



28 August, 2017

KGF Announces 18% Net Asset Growth in First Six Months of 2017

The Manager and Board of Kinetic Growth Fund Ltd (KGF) today announced the company's financial results for the first six months of the 2017 financial year. As at 30 June, 2017 the net asset backing per share is at 73 cents per share, compared with an audited value of 62 cents as at 31 December, 2016.

KGF focuses on Holding Company results because they show the growth in net asset value. For the half-year ended 30 June, 2017 KGF earned 9 cents per share, more than a 60% increase over the corresponding period in 2016.

"KGF shareholders benefitted this half year from increases in value of our investee companies. This capital growth accounted for most of the 18% growth in Net Asset Value during the half year. We have been pleased with the performance of our investee companies during this reporting period." commented Erik Larson, the Board Chair.

Significant developments during the year-to-date include:

- Increase in carrying value of i-Pac Communications Ltd (t/a Unwired) in anticipation of sale of shares to Digicel Fiji Ltd. This transaction subsequently closed in July 2017 at a gain of \$39,585.14 against the carrying value as at 31 December, 2016 and \$4,578.30 against the carrying value as at 30 June, 2017.
- Investee company, Oceanic Communications Ltd (OCL) performed well during the half year, recording an unaudited year-to-date profit of over \$50,000. OCL continues to pay KGF previously accumulated preference share dividends on a monthly basis.
- The launch of a share buyback programme, in which KGF will purchase and cancel shares on offer on the SPSE. By buying back shares at a discount to net asset value, KGF will realise an immediate gain in net asset value.

The first buyback transaction occurred in July 2017 for a total of 10,667 shares at \$0.45. The Company continues to buy back shares: shareholders who wish to offer their shares for sale should contact Kontiki Stockbroking on (+679) 330 7284.

- A decrease in dividend income received from investee companies year-to-date compared to 2016 of approximately \$25,000, which was more than offset by a substantial increase (more than \$200,000) in unrealized gain on investments.
- The largest gain on investment was in Kontiki Finance Ltd (KFL). During the period, KGF entered into a transaction to acquire additional shares in KFL.

Outlook

At this point in time, the second half of 2017 looks promising for continued growth in KGF's portfolio of investments. Potential catalysts include the following:

- Investee company Kontiki Finance Ltd intends to list on the South Pacific Stock Exchange, pending all regulatory approvals.
- Investee company Halabe Investments Ltd (HIL) has sold some of its operating properties, as previously reported. To date, sale proceeds have been used to reduce HIL's borrowings. The company is now at a stage that it is considering options available from additional sales proceeds.
- KGF's manager has evaluated options for refreshing its investment portfolio, including consideration of new investment opportunities.
- As previously announced, KGF continues to seek opportunities to work with investee companies to increase investment value.

As and when any development materialises, KGF will inform investors and the public through the South Pacific Stock Exchange's market announcement platform.

"It is an exciting time for Kinetic Growth Fund. Many of our investee companies have undertaken strategic initiatives that appear to be producing positive results. Accordingly, we have undertaken steps to start to examine new investment opportunities that we hope will offer compelling value to our shareholders," said Griffon Emose, KGF Company Secretary and representative of the Manager.

Summary Table of Results

The table below summarizes key performance indicators for KGF for the 6-month period ending 30 June 2017 in comparison with the corresponding 2016 period.

	Holding Company		Group	
	2016 (\$)	2017 (\$)	2016 (\$)	2017 (\$)
Income	156,664	303,492	538,332	605,254
Profit after Tax	115,702	246,313	213,792	322,049
Net Assets	1,987,995	2,424,595	2,002,213	2,599,685

Group Performance Metrics	2016 (\$)	2017 (\$)	Δ (%)
Net Assets	2,002,213	2,599,685	29.8%
Earnings per Share	0.056	0.086	53.6%
Net Asset per Share	0.56	0.72	28.6%
Share Price	0.45	0.45	0.0%
Discount to NAV	19%	38%	

Group results include consolidation of the results of OCL which is treated as a subsidiary company for accounting purposes.

