



Market Announcement

For Public Release

31 August 2020

Kontiki Finance Limited - Annual Result and Final Dividend for the Year Ended 30 June 2020

Kontiki Finance's Board of Directors today announced the company's audited financial results for the 12 months ended 30 June 2020. Consolidated Group net profit after tax (NPAT) decreased by 22% from \$9.4m to \$7.3m, largely due to a \$5.8m increase in impairments in response to COVID-19 impacts. The Group's return on equity for the year was 28%.

Total Group revenue increased by 29% from \$26.8m to \$34.7m, on the back of strong growth in Total Group assets, which increased by 35% from \$194.6m to \$263.2m.

COVID-19 has significantly affected the tourism and hospitality sectors in Fiji and the region. However, the Group has a relatively low exposure to these sectors, and as at 31 July 2020 only 10.8% of our customers have been given assistance due to the economic impact of COVID-19. The Group has assisted affected customers with loan repayment holidays. In addition, customers suffering involuntary unemployment have been able to access loan protection insurance.

Kontiki Finance has taken measures to control expenditure and re-align its business to the current economic environment. The management expense ratio decreased from 51.4% for FY 2019 to 49.7% for FY 2020.

The Directors have declared a final dividend of 2.0 cents per share for the year ended 30 June 2020, to be paid on or before 29th September 2020. The record date is 21st September 2020. This brings the total dividends paid in 2020 to 4.5 cents per share.

In August 2020 Kontiki Finance successfully completed a private Corporate Bond issue. The Bond issue, which raised an additional \$10m in Tier 2 Regulatory Capital, was fully subscribed. The issue further strengthened Kontiki Finance's regulatory capital position, supporting further growth in the business in the coming year.

The Group's Liquidity remains strong, with the Group holding over \$90m in liquid assets at this time.

Kontiki Finance Limited's Chairman Mr. Daryl Tarte said "I am pleased to report a good profit result for the financial year ended 30 June 2020, given that the Group has significantly increased loan provisions in response to the effects of COVID-19. The company had continued its book build strategy through the first nine months of the year, which resulted in a 29% increase in revenue over the prior year. In response to the economic impacts of COVID-19, the Group has taken measures to further strengthen its foundations across the key areas of funding, liquidity, capital, cost management, and customer service. Looking forward to the year ahead, we expect the economic challenges arising from responses to COVID-19 to continue to impact on economic activity in Fiji. In that context, the Group will continue to work to increase its book in target sectors and to improve profitability."

A blue ink signature of Daryl Tarte, consisting of a series of connected loops and curves.

Daryl Tarte MF
Chairman

A black ink signature of Beatrice Wong, featuring a stylized, somewhat abstract script.

Beatrice Wong
Company Secretary

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR END 30 JUNE

(FJ\$ '000)	2020	2019	% Change
Interest income	42,364	34,081	24%
Less Interest expense	(11,750)	(9,346)	26%
Other interest and similar expense	(368)	0	
Net interest income	30,246	24,735	22%
Fee and other income	4,451	2,127	109%
Total operating income	34,697	26,862	29%
Less Impairment charges on financial assets	(9,606)	(2,480)	287%
Net operating income	25,091	24,382	3%
Less Personnel expenses	(8,990)	(7,916)	14%
Less Depreciation	(1,994)	(611)	226%
Less Operating expenses	(6,274)	(5,287)	19%
Profit before tax	7,833	10,568	-26%
Less Income tax expense	(548)	(1,192)	-54%
Net profit after tax	7,285	9,376	-22%
OEI in Net Profit & Extraordinary items after income tax	0	0	
Profit Attributable to Members of the Company	7,285	9,376	-22%
Retained Profit at the Beginning of the Period	11,831	7,982	48%
Changes on Initial Application of IFRS 9 (net of taxes)	0	(607)	
Total Available for Appropriation	19,116	16,751	14%
Less Ordinary Dividend paid out	(4,740)	(4,920)	-4%
Retained Profit at the End of the Period	14,376	11,831	22%
Basic Earnings per share	8.0 cents	10.4 cents	-23%

