



ANNOUNCEMENT

PNG Air Update

The Board of Directors of PNG Air Limited would like to provide the following updates:

i) COVID 19

- The Covid pandemic continues to cause major issues in the airline industry, where PNG Air is also severely affected. This pandemic, which will linger on for a few more years to come will continue to cause uncertainty, difficulty and disruptions to PNG Air's revenue generation. This pandemic has caused and is continuing to cause severe reduction in the level of business activity. It will take the next two to three years before the airline can foresee a return back to pre-Covid levels of business activity. The Organisation has taken stringent measures to save costs and maximize utilization of available resources to keep operations flowing considering it has not received any assistance from anyone in the process. Following the Isolation Strategy that is currently in force the management and the Board will be reviewing the operations in the next few months to devise a plan as to the future progress of the Organisation to keep it viable during the course of the pandemic.

ii) AGM

- Following the completion of 2017 and 2018 financial accounts of PNG Air limited, the Directors decided to hold an AGM on the 16th of July 2021.

iii) Audits in progress

- 2019 financial year audits are currently being carried out by Deloitte and expected to finalise towards the end of July 2021.
- The financials that were submitted for 2019 under published appendix 4B to PNGX markets will change materially due to corrections that will be made for errors sustained in both the 2018 and 2019 financial accounts. This will have an effect on the opening balances of 2019 and due to the change in the treatment of Maintenance Reserve provisioning as required by the new Accounting Standards.

iv) 2020 Financial year

- 2020 Financials were not released due to the following reasons:
 - PNG Air had not completed 2017 and 2018 accounts at that time and the new management were aware of the errors in accounting and misstatements that existed on these accounts, which will have an impact on the 2019 and on the 2020 accounts.

- The 2019 accounts still not being audited.

- Our management accounts shows that in 2020 PNG Air has declared a significant loss before tax mainly due to COVID.

v) Link Proposal to acquire PNG Air shares from Nasfund

- A joint press release was done on 26th of April 2021 to inform the public that Air Niugini/Link PNG have re-submitted an application to ICCC to purchase PNG Air shares held by Nasfund.

- The press release confirmed that the Board was in support of the application and are now awaiting ICCC determination to progress further.

vi) Government Assistance

- A request has been made to the Government of PNG for financial assistance during this difficult period with Covid and borders shut. Until now however, there has been nothing forthcoming.

ENDS

For further information, contact PNG Air Media Relations:

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