Yours sincerely,



Erik Larson
Director



Griffon Emose
Company Secretary

**HALF YEAR UNAUDITED REPORT ANNOUNCEMENT
KINETIC GROWTH FUND LTD & its SUBSIDIARY
PROFIT & LOSS STATEMENT
FOR SIX MONTHS ENDED 30 JUNE 2017**

				CONSOLIDATED		
				SIX MONTHS 30.06.17		SIX MONTHS 30.06.16
				\$	*Increase/ Decrease %	\$
OPERATING REVENUE						
Sales Revenue				301,721		392,908
Other Revenue	1			303,533		145,424
Total Operating Revenue				605,254	12%	538,332
Net Profit/Loss before Tax				322,049	51%	213,792
Income Tax Expense						
Net Profit/Loss after Tax				322,049		213,792
Net Profit/Loss after Tax & Extraordinary Item				322,049		213,792
Minority Interest after tax				11,329		16,907
Net Profit/Loss after Extraordinary Item and Income Tax Attributable to Members of the Company				310,720	58%	196,886
Retained Profit at Beginning				(1,677,185)		(1,744,963)
Total available for appropriation				0		0
Ordinary dividend provided for				0		0
Preference dividend provided for				0		0
Transfer to general reserves				0		0
Total appropriations				0		0
Retained profit at half year end				(1,366,465)		(1,548,077)
Earnings Per Share						
Basic earnings per share	6 (b)			0.086	54%	0.056

Director: Erik Larson

Secretary: Griffon Emose

Signature: 

Signature: 

STATEMENT OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY

FOR SIX MONTHS ENDED 30 JUNE 2017

				CONSOLIDATED		
				SIX MONTHS	Annual	SIX MONTHS
				30.06.17	31.12.16	30.06.16
				\$	\$	\$
CURRENT ASSETS						
Cash Assets	Note			296,572	161,801	34,437
Trade Receivables	2			190,594	167,254	222,018
Other receivables				0	0	0
Inventories				0	0	0
Prepayments				2,000	0	18,000
Other assets	3			12,287	0	56,011
Total Current assets				501,453	329,055	330,466
NON-CURRENT ASSETS						
Property, plant and equipment	4			7,848	11,080	14,739
Long-term investment	5			2,557,764	2,264,913	2,067,261
Term deposit				0	0	0
Future income tax benefit				0	0	0
Intangible assets				0	0	0
Other				0	4,259	0
Total Non-current Assets				2,565,612	2,280,252	2,082,000
Total Assets				3,067,064	2,609,307	2,412,466
CURRENT LIABILITIES						
Trade payables				35,896	107,791	33,516
Other payables and accruals				82,332	55,794	149,376
Other				21,634	22,272	0
Total Current Liabilities				139,862	185,857	182,892
NON-CURRENT LIABILITIES						
Term loan - secured				327,517	143,145	227,361
- unsecured					0	0
Unsecured advance					0	0
Inter-company loan					0	0
Deferred tax liabilities					402	0
Provisions					0	0
Other					0	0
Total Non-Current Liabilities				327,517	143,547	227,361
Total Liabilities				467,379	329,404	410,253
NET ASSETS	6 (c)			2,599,685	2,279,903	2,002,213
EQUITY						
Contributed equity	6 (a)			3,598,754	3,598,755	3,540,664
Reserves				0	0	0
Retained profits/accumulated losses				(1,060,397)	(1,336,423)	(1,548,077)
Equity Attributable to Members				0	0	0
OEI in controlled Entities						
Contributed equity				0	0	0
Reserves				0	0	0
Retained profits/accumulated losses				0	0	0
Total Outside Equity Interest in Controlled Entities				61,329	17,571	9,627
TOTAL EQUITY				2,599,685	2,279,903	2,002,213

Director: Erik Larson

Secretary: Griffon Emose

Signature: _____

Signature: _____

**KINETIC GROWTH FUND LTD & its SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 30 JUNE 2017**

CASH FLOW FROM OPERATING ACTIVITIES

Cash Received from Trading activities
Cash Payments
Interest Paid/Received
Dividend Received
Net Vat Paid

Net Cash Inflow from Operating Activities

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Fixed Assets
Proceeds from Sale of Fixed Assets
Acquisition of Investment
Long Term Deposit
Audio Visual Production
Proceed from Sale of Associate
Proceed from Sale of Investment

