock Wholesale International Equity Fund	Indexed Funds	Last Bid Price		
Total			547,027	494,018
Unlisted Equities - offshore				
Tata Realty Initiatives Fund	Property Trust	Last Bid Price	Sold	
Southern Water	Infrastructure	Last Bid Price		
Total			26,583	29,830

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

Investment	Type	% holding (rounded)	% of net assets 2014	Value K(million) 2014	Value K(million) 2013
Bank of South Pacific	Listed equity	12.32	8.2	426	411
Bank of PNG	GIS/T Bills	N/A	26	1,347	1,333
South Pacific Brewery	Unlisted equity	19.99	9.4	486	503

(l) Sensitivity analysis

Particulars	Movement in share price by +/- 10%	Movement in exchange rates by +/- 10%	Movement in interest rate by +/- 1%
Impact to total portfolio in kina value	117.4	85.6	61.8
Impact to total portfolio in percentage	2.4	1.8	6.3

(m) Fair Value Hierarchy

The table below analyses financial instruments and other investments 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.

	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
2015				
Financial assets				
Government inscribed stocks and treasury bills		1,346,933		1,346,933
Listed securities	1,147,048			1,147,048
Unlisted securities			1,162,439	1,162,439
Non-financial assets				
Assets held for sale			17,929	17,929
Investment properties			454,097	454,097
	1,147,048	1,346,933	1,634,465	4,128,446
2014				
Financial assets				
Government inscribed stocks and treasury bills	-	1,332,577	-	1,332,577
Listed securities	1,120,955	-	-	1,120,955
Unlisted securities	-	-	1,266,621	1,266,621
Non-financial assets				
Assets held for sale	-	-	19,745	19,745
Investment properties	-	-	423,755	423,755
	1,120,955	1,332,577	1,710,121	4,163,653

There were no transfers between levels during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

4 INVESTMENTS *continued...*

(m) Fair value Hierarchy *continued...*

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, results of Bank of PNG auction or dealer quotes for similar assets or instruments
- Other techniques such as multiples of future maintainable earnings, net asset values or discounted.

	2015	2014
	K '000	K '000
5 SHORT-TERM DEPOSITS		
Term deposits (maturities within 90 days) – onshore	95,106	6,000
Term deposits (maturities within 90 days) – offshore	-	12,184
	95,106	18,184
6 RECEIVABLES		
Rental debtors	14,299	14,369
Less: Provision for doubtful debts	(2,694)	(2,694)
	11,605	11,675
Staff housing scheme	436	258
Sundry debtors	409	1,768
Dividend receivable*	64,600	-
Share of member withdrawal benefits owing by the State	135,631	80,600
Prepayments and GST refundable	14,763	11,105
Accrued interest income	2,148	1,926
	229,592	107,332

* On 30 December 2015, a Resolution was passed by the Directors of Paradise Foods Holdings Limited relating to payment of dividend to the shareholders. This dividend has been accrued as at 31 December 2015.

(i) Impaired rental debtors

As at 31 December 2015, K2.694 (2014: K2.694 million) relating to rental debtors were considered impaired and were provided for. The ageing of these receivables is as follows:

3 to 12 months	-	1,275
Over 12 months	2,694	1,419
	2,694	2,694
Movement in the provision for impairment of trade receivables is as follows:		
Opening balance	2,694	2,440
Receivables impaired during the year	-	2,242
Bad debts write off	-	(1,694)
Recoveries	-	(293)
	2,694	2,694

Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

There was no movement in the provision during the year. The management has reviewed current debtors and none are considered impaired. The property manager, FiveD continues to follow up the debts that have been provided for.

(ii) Past due but not impaired

At 31 December 2015, rental debtors of K 2.7 million (2014: K1.4 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:

