



04 September, 2020

**For Public Release**

**KGF Audit Update**

Further to our market announcement of 07 August, 2020, the Manager and Board of Kinetic Growth Fund (KGF) wish to update the market on the status of KGF's 2019 audited accounts.

The External Quality Review (EQR) of the audited accounts was completed, and the accounts passed last week. After subsequent discussions with the auditors, it was decided that the following amendments to the accounts should be made to better align KGF's audited accounts with the evolving IFRS standards:

- Removal of Drone Services (Fiji) Pte Ltd [DSF] from the consolidated accounts. Under IFRS, DSF will now be treated as an "associate" company of KGF rather than a subsidiary. This reflects the terms of the preference shares in DSF that are held by KGF and recognises that the majority of KGF's investment in DSF is in the form of preference shares. This treatment better reflects the terms of the investment and treatment of preference shares.
- KGF's audited accounts will include the consolidated (group) accounts only. Given the change in treating DSF as an associate company, the auditor would require a complete, independent valuation to sign-off on Holding Company accounts. Including only the consolidated accounts in the audit will avoid further delay and expense,

Note that although the Holding Company accounts will not be shown in the audited accounts, the Manager will still provide the Holding Company accounts in its Manager's Report that will be included in the 2019 KGF Annual Report.

The above changes are currently being made and are expected to be finalised shortly.

In view of the above, KGF anticipates that the audited financial statement, annual report and half-year results will be released to the market at the earliest. Until then, voluntary suspension in trading of KGF shares remain in place.

KGF apologises for the delay in updating the market and is grateful for the support and patience of its stakeholders. The Board and Manager look forward to completing this process shortly.

Yours sincerely,

Erik Larson  
**Board Chairman**

Griffon Emose  
**Company Secretary**