1 September 2015

KAML POMSoX Release

KAML CONTINUES TO DEFY INTERNATIONAL INSTABILITY (1H'2015)

Despite continued uncertainty in the world markets driven primarily by the multifaceted issues out of the rest of the world, PNG's first and only listed investment company Kina Asset Management Limited (KAML, or Company) has continued improving its performance in 1H'2015 (Period) with an investment gain of K2.3m representing a return of 4.8%, surpassing its Q1 performance of K1.3m and 2.8% respectively.

The Chairman of KAML, Sir Rabbie Namaliu, stated that the factors that drove the Company's return were the consistent returns derived from domestic equities, better than expected performance of the ASX as well as gains in global funds.

Further, Sir Rabbie expounded that KAML's positive performance was driven in large part by significant gains from the portfolio's largest constituent, Bank of South Pacific and steady gains from its ASX equities, namely Transurban and Mirvac.

During the Period KAML acquired an interest in the Blackrock Wholesale Index International Equity Fund, aimed at further diversifying the portfolio.

Detailing the Company's performance, Sir Rabbie also stated that KAML's domestic and international equities and global funds had outperformed their respective benchmarks. Domestic equities generated a return of 4.2% outperforming the KHSi index of 2.2%, whilst ASX equities generated a return of 3.0% outperforming their benchmark of 0.8% and global funds generated a return of 12.0% outperforming their benchmark of 9.4%.

Furthermore, Sir Rabbie remarked that we continue seeing opportunities emerging as the world's major economies continued improving throughout the Period, which should have undoubtedly increased global economic performance creating greater employment opportunities and confidence in all industries leading to stronger equity returns across the globe…

In summarizing the current global economy - that transpired during the Period - KAML's licensed investment manager, Kina Funds Management (KFM) noted that US growth is beginning to gain momentum underpinned by resilient consumer demand, supported by solid labor income growth and sustained low energy prices. The slowdown in China is likely to continue to create volatility further enhanced by the Eurozone's consequences of its Greek Debt saga. However, it is expected that the markets will stabilize in the longer term.

On commodities, KFM stated that oil prices have exceeded expectations in H1'2015; surpassing analyst's consensus of c.U$50.0 per barrel for the Period, however the rebound is likely to decelerate toward the year's end. Longer-term however, prices are expected to increase, although still largely contingent on supply in the market. Gold and LNG are expected to remain around the current levels.

In other developments, KAML is pleased to announce that its new website went live on the 14th of July 2015. The development of the website was aimed at providing shareholders with the most up-to-date information on their investment through an easily-accessible interface in a centralized location. All of which is a part of KAML's unequivocal shareholder-centric focus.

Furthermore, as an epiphany of its financial strength, KAML declared a dividend of 2 toea per share at its Annual General Meeting held on the 30th of June 2015. Shareholder's will be pleased to know that this is the first year KAML has offered 'direct crediting' of dividends into shareholder's accounts, spearheaded by the engagement of our new share registry, PNG Registries Limited.

LEVEL 2 DELOITTE TOWER DOUGLAS STREET, PO BOX 1141, PORT MORESBY, PAPUA NEW GUINEA
TEL + 675 308 3888 FAX + 687 308 3899 www.kaml.com.pg

Sir Rabbie concluded by saying that despite the perceived variability of the investment environment, KAML's investment strategy continued to show its credibility, and investors should be heartened by the Company's steady growth and forecast progress.

KAML closed the Half Year at a share price of K1.0 and a Net Tangible Asset of K1.08 per share.

Backdrop: August 2015 Developments

Shareholders are undoubtedly aware of the events that have transpired in the past few weeks, culminating in a significant downturn in global markets over the last week of August.

The general explanation for these phenomena is as follows: the US Fed (Fed) tightening has increased the value of the USD, and reducing the value of EM currencies, although recent events have moderated the value of the USD. Fed tightening, with strong dollar and weak oil prices yet to fully flow through and CPI (ex food and fuel) around 1.0%, with forward interest rates indicating inflation expectation of c.2.0%. Additionally, indications of moderating Chinese growth are prevalent (although rosier levels are still expected). Lastly, lower Chinese growth has been reflected in lower oil prices (which in fact, despite being counterintuitive, are most stimulatory to the global growth at large). The oil supply trends are currently dominated by a 'supply glut', and major restructuring of the US oil industry is due to take place over the next few months. ***All these factors have triggered a mass sell-off in equity market manifesting itself in a mini 'flash-crash'. By the end of the last week of August however global markets have shown signs of vitality and have seemingly stabilized.*** *It is widely believed that a rebound is more likely if the developed world macroeconomic data continues to prove healthy. In addition, we expect volatility to subside from current high levels, driven by a number of events in the next month.*

Domestically, the KSI was relatively unaffected, although down ~3.0% at the peak of volatility, statistical indicators suggest this was within the norms for the index. KFM notes the lack of observed correlation with the global markets which is underpinned by the unique diversification profile and characteristics of the POMSoX.

Going forward, it is anticipated that uncertainty and subsequent volatility will partially dictate performance, as the resulting effects are not confined to a single industry or region. Nevertheless, KAML will continue to closely monitor the prevalent conditions and take appropriate action adhering to its investment strategy and maximizing risk adjusted return to its shareholders.

END

Further Information:

Syd Yates, OBE

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

DISCLAIMER

The information in this press release has been included in good faith and is for general purposes only. It should not be relied upon for any specific purpose and no representation or warranty is given as regards its accuracy and completeness. No information in this press release shall continue an invitation to invest in Kina Asset management Limited or any of its affiliates. Neither Kina Asset Management Limited, nor their affiliates' officer, employees or agents shall be liable for any loss, damage or expense arising out of action taken on the basis of this press release, including, without limitation, any loss of profit, indirect, incidental or consequential loss