Kinetic Growth Fund Limited

Annual Report

2017

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C O N T E N T S

KINETIC GROWTH FUND

REPORT FROM THE MANAGER

This report reviews the Kinetic Growth Fund's (KGF) activities over the year ending 31 December, 2017.

1. General Review

Operating Environment

IMF in its World Economic Outlook (WEO) Update in January 2018 estimated global GDP growth in 2017 at 3.7% and is anticipating stronger growth in 2018 and 2019 of 3.9%.

Fiji's 2017 GDP growth is estimated at 4.2% as reported by the RBF with growth expected to slow down in 2018 to 3.6%.

Foreign Reserves stood at $2.27b as at 31 December, 2017, equivalent to 5.4 months of retained imports (MORI). This compared with $2.41b as at September, 2017 equivalent to an MORI of 5.8 months.

Performance

KGF recorded outstanding results in 2017, reflecting strong gains in many of its portfolio investments.

The following table summarises the KGF's financial performance in 2017. The results include consolidation of Oceanic Communications Ltd (OCL) under "Group". As KGF in effect owns 85.0% of OCL's equity (counting both ordinary equity and convertible preference shares) it is required to consolidate OCL's results under the accounting standards.

	Holding Company		Group	
	2016 ($)	2017 ($)	2016 ($)	2017 ($)
Income	347,553	1,592,380	1,110,113	2,235,400
Profit after Tax	309,014	1,402,080	408,540	1,272,930
Dividends per share (cents)	0.00	0.00	0.00	0.00
Earnings per share (cents)	0.08	0.39	0.11	0.36

Holding Company:

- At the Holding Company level, KGF recorded total revenue of $1.59m, up 358.2% on 2016, largely due to increased valuations of KGF's investee companies.
- Expenses for the year were recorded at $0.04m, down 45.1% compared with $0.07m in 2016. The audit of KGF's investment in Oceanic Communications Ltd (OCL) saw a reversal of impairments from past years, totaling $0.20m, which was treated as a negative expense in KGF's books.
- Overall, Net Profit after Tax (NPAT) for the year saw a 353.7% increase to $1.40m, compared with $0.31m in the previous year.

Group

- At the Group level, KGF recorded revenues of $2.24m, a 101.4% increase from 2016.
- Cost of Sales and other Expenses increased by 11.5% due mainly to an increase in performance fee payable to KCL.
- Overall, Group profitability grew strongly, with NPAT of $1.29m for the year compared with $0.43m in 2016.

At the end of December 2017, KGF's Net Tangible Assets (NTA) per share was $1.01, up 62.9% from the previous year, while its share price increased to 53 cents from 45 cents at the end 2016. KGF shares were trading at a 47.4% discount to net asset value.

No Dividend was declared or paid during the year.

Significant Events

Significant events during the year included the following:

- KGF received $0.20m of dividends from investee company Halabe Investment Ltd ("HIL")
- A total of 72,566 shares were repurchased for a total consideration of $0.04m ($36,485) under the selective share buy-back programme approved at KGF's AGM held on 20 June, 2017. With KGF shares continuing to trade significantly below NAV, the buy-back programme was initiated by KGF with the objective of closing this gap by reducing the number of outstanding KGF shares on the market. In addition, the buy-back programme has the advantages of allowing KGF to apply surplus cash productively (by buying back shares significantly below NAV) and providing shareholders wishing to divest their shares with a ready opportunity to sell. The buy-back programme has been very successful for KGF and its shareholders, resulting in an 8 cent (17.8%) increase in the share price by the end of 2017. In addtion, per share metrics improved, including a 1.99 cent (2.0%) increase in KGF's NAV per share, directly attributed to the programme.
- KGF invested a total AUD $0.03m (FJD $0.05m) with a commitment to further invest AUD $0.21m (~ FJD $0.33m) in Red Fox Capital Ltd ("RFC"). RFC is an investment vehicle that seeks to evolve into an Australian Securities Exchange ("ASX") listed entity that will facilitate the further growth of South Pacific Elixirs Pty Ltd ("SPE"). SPE is the producer and retailer of the Taki Mai brand of kava beverages and associated products. KGF sees its investment in RFC as a vehicle to participating in early stages of investment in SPE as it undertakes initiatives for expanding its range and lines of businesses.

Looking Ahead

For 2018, the Manager will continue to focus on the following:

- Deploying KGF's capital in ways that offer attractive long-term returns for shareholders.
- Continuing to source outstanding investment opportunities, including situations where asset prices have been temporarily depressed and/or are significantly below estimated valuation.
- Continuing to work closely with investee companies to increase the value of KGF's investments. Priority will be on private equity investments such as OCL where playing a more active role can result in significant gains for KGF's investments.
- Opportunistically seeking new sources of funds for further new investments as is deemed highly attractive or to take advantage of strategic opportunities.

2. Portfolio Review[1]

Since its establishment in late 2004, KGF has invested a total of $3.37m. The Fund's portfolio as at 31 December, 2018[2] is shown below, and includes investments in ten businesses: seven listed companies and four private companies.

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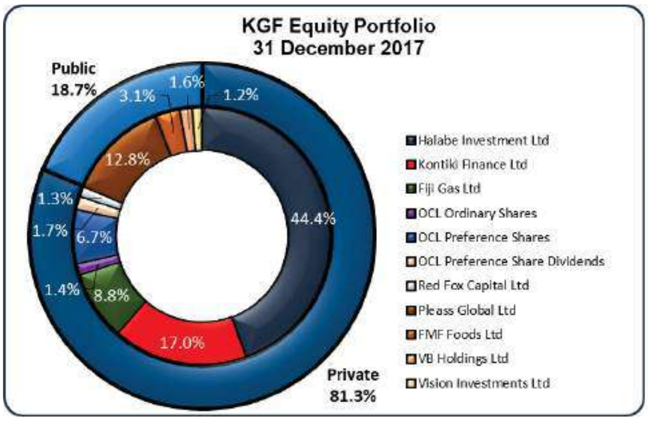
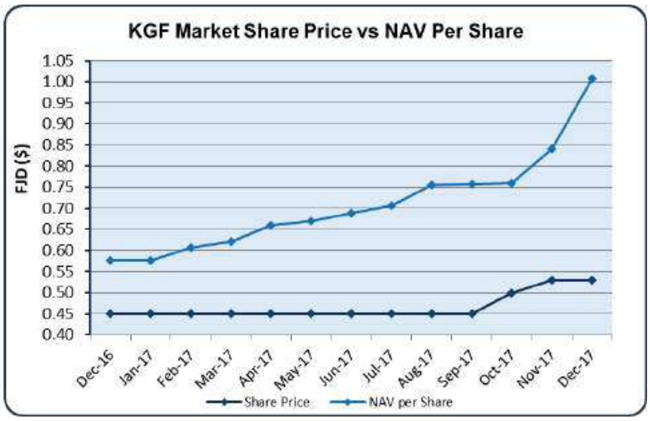
[1] For ease of reference, where the financial year for a company differs from the calendar year, the term "financial year" or the pre-fix "FY" is used. Therefore, "FY2017" refers to a 12-month period that ends during 2017 but not on 31 December (e.g. a financial year ending on 30 September, 2017).

[2] KGF also holds ordinary shares in Savusavu Harbourside Ltd, which were previously written down to zero value. The carrying value of these investments may be adjusted should future circumstances warrant.

