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PNGX RELEASE
KINA ASSET MANAGEMENT LIMITED

KAML REWARDS SHAREHOLDERS DESPITE TOUGH FIRST HALF

Kina Asset Management Ltd (KAML) has recorded a net loss of K4.7 million for the half-year ended 30 June 2022, said Chairman of KAML, Sir Rabbie Namaliu.

Sir Rabbie said that the loss was a result of falls in global share market prices in the first half of 2022.

"A near perfect storm of geo-political conflict, on-going supply chain disruption, and deteriorating economic conditions, has impacted global markets," Sir Rabbie said.

"As a result, KAML recorded an investment return of -5.4% for the half-year. Unrealised losses on KAML's shareholdings totalled K4.3 million, and falls in the Australian Dollar resulted in foreign exchange losses of a further K2.8 million", Sir Rabbie said.

In Australia, the ASX200 share price index fell 11.8% over the half-year, and the prices of most of KAML's high-quality Australian share holdings also reported large falls. Some of these falls were share offset by rises in Transurban (TCL) up 4.1%, Worley (WOR) up 34%, and Santos (STO) up 17.6%.

Internationally, the BlackRock iShares International Wholesale Index Fund fell 16.0 per cent, and the Vanguard International Share Index Fund, 17.2%.

The company's PNG share holdings performed better than their Australian and International counter parts. BSP Financial Group shares rose up 15.9%; and Credit Corporation (CCP) was up 10.1%; while Kina Securities (KSL) was down 5.9% over the half-year.

"On a more positive note, dividend and interest income rose to K3.1 million from K2.9 million in 2021, which means that despite the poor investment conditions, the Fund has continued to generate strong cash-flow," Sir Rabbie said.

Sir Rabbie said that asset allocation as at 30 June 2022 was 36.0% invested in domestic stocks, cash and fixed interest securities, and 64.0% invested in international stocks and cash. The corresponding benchmarks provided by the Company's Investment Strategy were 40% (domestic) and 60% (international) respectively", he said.

Key portfolio holdings were BSP Financial Group at 18.3% of the Fund's assets, Credit Corp at 5.2%, and Kina at 5.1%; in Australia, CSL at 6.7% and Telstra at 4.6%; internationally, the Vanguard International Shares Index Fund at 11.8 percent.

Sir Rabbie said that the Company was faced with difficult global economic conditions.

"As the world struggles to rid itself of Covid-19, the ongoing disruption to global supply chains, and the conflict in Ukraine, has caused inflation to re-emerge a serious threat to economic prosperity."

Globally, central banks had moved to tighten monetary conditions, and leading indicators of economic growth for most developed countries, and some large developing countries, were now well below trend.

In PNG, Sir Rabbie said that there were unstable social and economic conditions during the conduct of the 2022 general election. "The formation of a newly elected government, and further progress towards the commencement of key resource projects, is a cause for some optimism about the county's future economic conditions", he said.

Sir Rabbie said that KAML remained well placed to exploit new opportunities as they arise.

The Company's net tangible asset backing was K1.57 per share at 31 July 2022. KAML's shares continue to trade at a significant discount to the underlying value of the company.

Sir Rabbie said that in view of the company's strong cash flow position, KAML's Board of Directors had decided to declare an interim dividend for 2021 of 6 toea per share. The dividend would be payable on 28 October 2022.

The Company's share registry contact details, along with the Dividend Reinvestment Plan and Investment Strategy, are available for viewing at the Fund's website, http://www.kaml.com.pg/, Sir Rabbie said.

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Further Information:

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