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KINA ASSET MANAGEMENT LIMITED (KAML) POMSoX RELEASE

KAML DELIVERS 48.24% GROWTH IN NPAT FOR JUNE HALF YEAR AND DECLARES INTERIM DIVIDEND

Kina Asset Management Ltd (KAML) today reported an increase of 48.24 per cent in net profit after tax for the half year ended June 30, 2017

Chairman of KAML, Sir Rabbie Namaliu said the half year K5.0m net profit after tax result compared with the previous year's corresponding result.

"The half year has delivered a strong investment performance for shareholders with the KAML performance generating an investment return of 9.5 per cent," he said.

Sir Rabbie said that the main contributors to the result resulted from a valuation gain of K3.4m which was achieved by strong performances of the share prices of CSL Ltd (CSL) of 37.5 per cent and Bank South Pacific (BSP) of 6.0 per cent over the review period.

"Dividend and interest income delivered K2.1m, while the 6.1% depreciation of the Kina against the Australian dollar contributed currency gains adding K2.0m to the profit result," Sir Rabbie said.

Detailing the investment strategy, Sir Rabbie said that asset allocation at the year end of the result period was 41.6 per cent invested in domestic stocks, cash and fixed income and 58.4 per cent invested with international stocks and cash.

"The Fund's key investment sectors of domestic and international equities outperformed their respective bench marks over the year, Sir Rabbie said.

He said that key portfolio stocks were BSP at 21.5 per cent of the Fund, Vanguard International at 11.7 per cent, Oil Search Limited at 7.7 per cent and Mirvac Group at 5.3 per cent.

Sir Rabbie said that the first six months of the financial year has started well, with global markets remaining strong, underwritten by high levels of liquidity, ongoing low interest rates and low inflation, together the US earning season being well ahead of expectations.

“Domestically the economy remains under pressure however KAML’s investments are largely in sectors not exposed to domestic consumption, “he said.

“We remain cautious for the balance of the year as markets are generally highly valued and global geo-political risk remains a threat to markets. “

“KAML retains a solid liquidity position which is held off shore and this will be of benefit as opportunities arise given our view that the Kina (PGK) will further weaken over the rest of this year, “Sir Rabbie said.

Sir Rabbie said the net tangible asset backing per share was K1.26 at June 30, 2017 (unaudited and pre dividend) up from K1.14 at the end of June 2016. “The share price is trading at a significant discount to the underlying value of the company and the board continues to investigate ways to close this gap. Options being explored range from a potential buyback to a possible listing on a foreign exchange to broaden our shareholder base and improve liquidity in the stock over time.”

Sir Rabbie further commented “KAML has declared an interim dividend of 2 toea per share, our first ever interim dividend, as a reflection of the very strong investment performance for the first half, and as a way to reward our shareholders. KAML has a long term track record of delivering strong growth in the value of its investments and ongoing income for its shareholders.”

END

Further Information:

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