Over 12 months	2,694	1,419
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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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	K '000	K '000
7 CASH AND CASH EQUIVALENTS		
Cash on hand	14	14
Banks – onshore	141,812	82,737
Banks – offshore	201,217	117,933
	343,043	200,684
8 PAYABLES		
Creditors	9,581	11,107
Deposits on sale of properties	1,168	2,112
Rental bond fees	4,533	4,534
Member insurance payable	5,980	5,995
State-share received in advance	2,523	4,367
State pension liability	6,644	6,644
Employee related liabilities	3,089	2,594
	33,518	37,353
9 INCOME		
(a) Interest		
Government inscribed stock and treasury bills	146,927	108,396
National Government loan	4,051	5,018
Loans	51,508	22,284
Short-term deposits	3,433	4,279
	205,919	139,977
(b) Dividends		
Unlisted equities	151,502	62,232
Listed equities*	59,720	47,542
	211,222	109,774
* On 30 December 2015 a Resolution was passed by the Directors of Paradise Foods Holdings Limited relating to payment of dividend to the shareholders. This dividend has been accrued as at 31 December 2015.		
(c) Property rentals		
Gross rental income	59,061	52,292
(d) Net gains/(losses) on assets at fair value		
Unrealised fair value gains/(losses)		
Listed equities	(4,892)	(63,734)
Unlisted equities	(35,842)	156,687
Investment properties	(42,454)	91,016
Government inscribed stock & treasury bills	(3,508)	(69,974)
Realised fair value gains/(losses)		
Listed equities	2,964	17,332
Unlisted equities	(4,040)	(1,407)
Investment properties	4,842	(607)
Net fair value gains	(82,930)	129,313
(e) Foreign exchange gains/(losses)	16,923	11,986
(f) Other income		
Directors' fees received	25	50
Gain on disposal of property, plant and equipment	-	44
Bad debts recovered	2,864	-
Investment commitment fees	2,000	-
Other income	197	286
	5,086	380

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	K '000	K '000
10 MANAGEMENT EXPENSES		
Staff remuneration	13,640	14,019
Office expenses	8,895	6,808
Staff housing and other benefits	3,078	2,363
Professional fees	2,545	2,888
Directors' fees & expenses	2,014	1,823
BPNG license fees	1,939	3,732
Depreciation on property plant and equipment	676	687
Travel expenses	505	197
Advertising	385	204
Auditor's remuneration - statutory audit services	360	350
Benefits payments	305	6
Auditor's remuneration - other services	77	88
Contributor expenses	197	460
Vehicle expenses	156	274
Conferences and workshop	145	33
Loss on sale of fixed assets	336	-
Donations	12	25
Bad and doubtful debts and loans	-	3,470
Other	-	6
	35,265	37,433
11 INCOME TAX		
The income tax charged on operating profit is determined as follows:		
(a) Income tax expense		
Operating profit	339,656	365,988
Prima facie tax at 25%	84,914	91,497
Tax effect of:		
Fair value changes in investments	20,732	(32,832)
Dividend rebate	(35,262)	(27,236)
Depreciation on investment properties	(960)	(980)
Foreign exchange gain - capital account	(4,230)	(2,996)
Other	(1,499)	318
Prior estimation adjustments	(4,215)	-
Income tax expense for the year	59,480	27,771
(b) Income tax receivable/(payable)		
Opening balance receivable	7,181	12,922
Current income tax	(49,600)	(28,169)
Tax payments	33,229	22,428
Closing balance	(9,190)	7,181
<i>Current year income tax expense comprise of:</i>		
Current income tax	49,601	28,169
Deferred income tax	15,678	(398)
Prior estimation adjustments	(5,799)	-
	59,480	27,771
(c) Deferred income tax		
Opening balance at the beginning of the year	7,113	7,512
Movement during the year	15,678	(399)
Prior estimation adjustments	(5,799)	-
Closing balance (receivable)	16,992	7,113
Comprising		
Interest receivable	326	271
Rent receivable	3,053	3,070
Dividend receivable	16,150	-
Prepaid insurance	(152)	(95)
Depreciation	958	1,265
Fixed assets	(67)	17
Employee benefits	(883)	(760)
Doubtful receivables and loans	(254)	(254)
Losses	(1,474)	(1,474)
Other accruals	(665)	5,073
	16,992	7,113