Net Cash (Outflow) from Investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend Paid
Secured Loan
Proceeds from Issue of Shares
Proceeds from Borrowings
Loan Repayment
Repayment of Lease Principal

Net Cash (Outflow)/Inflow from Financing Activities

NET INCREASE/(DECREASE) IN CASH HELD


Cash/(Overdraft) at beginning
Effects of exchange rate changes on opening cash balances
Cash/(Overdraft) at end

CONSOLIDATED	
SIX MONTHS 30.06.17 \$	SIX MONTHS 30.06.16 \$
300,269	376,926
(325,027)	(450,525)
0	0
20,431	21,354
(500)	(21,691)
(4,826)	(73,937)
0	0
39,396	0
(50,000)	(17,486)
0	0
0	0
0	0
0	41,498
(10,604)	24,012
0	0
0	0
0	0
150,000	0
(29,282)	(34,799)
0	0
120,718	(34,799)
105,288	(84,724)
141,397	50,242
0	0
246,684	(34,482)

Director: Erik Larson

Secretary: Griffon Emose

Signature: 

Signature: 

Notes:	GROUP	
	SIX MONTHS	
	<u>2017</u>	<u>2016</u>
1 OTHER REVENUE		
Dividends Income	20,431	46,315
Unrealised gain	279,950	47,084
Realised Gains	3,100	53
Miscellaneous Income	51	51,973
	<u>303,533</u>	<u>145,424</u>
2 CASH AND SHORT TERM DEPOSITS		
Operating accounts	153,920	26,394
Trust Accounts	141,495	7,572
Cash on Hand	1,157	471
	<u>296,572</u>	<u>34,437</u>
3 OTHER ASSETS		
Other Receivables	190,594	25,880
Prepayments	2,000	0
Deposit Paid	8,028	6,927
Defferred Tax Assets	4,259	4,259
	<u>204,881</u>	<u>37,065</u>
4 PROPERTY, PLANT AND EQUIPMENT		
At Cost	193,114	192,932
Less Accumulated Dep	(185,266)	(178,192)
Book Value	<u>7,848</u>	<u>14,739</u>
5 LONG TERM INVESTMENTS		
i-Pac Communications Limited	86,988	43,277
Halabe Investments Limited	996,358	958,184
Pleass Global Limited	346,320	300,000
Fiji Gas Limited	512,116	429,240
FMF Foods	80,099	71,618
FijiCare Insurance Limited	154,255	128,971
VB Holdings Limited	48,600	48,559
Vision Investments Limited	34,040	29,600
Toyota Tshusho (South Sea) Ltd	8,987	9,811
Kontiki Finance Limited	290,000	48,000
	<u>2,557,764</u>	<u>2,067,261</u>

All investments have been designated as fair value. Movement in fair value during the reporting period has been recognised in the income statement.

6 (a) SHARE CAPITAL	Diluted	Currently Issued
<u>Authorised Capital</u>		
100,000,000 ordinary shares of \$1.00 each	100,000,000	100,000,000
 <u>Issued and Paid up Capital</u>		
3,500,000 ordinary shares of \$1.00 each	3,500,000	3,500,000
25,205 ordinary shares of \$1.09 each	27,514	27,514
13,150 ordinary shares of \$1.00 each	13,150	13,150
118,552 ordinary shares of \$0.49 each	58,090	58,090
	3,598,754	3,598,754
 (b) EARNINGS PER SHARE		
Operating Loss / Profit after income tax	310,720	196,886
Number of Shares outstanding	3,598,754	3,598,754
Basic earnings per share	0.086	0.055

Basic earnings per share amounts are calculated by dividing net profit / (loss) for this first half of FY2016 attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding after adjusting for KGF shares to be issued to Kontiki Capital Ltd (the Manager) as payment of performance fees, as discussed at the last AGM. Issuance of these shares is currently being processed.

(c) NET ASSETS PER SHARE		
Net Assets	2,599,685	2,002,213
Number of Shares outstanding	3,598,754	3,598,754
	0.722	0.556

Basic net asset per share amounts are calculated by dividing net asset value for this first half of FY2016 attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted net asset per share amounts are calculated by dividing net asset value for the first half of FY2016 attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding after adjusting for the performance incentive with the Kontiki Capital Limited (the manager) are issued.