Shares	Company	Main Business	Cost ($)	Market ($)	% Net Assets
	Oceanic Communications Ltd:	Advertising, marketing and new media agency			
50,000	*Ordinary Shares*		50,000	50,000	1.4%
234,256	*Preference Shares*		234,256	234,256	6.7%
N/A	*Preference Share Dividends*		N/A	58,726	1.7%
138,254	Halabe Investment Ltd	Property investment	883,443	1,543,453	44.4%
11,264	Fiji Gas Ltd	Liquefied petroleoum gas sales	162,202	304,128	8.8%
563,340	Kontiki Finance Ltd	Non banking financial institution	162,004	591,507	17.0%
300,000	Red Fox Capital Ltd	Taki Mai beverage	45,331	45,052	1.3%
234,000	Pleass Global Ltd	Packaging and beverage	187,564	444,600	12.8%
92,234	FMF Foods Ltd	Manufacturer of wholemeal and associated products	48,194	108,369	3.1%
12,000	VB Holdings Ltd	Fleet management	34,461	54,000	1.6%
14,800	Vision Investments Ltd	Comprised of Vision Motors, Vision Finance, Courts and Mahogany Ltd	25,384	41,440	1.2%
	Total Financial Assets		**1,832,839**	**3,475,531**	**100.0%**
	% in Private Equity			2,827,122	81.3%
	% in Public Equity			648,409	18.7%





Listed Equity Portfolio

At the end of the year, KGF held shares in the following companies that are listed on the SPSE:

- Pleass Global Ltd (PBP)
- FMF Foods Ltd (FMF)
- VB Holdings Ltd (VBH)
- Vision Investments Ltd (VIL)

In 2017, KGF saw an increase in the value of its listed portfolio, recording unrealised gains of $0.16m from movements in share prices for all four companies in KGF's listed portfolio. This was an increase of 31.6% (market price return) over the year against 41.2% and 36.0% as reported respectively by the South Pacific Stock Exchange Total Return Index and the KSPX Index over the same period.

KGF's listed equity portfolio comprised 18.7% of the Fund's total financial assets.

During the year, KGF sold all its shares in Toyota Tsusho (South Sea) Ltd (TTS) and FijiCare Insurance Ltd (FIL).

Furthermore, KGF received $0.02m in dividends from VBH, TTS, FIL, PBP, VIL and FMF.

Private Equity Portfolio

The Manager and Board select appropriate valuation techniques for private equity investments in consultation with the auditors. For each private equity investment, this report discloses the basis of valuation. Shareholders should note that changes in the method(s) of valuation could result in changes to valuations.

Halabe Investments Ltd (HIL)

HIL is a property management and development company that owns prime residential real estate including:

- Viti Apartments in Tamavua – A luxury 7-apartment complex, which HIL sold during 2017.
- Viti Tower in Wailoku – A luxury 14-apartment complex, some units of which were sold during 2017.
- A 3-villa complex development on its Krishna Street, Wailoku property.

HIL's occupancy rate during its 2017 financial year remained at virtually 100% with total operating income showing a 186.3% increase over FY2016, to $3.94m largely due to the (i) gains from the sale of the Viti Apartments complex and five units from the Viti Towers property and (ii) revaluation of its remaining investment properties.

Operating expenses reduced by 20.9% to $0.38m. The resulting NPAT of $2.88m was a 489.0% increase over $0.49m achieved in FY2016.

As a property manager and developer, HIL has mortgage debt, depreciation and interest costs which affect its balance sheet and accounting profits. The key therefore is cashflow to cover its financing and other needs. In this regard, HIL's EBITDA has continued to be positive with FY2017 recording an EBITDA of $3.62m

HIL's performance was in spite of the prevailing commercial rent freeze imposed by Government in 2007. Despite operating costs naturally increasing since 2007, HIL has been unable to increase rents during that time. HIL continues to work with the industry to lobby Government for a fairer solution for all stakeholders.

The valuation of HIL in KGF's books is on an equity basis. Changes in valuation reflect contributions of HIL's annual profit or loss from operations, net profit or loss from sale of any properties, and any changes in valuation of current property holdings after accounting for anticipated tax liabilities. Following this method, KGF has recognised a total $0.55m in the value of its HIL investment. As this was subject to the audit process to establish HIL's equity value, KGF's books were only adjusted at year end.

i-Pac Communications Ltd (trading as 'Unwired Fiji')

Unwired Fiji is a wireless internet service provider (ISP) beginning operations in 2005. Unwired Fiji's network covers the Suva CBD, a large part of the greater Suva/Nasinu area and Nadi. Unwired Fiji is operated and majority-owned by the Digicel Group.

On 27 July, 2017, KGF sold 100% of its holding in i-Pac for consideration of $0.09m ($91,566) to Digicel (Fiji) Ltd. This compares with a carrying value of i-Pac in KGF's books of $0.05m ($51,981), representing a gain of $0.04m ($39,585) or 76.2%. The sale followed protracted negotiations with Digicel and involved all the minority shareholders of i-Pac selling their shares to Digicel.

Fiji Gas Ltd (FGL)

Since its establishment in 1956, FGL has become the dominant player in Fiji's energy sector. The Company's core business involves importing Liquefied Petroleum Gas (LPG) and supplying this to households and commercial customers.

In addition, FGL's business includes the sale of domestic cookers, commercial catering equipment, hydrocarbon-based refrigerants and industrial burners as well as the design, installation and maintenance of hot water systems, ranging from single point domestic units to large scale hotel systems and steam boilers.

FGL's total revenue for the financial year ending 30 June, 2017 was $46.91m, down 1.75% over FY2015. EBITDA was $7.59m (2015: $7.82m) and NPAT was $4.55m, over the $6.82m figure achieved in FY2015.

KGF values its FGL investment based on the price of FGL shares on the Kontiki Price Matching Service (KPMS). For 2017, the value of FGL in KGF's books was increased by $0.04m to reflect the change in share price on the KPMS.

Kontiki Finance Ltd (KFL)

KFL is licensed as a Credit Institution by the RBF. Established in 2015, KFL is focused on providing a range of financing and related products for consumers and small to medium sized businesses. For the financial year ending 30 June, 2017 KFL's NPAT was $3.59m with total assets of $94.59m at the end of the period.

As KFL shares are traded on Kontiki's over-the-counter service (Kontiki Price Matching Service or KPMS) KGF values its KFL holdings on the basis of the prevailing price on the KPMS. For 2017, the value of KFL in KGF's books was increased by $0.45m to reflect KFL's share price on the KPMS. The share price, which was $0.35 at 31 December, 2016 increased to $1.05 by 31 December, 2017.

In the meantime, KFL continues to pursue listing on the SPSE and it is anticipated that this will occur in the first half of 2018.

Oceanic Communications Ltd (OCL)

OCL is a full-service communications company, providing advertising, marketing and digital communications services.

The financial year ending 31 December, 2017 saw total revenues drop by 15.7% to $0.64m compared with $0.76m in 2016. Although operating expenses improved by 10.6% to $0.35m (2016: $0.39m) income tax expenses practically doubled (113.65% increase) to $0.03m in 2017 OCL having fully utilised tax assets in the previous period. 2017 NPAT decreased by 27.4% to $0.09m compared with $0.12m achieved in FY2016.

OCL's revenue decline in 2017 masks its competitive position. It was able to develop significant and diverse new revenue opportunities, but was not able to realize all of these opportunities due to human resource constraints particularly in the areas of development and account management. However, a new senior technical resource has been identified and is in the process of being engaged. This is anticipated to resolve current resource constraints and allow OCL to meet demand for its services. Announcements in this regard will be made in future.

In addition, KGF entered into an agreement to sell 10,000 preference shares to OCL's General Manager at a price of $1 per share. This was important to align the interests of KGF and senior management as OCL continues on its path to recovery.

KGF values its investment in OCL using the equity method. With FY2017 representing a second consecutive year of profitability for the company coupled with its continued diligence in meeting its accumulated preference share dividend payments, KGF has, in consultation with the auditors, reversed previous impairments in its OCL investments as held in its books. KGF now carries both its OCL investment in ordinary and preference shares at $0.23m and $0.05m respectively.

Summary of Private Equity Portfolio

The following table summarises the performance of the individual companies in which KGF was invested throughout the year.

Company	Revenues			EBITDA			NPAT		
	2016 ($)	2017 ($)	Change (%)	2016 ($)	2017 ($)	Change (%)	2016 ($)	2017 ($)	Change (%)
Halabe Investment Ltd	1,376,641	3,941,023	186.3%	963,118	3,615,536	275.4%	489,038	2,880,265	489.0%
Kontiki Finance Ltd	5,512,133	14,466,905	162.5%	N/A	N/A	N/A	865,420	3,590,301	314.9%
Fiji Gas Ltd	46,905,093	47,207,234	0.6%	7,636,258	5,888,884	-22.9%	4,547,171	3,087,725	-32.1%
Oceanic Communications Ltd:	734,345	633,279	-13.8%	189,805	159,857	-15.8%	117,091	85,015	-27.4%
Red Fox Capital Ltd	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Overall Portfolio Performance

In 2017, KGF recorded unrealised gains of $1.31m representing a 465.2% increase compared with $0.23m recorded in 2016. This was attributed to gains in OCL, HIL, FGL, KFL, PBP, FMF, VBH and VIL.