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	K '000	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 2015, interest allocated to contributor funds was determined on member balances at a rate of 5.8% (2014 : 7%) 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	4,662,311	4,207,629
<i>Add</i>		
Members' contributions received during the year	183,114	154,919
Employers' contributions received during the year	230,486	199,488
Unallocated contributions	127	1,961
Transfers from other funds	1,852	1,220
State contribution on exit payments	118,673	92,532
	534,252	450,120
Interest allocation	268,871	294,685
	5,465,434	4,952,434
<i>Deduct</i>		
Member benefits paid during the year *	(284,878)	(195,325)
State Share paid - on exit	(118,673)	(92,532)
Prior year benefits payments	-	-
Unemployment benefits paid	(2,885)	(2,266)
	(406,436)	(290,123)
Closing balance	5,058,998	4,662,311
** Benefit payment details		
Retirement	(231,281)	(166,167)
Death	(53,597)	(29,158)
	(284,878)	(195,325)
(b) Contributor housing advances		
Opening balance	(73,681)	(67,996)
Advances or member withdrawals	(20,100)	(13,004)
Repayments received	8,823	7,318
Closing balance	(84,958)	(73,682)
(c) Pensioner funds		
Opening balance	9,130	11,412
Payments during the year	(2,208)	(2,282)
Closing balance	6,922	9,130
Total members accounts and pensioner funds	4,980,962	4,597,759
(d) Retirement savings account		
Opening balance	75,505	69,806
Transfers during the year	53,745	39,185
Payments during the year	(41,647)	(33,486)
Closing balance	87,603	75,505
Interest allocation for RSA is included in Note 12(a)		
TOTAL CONTRIBUTOR FUNDS	5,068,565	4,673,264
(e) RESERVES		
Retained earnings and general reserve	79,568	68,264
Section 35(2)(c) reserve	21,278	21,278
Revaluation reserve - property	1,447	1,447
	102,293	90,989
TOTAL MEMBERS FUNDS	5,170,858	4,764,253

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

(a) Unfunded Liability of the State

At the end of 2015 the future unfunded liability of the State to members is estimated to be K2,069 (2014: K2,070 million). This is not an obligation of the Fund.

(b) Exiting Members

As members exit the Fund, the State is legally obliged to make its outstanding employer contributions for the years 2009 and prior plus interest on this unpaid amount based on the interest credit rate for each prior year till the year of exit. The State is also required to pay fortnightly the employer contribution of 8.4% from 2010 onwards.

Up until December 2015, the statutory total benefit was paid to the exiting members by the Fund voluntarily, including the unfunded portion that was the State's responsibility, regardless of arrears in payments by the State. At the end of each month the Fund invoiced the State for these exit payments made on behalf of the State.

Since December 2015, the Fund has only been paying exiting members the funded portion of the members' total benefits, being the accumulated contributions received and interest within the Fund to the time of exit.

As at 31 December, 2015 the State's unpaid obligations for such benefits paid by Nambawan Super on behalf of the State is K 135.6 million (2014: K80.6 million).

In December 2015, the Board of the Fund reviewed the quantum and age of this debt receivable from the State. Since the receivable was now in excess of 12 months and based on member equity and commercial considerations, the Board made a decision not to pay the State's employer debt or obligation, until such time as the State made up arrears and started paying for exiting members again. The Fund is still paying exiting members all accumulated funds that the Fund has actually received and holds on account for the member but will not use existing members' funds to cover the States obligation. The Board believes that it is inequitable for the current members for their funds to be used to meet the States obligation. Therefore Nambawan Super Limited's Board and Management has taken the decision to pay only what the Fund holds for the exiting member, which is the 6% employee contribution plus the interest earned by the Fund over time, plus part of the 8.4% contributed up to 2008 and contributions received from 2009 to the time of their exit. The contribution by the State since 2003 is explained in paragraph (c) below.

(c) State's Obligations on Employer contributions

From 2002, the State was allowed to adopt a phased catch up of remitting the full 8.4% component of employer contributions on a continuous future basis as detailed in the next paragraph.

Under the Provisions of the Superannuation Act, the State was required to contribute as below:

- 0% of the 8.4% employer contribution for 2002,
- 25 % for 2003 and 2004,
- 50% for 2005 and 2006,
- 75 % for 2007 and 2008, and
- 100% from 2009 onwards.

The balance of the amounts due for each of the above years (other than 2009 onwards) is payable by the State on retirement of the employee.

In 2012 the State started remitting the full 8.4% employer contributions on a fortnightly basis and therefore did not owe the Fund at year ended 31 December 2015 for such contributions but remains liable for the unpaid portions in relation to earlier years.

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 in accordance with Section 8 of the Superannuation (General Provisions) Act 2000.

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 13% (2014:12%) 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 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) 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 Papua New Guinea.

(c) Fair value gain on financial assets

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

14 FINANCIAL RISK MANAGEMENT *continued...*

(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.

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

	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total
31 December 2015					
Benefit payable	1,626	-	-	-	1,626
Creditors and other liabilities	33,518	-	-	-	33,518
	35,144				35,144
31 December 2014					
Benefit payable	1,451	-	-	-	1,451
Creditors and other liabilities	37,352	-	-	-	37,352
	38,803	-	-	-	38,803

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 January 2016 – K51.2 million adverse movement (Domestic: Loss K13.1 million and International loss K38.1 million).