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

(FJ\$ '000)	2020	As Shown in Annual Report For Year Ended 30 June 2019	% Change
Assets			
Cash at bank	12,246	8,001	53%
Financial assets	77,033	54,089	42%
Finance receivables	165,838	131,157	26%
Provisions	(12,104)	(4,744)	155%
Other receivables	11,027	4,345	154%
Right of use assets	6,786	0	
Property, plant & equipment	2,330	1,776	31%
Total Assets	263,156	194,624	35%
Liabilities			
Term deposits	213,034	159,376	34%
Debt issued and other borrowed funds	2,600	0	
Lease Liabilities	6,960	0	
Other creditors	12,408	10,624	17%
Total liabilities	235,002	170,000	38%
Net Assets	28,154	24,624	14%
Shareholders' funds			
Ordinary equity	13,778	12,793	8%
Retained earnings	14,376	11,831	22%
Total Shareholders' Funds	28,154	24,624	14%

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR END 30 JUNE

(FJ\$ '000)	2020	% Change	% Change
Cash flow from operating activities			
Interest income received	41,344	32,544	27%
Interest expense paid	(11,764)	(9,346)	26%
Interest paid on lease liabilities	(354)	0	
Non-interest income received	894	267	234%
Premium income received	3,264	5,931	-45%
Payments to suppliers and employees	(16,154)	(12,219)	32%
Payment for claims	(545)	(937)	-42%
Net customer loans granted	(34,691)	(28,987)	20%
Term deposit received	53,659	23,953	124%
Income tax paid	(1,215)	(1,098)	11%
Net cashflow from operating activities	34,438	10,107	241%
Cash flow from investing activities			
Acquisition of plant and equipment	(1,415)	(868)	63%
Proceeds from sale of plant and equipment	85	25	235%
Acquisition of intangible asset	(209)	(385)	-46%
Acquisition of debt financial instruments	(21,208)	(7,948)	167%
Net proceeds from sale/acquisition of financial asset through profit or loss	(4,947)	329	-1603%
Dividend received	54	38	41%
Proceeds from issuance of corporate bond	2,600	0	
Net cash flows (used in) Investing Activities	(25,040)	(8,809)	184%
Cash flow from Financing activities			
Capital contribution from shareholders	984	1,909	-48%
Dividend paid	(4,740)	(4,920)	-4%
Lease payments	(1,397)	0	
Net cash flows from Financing Activities	(5,153)	(3,011)	71%
Net increase/(decrease) in cash and cash equivalents	4,245	(1,713)	-348%
Cash and cash equivalents at 1 July	8,001	9,714	-18%
Cash and cash equivalents at 30 June	12,246	8,001	53%

Annexure F: Dividend Declaration

Kontiki Finance Limited

Declaration of Dividend

PART A: Basic Details

Sr. No.	Particulars	Answer
1.	Type of dividend/distribution	<input checked="" type="checkbox"/> Final <input type="checkbox"/> Interim <input type="checkbox"/> Any other (specify) _____
2.	The dividend/distribution relates to	<input type="checkbox"/> a period of one month. <input type="checkbox"/> a period of one quarter. <input type="checkbox"/> a period of six months. <input checked="" type="checkbox"/> a period of twelve months. <input type="checkbox"/> any other (specify) _____
3.	The dividend/distribution relates to the period ended/ending (date)	30th June 2020
4.	Date of dividend declaration/approval	31st August 2020
5.	Record date	21st September 2020
6.	Date of Ex-benefit	16th September 2020

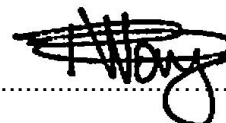
7.	Date of payment of dividend	29th September 2020
8.	Are the necessary approvals as required under the Companies Act 2015, SPX Listing Rules and Articles of Association of the Company obtained?	Yes

PART B: Dividend/distribution amounts per type and other details

	Current Dividend/Distribution	Previous Dividend/Distribution [corresponding to the current period, if applicable]
Dividend per share	2.0 cents	2.7 cents
Amount of dividends (\$)	\$1,836,324	\$2,453,215
Turnover	\$44,459,643	\$35,609,846
Gross Profit	\$32,341,852	\$26,264,092
Income from other sources	2,356,115	\$598,271
Income tax expense	\$547,777	\$1,192,223
Net profit after tax	\$7,284,837	\$9,375,985



Director



Company Secretary