Dividend income totalled $0.23m representing a 259.5% increase when compared with $0.06m in 2016. This is mainly attributed to the $0.20m dividend received from investee company HIL during the year.

3. Corporate Governance Statement

The Kontiki Growth Fund (KGF or "the Company") is managed by Kontiki Capital Ltd (KCL) and overseen by a board of directors.

Management

KCL is licensed as an investment Advisor by the Reserve Bank of Fiji (RBF) in all licensable categories. In addition, five members of its investment team are licensed by the RBF as Investment Advisor Representatives of KCL.

As licensees, KCL and its representatives must meet standards set by the RBF for academic, experience and other qualifications. They are also required to strictly adhere to the various policies, rules and regulations set by the RBF, and are monitored by the RBF. The latter includes periodic inspections of KCL's investment operations.

KCL is appointed as Manager of KGF under a *Management Agreement.* Under the Agreement, KCL is responsible for:

- Managing KGF's investment portfolio including making investment decisions on behalf of the Company;
- Researching and identifying prospective investments;
- Marketing KGF to potential investors;
- Keeping KGF informed of relevant issues relating to the investment portfolio;
- Assisting the administrator in the preparation of information required by the Company, shareholders, regulators, auditors and other stakeholders;
- Assisting the Administrator with valuations of the Net Asset Value of the Company; and
- Acting in the interests of the Company at all times and exercising the care and skill expected of a prudent investment manager.

In addition, the Agreement sets out policies on a range of other matters including fees, conflicts of interest, borrowings, dividends, risk and general administration which KCL is required to adhere to. Details of the Agreement are available to shareholders requiring further information.

Board

The work of KCL as Manager is overseen by the Board of Directors. The Board is currently made up of three directors, one of whom is an independent director. The policy and aim of the Company is to have at least 50% of the board made up of directors not directly associated with the Kontiki Group; during 2017, two of the directors had no association with the Kontiki Group and one director had an association during the first half of the year. The Chairmanship of the Board is held by an independent director. All board members of the Company bring extensive experience in business, investment and management.

In addition, an audit sub-committee made up of board members oversees audit-related issues in consultation with the auditors and an external accounting advisor.

The Board is charged with overseeing the investment portfolio and operations of KGF. In addition, although the Management Agreement in effect allows the Manager to select investments independently, KGF's policy is that all investment decisions as well as other significant decisions are made at Board level.

The Board is assisted by two Company Secretaries, both of whom are senior members of KCL's staff.

Other

As a listed company, KGF is also subject to the rules and regulations for listed companies as set out by the South Pacific Stock Exchange as well as by the RBF. This includes, but is not limited to, market communications with its various stakeholders. Communications cover market announcements of material investment and other decisions and developments in the Company, and regular brokers' briefings.

In addition, KGF is subject to annual audit by Ernst & Young.

4. Conclusion

The Manager would like to take this opportunity to thank the directors of KGF for their contribution and support throughout the year despite their extremely busy personal schedules.

2017 was a very encouraging year with KGF making significant progress in pursuing the growth of its investments. The overall financial result at both Group and Holding Company level showed strong growth and indicate that the various strategies implemented by the board and management of KGF continue to bear fruit. The Manager and the KGF board will continue to work closely with individual investees in the coming year.

Griffon Emose
Managing Director, Kontiki Capital Limited

In accordance with a resolution of the Board, the Directors present their report on the consolidated entity (Kinetic Growth Fund Limited and its subsidiary) consisting of Kinetic Growth Fund Limited and its subsidiary as at 31 December 2017. Financial comparisons used in this report are of results for the year ended 31 December 2017 compared with the year ended 31 December 2016.

The historical financial information included in this Directors' Report has been extracted from the Audited Financial Statements accompanying this Directors' Report.

Information in this Directors' Report is provided to enable shareholders to make an informed assessment of the operations, financial position, performance and other aspects of the Company and the Group and whether the Company and the Group are a going concern.

Principal activity

The principal activity of the holding company is to invest shareholders' funds in private equity projects and shares with the objective of generating high growth returns for shareholders over the long term. This involves identifying suitable investments, negotiating with and conducting due diligence on prospects, investing shareholders funds and managing investments on an ongoing basis. The subsidiary company was involved in web-site development and support, advertising and marketing. There has been no change in the principal activities of the Group during the year.

Review and Results of Operations

The operating group profit for the year attributable to members was $1,285,682 (2016: $426,104) after an income tax expense of $203,899 (2016: $15,471). The operating profit for the holding company for the year was $1,402,080 (2016: $309,014) after providing an income tax expense of $170,847 (2016: Nil).

- **Our strategy**

  Our strategy is focused on maximising shareholder value through exposure mainly through carefully selected private and public equity opportunities. Our strategy is based on several pillars:

  - Employing a disciplined and rigorous analysis process aimed at identifying businesses with strong potential and exploiting inefficiencies that exist in the market;
  - Developing private equity opportunities to ensure a strong and diversified flow of investments to choose from, and successfully closing the transactions that meet KGF's criteria;
  - Developing and maintaining strong relationships with investee companies to allow the Manager to stay abreast of developments, work closely with investees to realise their potential and anticipate and quickly resolve any problems;
  - Partnering with other institutions for co-investment to access a wider range of investments and spread risk;
  - Implementing exit routes such as a stock exchange listing to allow KGF to realise returns at the appropriate time and recycle money into new opportunities; and
  - Invest generally over a long-term horizon to fully realise investment returns.

- **Our priorities this year**

  In FY17, priorities identified within our strategy were as follows:

  - Continue to grow NTA per share;
  - Expand the investment portfolio with profitable opportunities that will benefit from patient capital;
  - Reduce the market discount to NTA; and
  - Raise capital if opportune and beneficial to shareholders.

- **The future**

  Looking ahead, our priorities in FY18 will remain essentially the same as for FY17.

- Key statistics

	Group	Company
Number of employees	13	None
Revenue	$2,235,400	$1,592,380
Total assets	$3,958,789	$3,945,479
Net profit	$1,285,682	$1,402,080

Dividends

No dividend has been declared or paid by Directors for the year (2016: Nil).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company and the Group during the year ended 31 December 2017.

Events occurring after the end of the financial year

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year, that, in their opinion, has significantly affected, or may significantly affect in the future years, the company's operations and the expected results of those operations or the state of their affairs.

Details of Directors and executives

Directors of the company during the financial year and up to the date of this report were:

Erik Larson
Jack Lowenstein
Philipp Thomas

Details of Directors' shareholdings in the company as at 31 December 2017 are shown in the table below:

Director	Number of shares held
Erik Larson	88,815
Jack Lowenstein	87,540
Philipp Thomas	494,177

Board and Committee meeting attendance

Details of the number of meetings held by the Board during the financial year ended 31 December 2017, and attendance by Board members, are set out below:

Directors	Board meetings	
	A	B
Erik Larson	4	4
Jack Lowenstein	4	4
Philipp Thomas	4	4

Column A: number of meetings held while a member
Column B: number of meetings attended

Auditor independence

The Directors have obtained an independence declaration from the Group's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of the company on page 5.

This report is made on the 29th day of March 2018 in accordance with a resolution of the Directors.

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Erik Larson
Chairperson

This Directors' Declaration is required by the Companies Act, 2015 ("the Act").

The Directors of the Company and the Group have made a resolution that declared:

(a) in the Directors' opinion, the financial statements and notes of the Company and the Group for the financial year ended 31 December 2017:

(i) give a true and fair view of the financial position of the Company and the Group as at 31 December 2017 and of the performance of the Company and the Group for the year ended 31 December 2017; and

(ii) have been made out in accordance with the Act.

(b) they have received declarations as required by section 395 of the Act; and

(c) at the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

For and on behalf of the Board.

....
Erik Larson
Chairperson

29th March 2018
Suva, Fiji.

Building a better
working world

Pacific House
Level 7
1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

Tel: +679 331 4166
Fax: +679 330 0612
ey.com

Auditor's Independence Declaration to the Directors of Kinetic Growth Fund Limited

As lead auditor for the audit of Kinetic Growth Fund Limited and its subsidiary for the financial year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kinetic Growth Fund Limited and the entity it controlled during the financial year.