16 RELATED PARTY DISCLOSURES

(a) The Trustee of the Fund throughout the year was Nambawan Super Limited ("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:

Mr Anthony Smaré	Mr Bruce Wilson	Mrs Lesieli Taviri
Lady Aivu Tauvasa	Mr Alan Kam	Mr Reginald Monagi
Professor David Kavanamur	Professor Albert Mellam	Mr Leon Buskens (Resigned 31 December 2015)

(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. The details are as per the succeeding table:

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
Anthony Smaré	Chairman	K182,793	4/4	n/a	4/4	9/10	n/a
Aivu Tauvasa	Director	K153,931	4/4	n/a	3/4	n/a	2/4
Leon Buskens	Director	K148,310	4/4	4/5	n/a	9/10	n/a
Bruce Wilson	Director	K157,238	4/4	5/5	4/4	n/a	n/a
David Kavanamur	Director	K141,310	4/4	n/a	n/a	a/a	2/4
Albert Mellam	Director	K139,310	4/4	n/a	3/4	n/a	1/4
Alan Kam	Director	K158,261	4/4	n/a	n/a	10/10	n/a
Lesieli Taviri	Director	K143,310	4/4	n/a	3/4	n/a	n/a
Reginald Monagi	Director	K142,310	4/4	4/5	n/a	n/a	3/4

(c) Directorship disclosure – key management

The remuneration package for the Chief Executive Officer (CEO) is determined by the Board of Directors while senior management packages are determined by the Chief Executive Officer having regard, to among other factors, current market data.

Name	Role	Nature of Interest	Company
Garry Tunstall	CEO	Independent Director Director as NSL Nominee	Air Niugini Limited Brian Bell & Co Limited
Andrew Esler	General Manager Properties	Director as NSL Nominee	Coastwatchers Court Limited Fernvale Limited Gazelle International Hotel Limited Hunter Limited Moki No.10 Limited Morobe Front Holdings Limited Nambawan Savings & Loans Society Limited OPH Limited Pacific Building Management Services Limited Waigani Asset Limited
Patricia Taureka	Company Secretary	Director as NSL nominee	Coastwatchers Court Limited Fernvale Limited Hunter Limited Moki No.10 Limited Morobe Front Holdings Limited Nambawan Savings & Loan Society Limited OPH Limited Pacific Building Management Services Limited Waigani Asset Limited

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	K '000	K '000

16 RELATED PARTY DISCLOSURES *continued...*

- (c) Directorship disclosure – key management *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.

Salaries	3,650	2,614
Leave accruals	645	204
	4,295	2,818

The key management have accommodation provided for by the Fund, as do many staff. The following table shows the number of employees in different salary bands during 2015.

Salary range	No. of employees
K100,000 – K150,000	18
K150,000 – K200,000	2
K200,000 – K250,000	5
K250,000 – K300,000	1
K300,000 – K600,000	3
K600,000 – K750,000	2
K750,000 – K800,00	1
K800,000 – K900,000	1

- (d) During the financial year the Fund earned interest on term deposits of K53,236 (2014: K368,231) from Kina Finance Limited, a finance company which has common shareholders with the Fund's investment manager, Kina Funds Management Limited. As at 31 December term deposits placed with Kina Finance Limited matured re-invested in Government Bonds (2014: K44.06 million).
- (e) The Kina group also provides Investment Management and Fund Administration services, related fees paid to the Kina group amounted to K5.4 million (2014: K6.8million) and K7.01 million (2014: K6.5 million) respectively.
- (f) Nambawan Super holds controlling equity interests and associated Director positions in the following unlisted entities based in PNG.
- | | |
|-------------------------------------|--|
| Coastwatchers Court Limited | Nambawan Savings & Loan Society Limited |
| Gazelle International Hotel Limited | OPH Limited |
| Kumul Hotels Limited | Pacific Building Management Services Limited |
| Moki No. 10 Limited | Paradise Foods Limited |
| Morobe Front Holdings Limited | |

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.

