



30th June 2015

CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING

Shareholders are undoubtedly well aware of the complex and often difficult times faced by investors across the globe during the 2014 review period, as economic uncertainty continues to pervade all sectors of industry and commerce throughout the world.

In spite of the volatility in the investment environment, KAML has held steadfast in its core objectives; providing a solid stream of returns to the Shareholders and preserving our company's capital.

2014 Background & Performance

Through this period of uncertainty KAML's earnings sustained subtle losses, the company recorded a bottom line loss of K0.4 million. In spite of the suppressed results, the company generated a cash profit of K2.5 million, a 13.6% increase from the previous year.

KAML's investment portfolio has declined by 3.9% or K2.0 million from K50.0 million to K48.0 million as of 31 December 2014. The contraction of the portfolio was attributed to a dividend payment of K1.8 million and the subdued performance of our holdings.

During the year, we have effectively implemented changes to our holdings in line with the outlook for sectors of optimal prospective growth. Throughout all its investments and asset classes, KAML has rebalanced its portfolio to capitalize on more favourable yielding investments.

The KAML Board also approved the inclusion of an additional Asset Class; Government Securities. Subsequent to this, the company invested a portion of the portfolio in Government Inscribed Stock (GIS). The new asset class provides the company an avenue to gain significant yields whilst securing the stability of the portfolio through "risk free" investments. In addition, the investment provides consistent and regular income through biannual coupon payments that will further support KAML's cash flows beyond 2014.

Furthermore, we further increased our strategic overweight position in Bank South Pacific to benefit from its attractive yields and risk-adjusted return profile. Moreover, we continued our strategy of reducing exposure to Credit Corporation which historically had been a large constituent of our portfolio. In our international portfolio – the preference for large-cap financial stocks continued to underpin our investment decisions and stock picking. Our international portfolio anchored by high yielding financials provided some solid growth.



Our performance for the year was mixed; while our domestic investments performed below their benchmark, our Australian equities outperformed their ASX/S&P 50 benchmark. In our other global equities, the major contributors to the performance were our significant holdings in Vanguard International Shares Index, which outperformed its benchmark, MSCI World ex-Australia.

Major Developments

In its continued commitment to shareholders, KAML undertook numerous changes aimed at addressing its objectives through a more “shareholder-centric” focus.

Firstly, KAML engaged domestic based share registrar; PNG Registries Limited to better service the needs of its shareholders, most of who are based within the country.

Secondly, KAML sought and received shareholder approval to allow Monian Limited to increase shareholdings to 25.0% of the total shares on issue. This would provide liquidity to shareholders and additional funds to invest.

Finally, after careful deliberation by The Board, we are delighted to announce today, the declaration of a dividend of 2 toea per share, a testament to your company’s financial strength and our commitment to you, our most valued shareholders.

In a sign of mounting confidence in the company, and the continued growth of the financial industry, over 3.0 million shares were traded during the year (at an average price of K1.0 per share), compared to 1.0 million shares in the 2013 period, representing a substantial increase in trading and thus liquidity.

In spite of the challenges faced, I believe this year marks another milestone for KAML. We have proved that, not only can we reap the benefits of an advancing market, but we can also stand firm in the most challenging circumstances.

KAML’s commitment to shareholders and our objectives is unwavering and we will continue to aspire to better our performance and continue to provide the opportunity for Papua New Guineans to share in the diversity of investment opportunities by owning shares in the PNG’s only Listed Investment Company.

Q1 2015 and Recent Developments

On to our first quarter performance, we are pleased to announce that KAML has recouped much of the losses sustained during the previous year. KAML has improved significantly, with an investment gain of K1.3 million representing a return of 2.8%. Accordingly, KAML’s portfolio increased to K50.4 million.



I would like you, our esteemed Shareholders to know that despite the changes to our investment environment, KAML has in most part adapted well to the ever-changing business environment and will continue to do so going forward. We do concede that uncertainty is the nature of the investment world; nevertheless, KAML remains well placed and grounded.

Furthermore, KAML is pleased to announce that it is in the process of finalizing its new website. In the company's continued effort to meet the needs of its Shareholders, the Board initiated the development of a new and improved website, aimed at providing you with the most up-to-date information on your investment through an easily accessible interface.

In closing, I would like to say that KAML has again demonstrated that it is a professionally managed company, with a very committed investment team which understands the investment environment and (1) is in a constant pursuit of value enhancing opportunities, (2) ongoing adaptation to the new business realities and (3) relentless self-improvement. The future is very bright for PNG and we at KAML are honoured and privileged to be an integral part of the country's epic evolution.

I thank you for your support of your company and look forward to further investment success going forward.

Sir Rabbie Namaliu GCL, CSM, KCMG
Chairman

End

Further Information:

Syd Yates, OBE
Director/Chief Executive Officer
syd.yates@kaml.com.pg
PH: +675 308 3810

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