Ernst & Young
Chartered Accountants

Steve Pickering
Partner
Suva, Fiji

29th March 2018

Building a better working world

Pacific House
Level 7
1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

Tel: +679 331 4166
Fax: +679 330 0612
ey.com

Independent Auditor's Report

To the Shareholders of Kinetic Growth Fund Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Kinetic Growth Fund Limited ("the Company") and its subsidiary ("the Group"), which comprise of the Statement of Financial Position as at 31 December 2017, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2017, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Company and the Group's financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Other than the provision of assurance services in our capacity as auditor and the provision of taxation services, we have no relationship with, or interest in, the Company and the Group. Partners and employees of our firm may deal with the Company and the Group on normal terms within the ordinary course of trading activities of the business of the Company and the Group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company and the Group's financial statements for the current period. These matters were addressed in the context of our audit of the Company and the Group's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of unquoted investments	
Why the matter is significant	How our audit addressed the matter
As at 31 December 2017, the Company and the Group held investments in unquoted financial assets amounting to $2,484,140, as disclosed in Note 9 to the to the Company and the Group's financial statements. This represents 63% of the total assets of the Company and the Group.	In obtaining sufficient audit evidence we: • We obtained an understanding of the Company and the Group's process and valuation techniques used in determining the fair value of unquoted investments sufficient to identify and assess the risk of material misstatement;

Independent Auditor's Report *continued*

Report on the Audit of the Consolidated Financial Statements *continued*

Key Audit Matters *continued*

Valuation of unquoted investments	
Why the matter is significant	How our audit addressed the matter
For investments where there is no active market, fair value is determined using various valuation techniques involving significant judgment and estimation. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or share of net assets in the companies in which investments are held. Movements in fair value during the year of $1,312,395 have been recognised in the Statement of Comprehensive Income.	‣ Where net asset value of investee companies was used as a basis to determine the fair value of the unquoted investments, we obtained the audited financial statements supporting the movements in net asset value resulting in changes in the fair value of unquoted investments recorded in the Company and Group's financial statements; ‣ Where cash flow forecast was used to value unquoted shares, we evaluated the cash flow forecasts by considering the reliability and accuracy of historical cash flow forecasts and considered this against our knowledge of the business. We also evaluated the key assumptions including the discount rate, terminal growth rates and forecast growth assumptions; ‣ Where the last trading price was used to value unquoted shares, we obtained confirmations from the broker dealing with the trading of the shares of the investee Company on the details of shares traded and the last trading price; ‣ Obtained confirmations from the investee companies to confirm the number of shares held by the Company and the Group; ‣ Evaluated whether fair value measurements were in accordance with IFRS; and ‣ Assessed the adequacy of disclosures made in respect of the valuation of unquoted investments.

Other information

The Directors and management of the Company and the Group are responsible for the other information. The other information comprises the information in the Company and the Group's annual report for the year ended 31 December 2017, but does not include the Company and the Group's financial statements and auditor's report thereon .

Our opinion on the Company and the Group's financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Company and the Group's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Company and the Group's financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditor's Report *continued*

Report on the Audit of the Consolidated Financial Statements *continued*

Responsibilities of the Directors and management for the Consolidated Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the Company and the Group's financial statements in accordance with IFRS and for such internal control as the Directors and management determine is necessary to enable the preparation of Company and the Group's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Company and the Group's financial statements, the Directors and management are responsible for assessing the Company and the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless the Directors and management either intendt to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors and management are responsible for overseeing the Company and the Group's financial reporting process.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Company and the Group's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Company and the Group's financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Company and the Group's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' and managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Company and the Group's financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company and the Group's financial statements, including the disclosures, and whether the Company and the Group's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent Auditor's Report *continued*

Report on the Audit of the Consolidated Financial Statements *continued*

Auditor's responsibilities for the audit of the Consolidated Financial Statements *continued*

- Obtain sufficient appropriate audit evidence regarding the Company and the Group's financial information of the entities or business activities within the Company and the Group to express an opinion on the Company and the Group's financial statements. We are responsible for the direction, supervision and performance of the Company and the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors and management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors and management, we determine those matters that were of most significance in the audit of the Company and the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the Company and the Group's financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects; and

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Company and the Group have kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji
29th March 2018

KINETIC GROWTH FUND LIMITED and Subsidiary
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Operations					
Rendering of services		633,279	742,998	-	-
Cost of sales		(140,051)	(191,621)	-	-
Gross profit		493,228	551,377	-	-
Other operating income	3(a)	1,602,121	367,115	1,592,380	347,553
Depreciation and amortisation		(4,953)	(8,190)	-	-
Employee benefits expense	3(c)	(250,618)	(279,072)	-	-
Other operating expenses	3(b)	(334,599)	(176,136)	(40,693)	(74,073)
Profit before interest and tax		1,505,179	455,094	1,551,687	273,480
Finance income	3(d)	-	-	36,267	48,050
Finance costs	3(e)	(15,598)	(13,519)	(15,027)	(12,516)
Profit before income tax		1,489,581	441,575	1,572,927	309,014
Income tax expense	4(a)	(203,899)	(15,471)	(170,847)	-
Profit from continuing operations		1,285,682	426,104	1,402,080	309,014
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		1,285,682	426,104	1,402,080	309,014
Attributable to:					
Equity holders of the company		1,272,930	408,540	1,402,080	309,014
Non-controlling interest		12,752	17,564	-	-
		1,285,682	426,104	1,402,080	309,014

Earnings per share

	Notes	Company 2017	Company 2016
▸ Basic, for profit of the year attributable to ordinary equity holders of the parent	15	$ 0.36	$ 0.11
▸ Diluted, for profit of the year attributable to ordinary equity holders of the parent	15	$ 0.36	$ 0.11

The accompanying notes form an integral part of this consolidated Statement of Comprehensive Income.

KINETIC GROWTH FUND LIMITED and Subsidiary
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017	2016	2017	2016
		$	$	$	$
Accumulated losses					
At 1 January		(1,336,422)	(1,744,963)	(1,353,152)	(1,662,166)
Total comprehensive income		1,272,930	408,541	1,402,080	309,014
At 31 December		(63,492)	(1,336,422)	48,928	(1,353,152)
Non-controlling interest					
At 1 January		17,571	7	-	-
Total comprehensive income		12,752	17,564	-	-
At 31 December		30,323	17,571	-	-
Share capital					
At 1 January		3,598,755	3,540,664	3,598,755	3,540,664
Movement during the year		(36,485)	58,091	(36,485)	58,091
At 31 December	14	3,562,270	3,598,755	3,562,270	3,598,755
Total shareholders' equity		3,529,101	2,279,904	3,611,198	2,245,603

The accompanying notes form an integral part of this consolidated Statement of Changes in Equity.

KINETIC GROWTH FUND LIMITED and Subsidiary
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Assets					
Current assets					
Cash and cash equivalents	5	665,729	161,801	468,823	25,498
Trade and other receivables	6	141,359	167,254	59,851	86,584
		807,088	329,055	528,674	112,082
Non-current assets					
Deferred tax asset	4(d)	10,324	4,259	-	-
Investment in subsidiary	8	-	-	284,256	82,842
Financial assets	9	3,132,549	2,264,913	3,132,549	2,264,913
Plant and equipment	10	8,828	11,080	-	-
		3,151,701	2,280,252	3,416,805	2,347,755
Total assets		3,958,789	2,609,307	3,945,479	2,459,837
Current liabilities					
Trade and other payables	11	241,558	107,791	175,856	15,295
Interest bearing borrowings	12	-	55,794	-	55,794
Employee benefit liability	13	8,753	6,925	-	-
Income tax payable	7	21,005	15,347	-	-
		271,316	185,857	175,856	71,089
Non-current liabilities					
Deferred tax liability	4(d)	158,372	402	158,425	-
Interest bearing borrowings	12	-	143,145	-	143,145
		158,372	143,547	158,425	143,145
Total liabilities		429,688	329,404	334,281	214,234
Net assets		3,529,101	2,279,903	3,611,198	2,245,603
Shareholders' equity					
Share capital	14	3,562,270	3,598,755	3,562,270	3,598,755
Accumulated losses		(63,492)	(1,336,422)	48,928	(1,353,152)
		3,498,778	2,262,333	3,611,198	2,245,603
Non-controlling interest		30,323	17,571	-	-
Total shareholders' equity		3,529,101	2,279,903	3,611,198	2,245,603

The accompanying notes form an integral part of this consolidated Statement of Financial Position.

