



06<sup>th</sup> June 2011

## **KAML MEDIA STATEMENT**

### **KAML CONTINUES TO PROVIDE STRONG GROWTH OPPORTUNITIES FOR INVESTORS**

Investors in PNG's first listed investment company continue to benefit from KAML's strong performance. KAML's first quarter performance in 2011 has benefited from positive trends in the PNG economy as well as Australia and other key global sectors.

KAML Chief Executive Officer Mr Syd Yates said that economic activity in PNG, as measured by the growth in real Gross Domestic Product (GDP), was estimated to have increased to 8% in 2010. Mr Yates said that the Central Bank is forecasting real GDP growth to increase to 9.5% in 2011.

"Growth in PNG is expected to be driven by the continued construction of the LNG project, commencement of production at the Ramu Nickel/Cobalt Mine and higher expected international prices for mineral and agricultural commodities" he said.

Mr Yates noted that KAML is well positioned to reap the benefits of this growth in the PNG economy with a diversified investment portfolio across key sectors.

Mr Yates warned, however, that there are a number of pressures on the PNG economy as domestic resources are stretched by the capital expansion that has taken place in the past few years.

"Going forward the continued spending by the Government, financial institutions, super funds and foreign exchange inflows from the high commodity prices will continue to provide growth in the economy but it will also continue to drive inflation across the board," he said.

"Instrumental in managing the possible overheating of the economy is the development of the Sovereign Wealth Funds which is expected to mitigate the impact of revenue inflows from the LNG project on domestic liquidity, the exchange rate and inflation," he said.

Nonetheless, KAML is not solely focused on local markets – rather KAML provides PNG investors with exposure to international equity markets with over 50 per cent invested in international equities.

KAML's international equities have performed well in the first quarter of 2011, with global equities and Australian listed equities exceeding performance benchmarks.

In 2011, KAML has continued to mature and is close to fully invested. Our strategy going forward will be to monitor and realign the portfolio when necessary with cash only being held for operations and in transit when seeking investment opportunities.



KAML recently announced a dividend of 5 toea per share and a Dividend Re-investment Plan which was widely accepted among shareholders. The KAML Annual General Meeting is on the 16<sup>th</sup> of June 2011.

**END**

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