	2015	2014
	K '000	K '000
(c) Commitments for Capital Expenditure		
Amounts with firm commitments and not reflected in the financial statements in relation to investment properties under construction	34,766	38,290

(d) Commitments for investment expenditure

The Fund has committed to invest in an Offshore Fund which makes capital calls on an as needs basis. There were no committed amounts in relation to this equity investment at 31 December 2015 (2014: \$US7.9 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

18 DIRECTORS' DISCLOSURE

Name	Nature of Interest	Companies
Mr Anthony Smaré	Shareholder	Airlines PNG Limited
	Director	Barrick Gold PNG Subsidiaries
	Director/Shareholder	City Pharmacy Limited
	Shareholder	Credit Corporation (PNG) Limited
	Trustee	Halivim Wantok Disaster Fund
	Director/Shareholder	Smaré Family Enterprises
	Shareholder	Kina Asset Management Limited
	Director	Kumul Foundation Inc.
	Director	Nationwide Microbank Limited
	Director (NSL Nominee)	Paradise Food Limited
	Director (NSL Nominee)	Paradise Food Holdings Limited
Lady Aivu Tauvasa	Shareholder	Kina Asset Management Limited
	Director/Shareholder	PNG Drums
	Shareholder	Post Courier Limited
	Director/Shareholder	Teisaki Limited
Alan Kam	Director/Shareholder	Tuakana Advisory Services
	Director	Libertas Company Limited
	Director	Krungsri Asset Management Co
	Director	Mega Life Science Public Co
	Director	Cal-Comp Holdings Brazil Co
	Director	Cal-Comp Electronics Thailand Public Company Limited
Leon Buskens	Director	Confere de La Chaîne des Rotisseurs, Bangkok
	Director	Australia & New Zealand Banking Group (PNG) Limited
	Director	Capital Insurance Group Limited
	Director	Investment Promotion Authority
	Director/Shareholder	Kopkop College
	Shareholder	Oil Search Limited
	Director	South Pacific Brewery Limited
Director	Toyota Tsusho (PNG) Limited	
Professor Albert Mellam	Shareholder	Airlines PNG Limited
	Director (NSL Nominee)	Brian Bell & Co Limited
	Director (NSL Nominee)	Credit Corporation (PNG) Limited
	Shareholder	Kina Securities Limited
Reginald Monagi	Director	City Mission
	Director	Heduru Moni Limited
Lesieli Taviri	Shareholder	Airlines PNG Limited
	Director	Business Coalition for Women
	Shareholder	3 Key Limited
	Shareholder	GPS Malaponi Limited
	Shareholder/Director	Marjicka Limited
	Director/Shareholder	People Connexions PNG Limited
Professor David Kavanamur	Shareholder	Bank South Pacific Limited
	Shareholder	Credit Corporation (PNG) Limited
	Director (NSL Nominee)	Gazelle International Hotel Limited
	Director	Institute of National Affairs
	Director (NSL Nominee)	KHL Subco Limited
	Director (NSL Nominee)	Kumul Hotels Limited
	Shareholder	Oil Search Limited
	Director	Rabaul Microfinance
Bruce Wilson	Trustee	The Kennea-Wilson Family Trusts buys, sells and holds shares on the ASX from time to time

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.

20 COMPARATIVES

The prior year figures have been reclassified to ensure comparable information with current year:

	2014 Original Balance K'000	Reclassification	2014 As reclassified K'000
Financial Assets at Fair Value	3,720,153	(50,000)	3,670,153
Loans	210,622	50,000	260,622

The OPH Ltd Preference Shares were reclassified as a loan. The reclassification did not result to any change in the profit after tax for the year.

No comparative statement of changes in net assets available for benefits is present as at 1 January 2014 as the reclassification had no impact at that date.

DECLARATION BY TRUSTEE AND MANAGEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015, and its performance for the year.

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;
- (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.



ANTHONY SMARÉ

Chairman



LADY AIVU TAUVASA

Deputy Chairlady

Dated at Port Moresby the 22nd day of February 2016

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 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 the affairs of the Fund as at 31 December 2015, 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;
- (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.

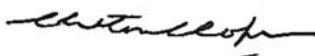
The Financial Statements have been drawn up in accordance with the requirements of the Superannuation (General Provision) Act 2000 and the requirements of the Trust Deed of Nambawan Super dated 24 December 2002.

For and on behalf of the Nambawan Super Management.



GARRY TUNSTALL

Chief Executive Officer



CHETAN CHOPRA

Chief Financial Officer

Dated at Port Moresby the 22nd day of February 2016.

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The realist
pours in
more water

The pessimist
thinks the glass
is half empty

The optimist
thinks the glass
is half full

YU WOKIM VOLUNTARY CONTRIBUTION PINIS?