KINETIC GROWTH FUND LIMITED and Subsidiary
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Operating profit		1,285,682	426,104	1,402,080	309,014
Adjustments for non-cash items					
Depreciation of plant and equipment		4,953	8,190	-	-
Dividends reinvested		-	(7,163)	-	(7,163)
Realised gain on disposal of financial assets		(51,459)	(2,309)	(51,459)	(2,309)
Unrealised gain on financial assets		(1,312,071)	(232,203)	(1,312,071)	(232,203)
Reversal of impairment loss		-	-	(201,414)	-
Interest on loan		15,598	13,519	15,027	12,516
Doubtful debts		28,500	-	-	-
Non cash additions to shares		-	(48,000)	-	(48,000)
		(28,797)	158,138	(147,837)	31,855
Changes in assets and liabilities:					
(Decrease)/increase in trade other receivables		(2,605)	7,581	26,733	11,744
Increase in deferred tax assets		(6,065)	-	-	-
Increase/(decrease) in deferred tax liabilities		157,970	(1,254)	158,425	-
Increase/(decrease) in trade and other payables		135,596	(103,885)	160,561	(59,836)
Decrease in borrowings		-	-	-	(59,998)
Increase in income tax payable		5,658	30,505	-	-
Cash flows provided by/(used in) in Operating Activities		261,757	91,085	197,882	(76,235)
Investing activities					
Payments for plant and equipment		(2,701)	-	-	-
Proceeds from disposal of financial assets		638,950	53,955	638,950	53,955
Payments for financial assets		(143,056)	(50,956)	(143,056)	(50,956)
Proceeds from preference share interest		-	-	-	60,000
Cash flows provided by in Investing Activities		493,193	2,999	495,894	62,999
Financing activities					
Net repayments of interest bearing borrowings		(214,537)	(70,601)	(213,966)	(69,598)
(Share buy back)/proceeds from share issue		(36,485)	58,091	(36,485)	58,091
Net cash flows used in by Financing Activities		(251,022)	(12,510)	(250,451)	(11,507)
Net increase/(decrease) in cash and cash equivalents		503,928	81,574	443,325	(24,743)
Cash and cash equivalents at 1 January		161,801	80,227	25,498	50,241
Cash and cash equivalents at 31 December	5	665,729	161,801	468,823	25,498

The accompanying notes form an integral part of this Statement of Cash Flows.

1. Corporate information

These consolidated financial statements of Kinetic Growth Fund Limited ("the Company") and the subsidiary (collectively "the Group") for the year ended 31 December 2017 were authorised for issue with a resolution of the directors on ....29 March........ 2018.

Kinetic Growth Fund Limited is a limited liability company incorporated and domiciled in Fiji whose shares are publicly traded on the South Pacific Stock Exchange.

The principal activity of the Group is outlined in Note 24.

1.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets that have been measured at fair value. The consolidated financial statements are presented in Fiji dollars.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

Basis of consolidation

The consolidated financial statements comprise the financial statements of Kinetic Growth Fund Limited and its subsidiary Oceanic Communications Limited as at 31 December each year.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtained control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the consolidated Statement of Comprehensive Income and within equity in the consolidated Statement of Financial Position, separately from parent shareholders' equity. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised in goodwill.

1.2 New and amended standards and interpretations

The following standards, amendments and interpretations to existing standards were published and are mandatory for the annual periods beginning on or after 1 January 2018 or later periods:

Reference	Summary	Application date of standard	Application date for the Group
IFRS 15 Revenue from Contracts with Customers	Requires revenue to be recognised on satisfaction of the performance obligations specified under contracts.	1 January 2018	1 January 2018
IFRS 9 Financial Instruments	New requirements on recognition of expected credit losses.	1 January 2018	1 January 2018
IFRS 16 Leases	Requires operating leases to be recognised on balance sheet.	1 January 2019	1 January 2019

There were no significant changes to the Company and the Group's accounting policies during the financial year.

1.3 Significant accounting judgments, estimates and assumptions

The preparation of the Company and the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of unquoted financial assets

The Company and the Group record financial assets at fair value including unquoted equities. For investments where there is no active market, fair value is determined using valuation techniques involving significant judgment and estimation. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or share of net assets in the companies in which investments are held. Movements in fair value during the year have been recognised in the Statement of Comprehensive Income.

1.4 Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

Investment in associates

The Group's investment in its associates is accounted for under IAS 39 - Financial Instruments: Recognition and Measurement. Kinetic Growth Fund Limited is exempted from the requirement to equity account for investments in associates as it is a venture capital entity.

Trade and other receivables

Trade receivables are recognised at original invoice amount (inclusive of Value Added Tax "VAT") less any provision for uncollectible debts. Bad debts are written off during the year in which they become known. A specific provision is raised for any doubtful debts.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the Statement of Comprehensive Income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

1.4 Summary of significant accounting policies *continued*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. The fair value of any unquoted instruments which management believe can be objectively determined is valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted last trade price on the market at the close of business on the balance date, adjusted for transactions costs necessary to realise the asset. The Group accounts for these at fair value through the Statement of Comprehensive Income. The fair value of unlisted options is determined to be the difference between the market price and the exercise price of the underlying shares.

The fair value of the financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arms length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, capitalization of maintainable earnings or any other valuation technique that provides reliable estimate of prices. This exercise it taken by an expert independent external party and the fair values are determined in accordance with generally accepted pricing models.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The principal depreciation rates in use are:

Furniture and fittings	12%
Equipment	10% - 30%
Motor vehicles	18%

Profit and loss on disposal of plant and equipment are taken into account in determining profit or loss for the year.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the Statement of Comprehensive Income.

Trade and other payables

Liabilities for trade payables and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity.

Financial liabilities

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair values less directly attributable transaction costs, and have not been designated "as at fair value through profit or loss".

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised as well as through the amortisation process.

1.4 Summary of significant accounting policies *continued*

Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of any unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Foreign currency translations

The consolidated financial statements are presented in Fiji dollars, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance date. All differences are taken to the Statement of Comprehensive Income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Employee benefits

This provision is made in respect of all employees and is calculated on the basis of pro-rata entitlements based on current wage levels.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognized:

1.4 Summary of significant accounting policies *continued*

Revenue recognition continued

Interest income

Revenue is recognized as interest accrues (using the effective interest method - that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Revenue is recognised when the Group's right to receive payment is established.

Comparatives

Where necessary, amounts relating to prior year have been reclassified or restated to conform with presentation in the current year.

Earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to shareholders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

2. EXPENSES

Administration fees

Payable to Kontiki Portfolio Services Limited during the financial year and are charged at a transaction rate according to the Administration agreement.

Management fees

Management fees are payable to Kontiki Capital Limited. Management fee is calculated at 0.083% of the Net Asset Value (NAV) of the fund per month.

Performance fees

Performance fees are payable to the Manager, Kontiki Capital Limited. The Manager is entitled to receive performance fees if the investment return for the year is greater than 5%. The investment return is calculated by the average movement in the Net Asset Value and the share price of the company for a 12 month period ended 31 December.

Rendering of services

Revenue from the provision of services is recognized by reference to the stage of completion. Stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses incurred that are recoverable.

	Group		Company	
	2017	2016	2017	2016
3. OPERATING PROFIT	$	$	$	$

Operating profit before income tax has been determined after charging/crediting:

(a) Other income				
Dividends	228,526	63,572	228,526	63,572
Unrealised gain on financial assets	1,312,395	232,203	1,312,395	232,203
Gain on sale of shares	51,459	2,309	51,459	2,309
Other income	9,741	69,031	-	49,469
	1,602,121	367,115	1,592,380	347,553

			Group		Company	
			2017	2016	2017	2016
3.	**OPERATING PROFIT**		$	$	$	$

Operating profit before income tax has been determined after charging/crediting:

			2017	2016	2017	2016
(b)	Other expenses					
	Administration fees		7,500	7,500	7,500	7,500
	Auditors remuneration	- audit services	15,150	15,150	7,800	7,800
		- other services	4,308	2,951	4,045	2,951
	Directors fees		6,250	5,833	6,250	5,833
	Doubtful debts		28,638	-	-	-
	Legal fees		5,104	-	5,104	-
	Listing and share registry fees		7,004	5,904	7,004	5,904
	Management fees		28,982	27,250	28,982	27,250
	Other expenses		69,737	102,354	13,496	7,641
	Performance fees		161,325	6,354	161,325	6,354
	Realised loss on financial assets		-	13	-	13
	Reversal of impairment for investment in subsidiary		-	-	(201,414)	-
	Unrealised loss on financial assets		601	2,827	601	2,827
			334,599	176,136	40,693	74,073
(c)	Employee benefits expenses:					
	Staff costs		250,618	279,072	-	-
(d)	Interest income		-	-	36,267	48,050
(e)	Finance costs:					
	Interest on borrowings		15,598	13,519	15,027	12,516

		2017	2016	2017	2016
4.	**INCOME TAX**	$	$	$	$

a) A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2017 and 2016 is as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
Accounting profit before income tax	1,489,581	441,575	1,572,927	309,014
Prima facie tax expense thereon at 10%	148,958	44,158	157,293	30,901
Differential in tax rate for subsidiary	11,807	13,256	-	-
Non-assessable items	-	(32,870)	-	(6,357)
Non-deductible items	(18,500)	(1,412)	(42,994)	-
Tax losses not recognized/(utilised)	16,881	(7,661)	16,881	(24,544)
Under provision in prior year	17,509	-	12,423	-
Prior year deferred tax recognised	27,244	-	27,244	-
Income tax expense	203,899	15,471	170,847	-

b) *Current income tax:*

	Group 2017	Group 2016	Company 2017	Company 2016
Current income tax expense	203,899	15,471	170,847	-
Income tax expense reported in the Statement of Comprehensive Income	203,899	15,471	170,847	-

c) Deferred tax asset on tax losses

A deferred tax asset of $66,260 (2016: $4,124) attributable to carry forward losses has not been brought to account as an asset because the recovery is not probable.

	Group		Company	
	2017	2016	2017	2016
4. INCOME TAX *continued*	$	$	$	$
d) *Deferred tax*				
Deferred income tax at 31 December relates to the following:				
Deferred tax assets/(tax liabilities)				
Provision for doubtful debts	8,574	2,874	-	-
Employee entitlements	1,750	1,385	-	-
Accelerated depreciation for book/(tax) purposes	53	(402)	-	-
Unrealized gain on investment	(158,425)	-	(158,425)	-
	(148,048)	3,857	(158,425)	-
Disclosed in the Statement of Financial Position:				
Deferred tax asset	10,324	4,259	-	-
Deferred tax liability	(158,372)	(402)	(158,425)	-
Net deferred tax (liability)/asset	(148,048)	3,857	(158,425)	-

5. CASH AND CASH EQUIVALENTS	$	$	$	$
Cash at bank	198,082	136,494	1,176	191
Kontiki Portfolio Trust	467,647	25,307	467,647	25,307
	665,729	161,801	468,823	25,498

Cash at bank earns interest at floating rates based on daily bank deposit rates. For the purposes of the consolidated Statement of Cash Flows, cash and cash equivalents are the same.

6. TRADE AND OTHER RECEIVABLES	$	$	$	$
Trade receivables	173,945	173,570	-	-
Less: provision for doubtful debts	(42,868)	(14,368)	-	-
	131,077	159,202	-	-
Other receivables	10,282	8,052	1,125	1,125
Receivable from subsidiary company	-	-	58,726	85,459
	141,359	167,254	59,851	86,584

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. At 31 December, trade receivables for the Group of an initial value of $42,868 (2016: $14,368) were impaired and fully provided for. There was no impairment of receivables for the Company.

Movement in the provision for impairment of receivables were as follows:

At 1 January	14,368	14,368	-	-
Charge for the year	28,500	-	-	-
At 31 December	42,868	14,368	-	-

As at 31 December, the ageing analysis of trade receivables for the Group is as follows:

Year	Total	< 30 days	30 - 60 days	60 - 90 days	> 90 days
	$	$	$	$	$
2017	131,077	55,378	45,549	3,104	27,046
2016	159,202	75,512	56,736	6,981	19,972

7. INCOME TAX PAYABLE	$	$	$	$
Income tax payable	21,005	15,347	-	-

	Group		Company	
	2017	2016	2017	2016
8. INVESTMENT IN SUBSIDIARY	$	$	$	$

Kinetic Growth Fund Limited holds 50% ordinary shares and 100% preference shares of Oceanic Communications Limited. Actual control over the subsidiary amounts to 85% of the issued capital of Oceanic Communications Limited. The results of Oceanic Communications Limited have been consolidated in these financial statements.

The results of Oceanic Communications Limited have been consolidated in these financial statements.

Oceanic Communications Limited				
As at 1 January	-	-	82,842	284,256
Provision for impairment	-	-	-	(201,414)
Reversal of impairment	-	-	201,414	-
	-	-	284,256	82,842

9. FINANCIAL ASSETS	$	$	$	$
Quoted				
Fiji Care Insurance Limited	-	137,863	-	137,863
FMF Foods Limited	108,369	75,388	108,369	75,388
Pleass Global Limited	444,600	346,320	444,600	346,320
VB Holdings Limited	54,000	47,760	54,000	47,760
Toyota Tsusho (South Sea) Limited	-	9,811	-	9,811
Vision Investment Limited	41,440	30,192	41,440	30,192
Unquoted				
Fiji Gas Limited	304,128	429,240	304,128	429,240
i-Pac Communications Limited	-	51,981	-	51,981
Halabe Investments Limited	1,543,453	996,358	1,543,453	996,358
Kontiki Finance Limited	591,507	140,000	591,507	140,000
Red Fox Capital Limited	45,052	-	45,052	-
Total investments	3,132,549	2,264,913	3,132,549	2,264,913

Quoted shares
The fair value of the quoted shares is determined by reference to published price quotations in an active market.

Unquoted shares
Unquoted investments have been designated as fair value through profit and loss where fair value can be objectively assessed. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or share of net assets. Movements in fair value during the year of $1,312,395 (2016: $232,203) have been recognised in the Statement of Comprehensive Income.

Investment valuation methods and analysis of key observable inputs is disclosed below.

Fiji Gas Limited

Recent arms length market transaction approach has been used to value the investment. The last trading price of the shares in the investee company has been used to determine the value of investment. The last trading price has been confirmed by the broker dealing in the investee company.

Red Fox Capital Limited

The initial cost price was used to value the investment.

Halabe Investments

The net assets based approach has been used to value the investment. There are no significant unobservable inputs in the net asset based approach.

9. FINANCIAL ASSETS *continued*

Investment valuation methods and analysis of key observable inputs is disclosed below.

Kontiki Finance Limited

Recent arms length market transaction approach has been used to value the investment. The last trading price of the shares in the investee company has been used to determine the value of investment. The last trading price has been confirmed by the broker dealing in the investee company.

Details of financial assets	Place of incorporation	Ownership interest
Oceanic Communications Limited	Fiji	50% ordinary and 100% preference shares
Fiji Gas Limited	Fiji	0.44%
FMF Foods Limited	Fiji	0.06%
Halabe Investments Limited	Fiji	25.00%
Pleass Global Limited	Fiji	3.55%
Savusavu Harbourside Limited	Fiji	16.61%
Kontiki Finance Limited	Fiji	0.76%
Vision Investment Limited	Fiji	0.03%
Red Fox Capital Limited	Australia	2.28%

10. PLANT AND EQUIPMENT

Group and Company	Furniture and fittings $	Office equipment $	Computer equipment $	Total $
Cost:				
At 1 January 2017	53,337	21,138	118,458	192,933
Additions	-	184	2,517	2,701
Disposals	(29,845)	(3,200)	(83,757)	(116,802)
At 31 December 2017	23,492	18,122	37,218	78,832
Depreciation and impairment:				
At 1 January 2017	51,352	19,505	110,996	181,853
Depreciation charge for the year	440	376	4,137	4,953
Disposals	(29,845)	(3,200)	(83,757)	(116,802)
At 31 December 2017	21,947	16,681	31,376	70,004
Net written down value:				
At 31 December 2017	1,545	1,441	5,842	8,828
At 31 December 2016	1,985	1,633	7,462	11,080

11. TRADE AND OTHER PAYABLES

	Group $	Group $	Company $	Company $
Trade and other payables	76,575	102,797	10,873	10,301
Owing to related parties (note 16 (c))	164,983	4,994	164,983	4,994
	241,558	107,791	175,856	15,295

Trade creditors are non-interest bearing and are normally settled on 60-day terms. Other creditors are non-interest bearing and have an average term of six months. For terms and conditions relating to related parties, refer to Note 16.

12. INTEREST BEARING BORROWINGS

	Interest rate %	Maturity	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Current						
FijiCare Insurance Limited	6%	2018	-	55,794	-	55,794
Non-current						
FijiCare Insurance Limited	6%	2018	-	143,145	-	143,145
Total interest bearing borrowings			-	198,939	-	198,939

Details of interest bearing borrowings are as follows:

This loan bears an interest rate of 6% per annum compounded monthly for 3 years secured over the Group's financial assets. However, if mutually agreed by the parties, the loan may be extended on the same terms and conditions. The loan was repaid during the year.

13. EMPLOYEE BENEFIT LIABILITY

	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Balance at 1 January	6,925	6,925	-	-
Net movement during the year	1,828	-	-	-
Balance at 31 December	8,753	6,925	-	-

14. SHARE CAPITAL

	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Issued and paid up capital				
3,656,907 ordinary shares	3,598,755	3,598,755	3,598,755	3,598,755
Share buy back program	(36,485)	-	(36,485)	-
	3,562,270	3,598,755	3,562,270	3,598,755

On 12 June 2016, a share buy back program was approved in the Annual General Meeting. Under this programme, the Company was authorised to buy back a maximum of $500,000 in value of Company shares through on market transactions. The shares repurchased under this programme are cancelled at Registrar of Companies. The buy back programme will target the transactions for which the discount to the prevailing net asset value per share at the time of the buy out transactions presents a favorable return to the shareholders relative to other investment opportunities.

During the year, the Company repurchased 72,566 shares at a value of $36,485 from the market at various prices.

15. EARNINGS PER SHARE

	Group 2017 $	Group 2016 $
Operating profit after income tax	1,272,930	408,541
Number of shares outstanding	3,584,341	3,656,907
Basic earnings per share	0.36	0.11

Basic earnings per share amounts are calculated by dividing net profit for the year 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 the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

16. RELATED PARTY TRANSACTIONS

The consolidated financial statements of the Group include:

Name	Country of incorporation	% equity interest 2017	% equity interest 2016
Oceanic Communications Limited	Fiji	85%	85%

Transactions with related parties

Kontiki Capital Limited provides management services to the company and Kontiki Portfolio Services Limited also provides administrative services to the company. FijiCare Insurance Limited is a shareholder of the company. Transactions with these entities have taken place in the ordinary course of the business and are subject to commitment agreements.

a) Amounts charged to/paid to related parties during the financial year were as follows:

Transaction	*Related party*	*Nature of transaction*	Group 2017 $	Group 2016 $
Repayments for borrowings	FijiCare Insurance Limited	Loan	212,413	69,598
Repayments for borrowings	Aequi Libria Associates Insurance Broker Limited	Loan	36,554	-
Consideration received for change in name	Kontiki Finance Limited	Income	-	48,000
Purchase of shares	Kontiki Finance Limited	Investment	98,000	16,000
Administration fees	Kontiki Portfolio Services Limited	Expense	7,500	7,500
Management fees	Kontiki Capital Limited	Expense	28,982	27,250
Performance fees	Kontiki Capital Limited	Expense	161,325	4,354
Interest on loan	FijiCare Insurance Limited	Expense	13,473	4,355
Interest on loan	Aequi Libria Associates Insurance Broker Lir	Expense	1,554	-

Administration, management and performance fees are subject to commitment agreements between the parties. The details of fees is outlined in Note 2.

	Group 2017	Group 2016	Company 2017	Company 2016
b) Compensation of key management personnel	$	$	$	$
Short term employee benefits	66,550	55,000	-	-
c) Owing to related parties	$	$		
The amounts payable as at 31 December to the following related parties are as follows:				
Loan from FijiCare Insurance Limited	-	198,939	-	198,939
Management fees - Kontiki Capital Limited	(696)	640	(696)	640
Performance fees - Kontiki Capital Limited	165,679	4,354	165,679	4,354
	164,983	203,933	164,983	203,933
Disclosed in the financials as:				
Owing to related parties (Note 11)	164,983	4,994	164,983	4,994
Owing to related parties (Note 12)	-	198,939	-	198,939
	164,983	203,933	164,983	203,933

Management and performance fees payables are unsecured and interest free with no fixed term of repayment.
The terms of the loan from FijiCare Insurance Limited is outlined in note 12.

16. RELATED PARTY TRANSACTIONS *continued*

d) Directors

There is no common director between Kinetic Growth Fund Limited and Kontiki Capital Limited.

There is no common director between Kinetic Growth Fund Limited, Kontiki Stockbroking Limited and Kontiki Portfolio Services Limited.

Common director of Kinetic Growth Fund Limited and FijiCare Insurance Limited during the year was Phillip Thomas.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial liabilities comprise related party loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, investments and cash, which arise directly from its operations.

Interest rate risk

The Group's exposure to the risk in changes in market interest rates has been mitigated by borrowing at fixed interest rates for six monthly to two yearly terms. At 31 December 2017, no interest bearing borrowings were payable. The terms can be extended or rate fixed upon mutual agreement between the parties.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentration of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, investments and loan notes, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

18. FINANCIAL INSTRUMENTS

Fair value

The fair value of the Group's financial instruments are approximate to their carrying amounts.

	Carrying amount		Fair value	
Financial assets	2017	2016	2017	2016
	$	$	$	$
Cash	665,729	161,801	665,729	161,801
Financial assets	3,132,549	2,264,913	3,132,549	2,264,913
Financial liabilities				
Interest bearing loans and borrowings:				
Fixed rate borrowings	-	198,939	-	198,939

Market values have been used to determine the fair value of listed financial assets. The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loan notes and other financial assets have been calculated using market interest rates. For the valuation of unlisted investments refer to Note 9.

19. CAPITAL COMMITMENTS

Capital commitments at balance date amounted to Nil (2016: Nil).

	Group 2017 $	Group 2016 $
20. OPERATING LEASE COMMITMENTS		
Operating lease commitments not provided for in the financial statements and payable for the next twelve months are as follows:		
Not later than one year	18,000	31,308

Operating lease commitment relates to the leasing of office space at $1,500 per month to Marco Polo Holdings Limited.

21. CONTINGENT LIABILITIES

The company had no contingent liabilities as at 31 December 2017 (2016: Nil).

22. SEGMENT INFORMATION

(i) Business Segments

2017	Investment KGF $	Information Technology OCL $	Eliminations $	Consolidated $
Total revenue	-	633,279	-	633,279
Other operating income	1,628,647	9,741	(36,267)	1,602,121
Profit before tax and non-controlling interest	1,572,930	118,065	(201,414)	1,489,581
Total assets	3,945,479	356,291	(342,981)	3,958,789
Total liabilities	334,281	154,132	(58,725)	429,688

(i) Business Segments

2016	Investment KGF $	Information Technology OCL $	Eliminations $	Consolidated $
Total revenue	-	742,998	-	742,998
Other operating income	395,603	19,562	(48,050)	367,115
Profit before tax and non-controlling interest	309,014	132,561	-	441,575
Total assets	2,459,837	317,771	(168,301)	2,609,307
Total liabilities	214,234	200,629	(85,459)	329,404

23. COMPANY DETAILS

Company incorporation

The Company is a public company, incorporated in Fiji under the Fiji Companies Act, 2015 and domiciled in Fiji.

The subsidiary company is a company incorporated in Fiji under the Fiji Companies Act, 2015 and domiciled in Fiji.

Registered office and principal place of business

The Company's registered office is located at Level 2, Provident Plaza 1, 33 Ellery Street, Suva.

The subsidiary company's registered office is located at Garden City Complex, Carpenter Street, Raiwai, Suva.

24. PRINCIPAL ACTIVITY

The principal activity of the Group is to invest shareholders' funds in private equity projects and shares with the objective of generating high growth returns for shareholders over the long term. This involves identifying suitable investments, negotiating with and conducting due diligence on prospects, investing shareholders' funds and managing investments on an ongoing basis. The subsidiary company was involved with web-site development and support, advertising and marketing. There has been no change in this activity during the year.

25. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group for the year ended 31 December 2017.

Other information

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in this financial statements)

(a) Statement of interest of each Director and Senior Management in the share capital of the company or in a related Corporation as at 31 December 2017 in compliance with Listing Requirements:

Mr. Jack Lowenstein (Indirect interest: Ludwigson Holdings Pty Limited) - 87,540 shares in Kinetic Growth Fund Limited.

Mr. Erik Larson (Direct Interest) - 38,815 shares and (Indirect interest: Amy Lynn Bergquist) - 50,000 shares in Kinetic Growth Fund Limited.

Mr. Philipp Thomas (Indirect Interest: Aequi-Libria Associates Insurance Broker Ltd) - 443,177 and (Indirect Interest: FijiCare Insurance Limited) 51,000 shares in Kinetic Growth Fund Limited.

Mr. Griffon Emose (Direct Interest) - 29,797 shares in Kinetic Growth Fund Limited.

(b) Shareholding of those persons holding the 20 largest blocks of shares

Shareholders	No of shares
FNPF Investments Limited	1,021,700
Aequi-Libria Associates Insurance Broker Ltd	443,177
BSP Life (Fiji) Limited	281,800
FHL Media Limited	200,000
Hari Punja & Sons Limited	194,150
Carlisle (Fiji) Limited	144,150
Kontiki Capital Limited	108,552
Ludwigson Holdings Pty Ltd	87,540
Jimaima T Schultz	86,459
Uma Investments Limited	61,000
Ken Kung	52,293
Fijicare Insurance Limited	51,000
Amy Lynn Bergquist	50,000
N S Niranjans Holdings Ltd	50,000
David William Oliver	44,778
Praful Patel Investments Pty Ltd	42,671
Timothy Raju Fong	35,204
Tutanekai Investments Limited	34,283
Olive Whippy	28,993
Erik Larson and Amy Lynn Bergquist	26,615

(c) Board meetings

Directors	Number of meetings entitled	Number of meetings attended	Apologies
Jack Lowenstein (Director)	4	4	-
Erik Larson (Independent Director)	4	4	-
Philipp Thomas	4	4	-
Griffon Emose	4	4	-

Other information *continued*

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in this financial statements)

(d) Distribution of Share Holding

Holding	No. of holders	% Holding
Less than 500 shares	2	0.02%
501 to 5000 shares	75	4.99%
5001 to 10,000 shares	17	3.86%
10001 to 20000 shares	13	4.90%
20001 to 30000 shares	4	2.85%
30001 to 40000 shares	2	1.94%
40001 to 50000 shares	4	5.23%
50001 to 100000 shares	5	9.44%
100001 to 1000000 shares	6	38.27%
Over 1000000 shares	1	28.50%
	129	100%

(e) Share Register

Central Share Registry
Level 2, Provident Plaza 1
33 Ellery Street, Suva, Fiji.

(f) Disclosure under section 6.31 (viii)

	Kinetic Growth Fund Limited 2017 $	Oceanic Communications Limited 2017 $
Turnover	-	633,279
Other income	1,628,647	9,741
	1,628,647	643,020
Depreciation	-	(4,953)
Other expenses	(55,719)	(520,002)
Income tax expense	(170,848)	(33,050)
	(226,567)	(558,005)
Profit after tax	1,402,080	85,015
Total assets	3,945,479	356,291
Total liabilities	334,281	154,132
Shareholders' equity	3,611,198	202,159

<u>Other information *continued*</u>

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in this financial statements)

(g) Financial performance for five years

	2017	2016	2015	2014	2013
Net profit after tax	1,285,682	426,104	(43,893)	165,599	366,080
Current assets	807,088	329,055	270,220	422,876	522,172
Non-current assets	3,151,701	2,280,252	2,001,766	1,638,138	1,629,203
Total assets	3,958,789	2,609,307	2,271,986	2,061,014	2,151,375
Current liabilities	271,316	185,857	274,354	161,176	264,720
Non-current liabilities	158,372	143,547	201,924	29,055	151,691
Total liabilities	429,688	329,404	476,278	190,231	416,411
Shareholders equity	3,529,101	2,279,903	1,795,708	1,870,783	1,734,964
Dividend per share	-	-	-	0.01	-
Earnings per share	0.36	0.11	-	0.05	0.09
Net tangible assets per share	1.01	0.60	0.51	0.52	0.49
highest market price	0.53	0.45	0.45	0.30	0.29
Lowest market price	0.45	0.45	0.29	0.29	0.29
Year end market price	0.53	0.45	0.30	0.30	0.29

Disclaimer on additional Financial Information

The additional financial information, being the attached detailed income statement has been compiled by the management of Kinetic Growth Fund Limited and does not form part of the statutory financial statements.

No audit or review has been performed by Ernst & Young and accordingly no assurance is expressed by Ernst & Young.

To the extent permitted by law, Ernst & Young does not accept liability for any loss or damage which any person, other than Kinetic Growth Fund Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

KINETIC GROWTH FUND LIMITED and Subsidiary
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017 $	2016 $
Income			
Dividends		228,526	63,572
Interest on preference shares		36,267	48,050
Unrealised gain on financial assets		1,312,395	232,203
Realised gain on financial assets		51,459	2,309
Other income		-	49,469
		1,628,647	395,603
Expenses			
Administration fees - KPS		7,500	7,500
Audit remuneration	- audit services	7,800	7,800
	- other services	4,045	2,951
Annual general meeting expense		702	1,481
Bank charges		120	120
Brokerage and transaction costs		10,609	1,748
Directors fee		6,250	5,833
General expenses		2,065	4,292
Interest expense		15,027	12,516
Legal fees		5,104	
Listing and share registry fee		7,004	5,904
Management fees - Kontiki Capital Limited		28,982	27,250
Performance fees - Kontiki Capital Limited		161,325	6,354
Realised loss on disposal of financial assets		601	13
Reversal of impairment for investment in subsidiary		(201,414)	-
Unrealised loss on financial assets		-	2,827
Total operating expenses		55,720	86,589
Operating profit before income tax		1,572,927	309,014

The detailed Income Statement is to be read in conjunction with the disclaimer set out on page 39.

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DIRECTORY

The Kinetic Growth Fund

Board of Directors:
Erik Larson
Philipp Thomas
Jack Lowenstein

Company Secretary: Griffon Emose

Manager:
Kontiki Capital Limited
Level 2, Plaza 1
FNPF Boulevard
33 Ellery Street
SUVA
Tel: 330 7284 Fax: 330 7241
Web: www.kontikicapital.com

Administrator:
Kontiki Portfolio Services Limited
Level 2, Plaza 1
FNPF Boulevard
33 Ellery Street
SUVA
Tel: 330 7284 Fax: 330 7241
Web: www.kontikicapital.com

Registry:
Central Share Registry Ltd
Level 2, Plaza 1
FNPF Boulevard
33 Ellery Street
SUVA
Tel 330 4130 Fax: 330 4145
Web: www.spse.com.fj

Auditor:
Ernst & Young
Pacific House
Level 7
1 Butt Street
SUVA
Tel: 331 4166 Fax: 330 0612

Regulatory Authority:
Reserve Bank of Fiji
Reserve Bank Building
Pratt Street
SUVA
Tel: 331 3166 Fax: 330 4363
Web: www.reservebank.gov.fj

Securities Exchange:
South Pacific Stock Exchange
Level 2, Plaza 1
FNPF Boulevard
33 Ellery Street
SUVA
Tel 330 4130 Fax: 330 4145
Web: www.spse.com.fj

Kinetic Growth Fund Limited

Level 2 Plaza 1, FNPF Boulevard, 33 Ellery Street, Suva, Fiji
Telephone: (679) 330 7284 Facsimile: (679) 330 7241
Web: www.kontikicapital.com