



3 September, 2018

KGF Announces Unaudited Results for First Six Months of 2018

The directors of Kinetic Growth Fund Ltd (KGF) today announced the company's financial results for the first six months of the 2018 financial year.

Tabled below are the key performance indicators for this six-month period in comparison with the corresponding 2017 period.

	Holding Company		Group	
	2017 (\$)	2018 (\$)	2017 (\$)	2018 (\$)
Income	303,492	444,710	605,254	784,173
Profit after Tax	261,199	(7,070)	322,049	87,676
Net Assets	2,439,481	3,528,973	2,599,685	3,551,571

Group Performance Metrics	2017 (\$)	2018 (\$)	Δ (%)
Net Assets	2,599,685	3,551,571	36.6%
Earnings per Share	0.086	0.021	-75.6%
Net Asset per Share	0.72	0.99	37.4%
Share Price	0.45	0.85	88.9%
Discount to NAV	38.1%	14%	

The Group results include consolidation of subsidiary company, Oceanic Communications Ltd. However, Holding Company results are regarded as more meaningful for performance analysis of KGF.

Highlights for the six-month period compared with the corresponding period in 2017 include the following:

- Revenue growth of 46.53% at the Holding Company level and a 29.6% increase for the Group.
- Earnings per share declined by 75.6% to \$0.021 compared with the corresponding 2017 period.
- The Holding Company recorded a loss of \$7,070 as at 30 June, 2018 largely due to a \$147,676 accrual in performance fees owed to the Manager (Kontiki Capital Ltd). The performance fee is derived from a simple Year-To-Date average of the percentage change in KGF's portfolio value and the percentage change in KGF's traded price. The accrued performance fee reflects the continued growth in share price and the reduction of the gap between share price and net assets per share, which is an important objective of KGF.

- Other significant events:
 - KGF received a substantial dividend from its investee company, Halabe Investments Ltd (HIL) amounting to \$250,000. HIL had declared this dividend as a result of having realised sizable gains on the sale of some of its assets.
 - As previously announced via the South Pacific Stock Exchange (SPSE), the KGF Directors declared a two cent interim dividend and offered shareholders the opportunity to re-invest the dividend into additional shares in KGF.
- Investee company Oceanic Communications Ltd (OCL) had a successful first half of 2018 financial year. More importantly for KGF's investors is that OCL met all monthly accrued preference share dividend payments to KGF, providing KGF with good cash flows.
- Overall, the Group recorded a net asset growth of 36.6% to \$0.99 per share compared with the same period in 2017.
- As at 30 June, 2018, KGF's share price was \$0.85 per share. This was a 14.3% discount to net asset value, representing a significant improvement compared with the share price on 30 June, 2017, which was a 38.1% discount to the net asset value at that time.

Since the last balance date, KGF carried out a number of important initiatives:

- Repurchased 5,665 shares as part of the buy-back programme, for a total consideration of \$3,558. The Company continues to buy back shares, and shareholders who wish to offer their shares for sale should call Raghni Khatri at Kontiki Stockbroking on (+679) 330 7284.
- Continued to sell a number of listed and unlisted liquid shares to raise cash for new investment opportunities.
- As previously announced to the market, KGF investee company, Fiji Kava Ltd, recently obtained in-principle approval for listing on the Australian Stock Exchange (ASX) and the company hopes to complete the listing process in the coming months.
- As previously announced to the market, KGF investee company, Kontiki Finance Ltd, successfully listed on the SPSE on 4 July, 2018.

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 2018**

CONSOLIDATED			
	SIX MONTHS 30.06.18 \$	*Increase/ Decrease %	SIX MONTHS 30.06.17 \$
OPERATING REVENUE			
Sales Revenue	353,195		301,721
Other Revenue	430,978		303,533
Total Operating Revenue	784,173	30%	605,254
Net Profit/Loss before Tax	87,676	-73%	322,049
Income Tax Expense	0		0
Net Profit/Loss after Tax	87,676		322,049
Net Profit/Loss after Tax & Extraordinary Item	87,676		322,049
Minority Interest after tax	14,173		11,329
4. OEI in net profit and extraordinary items after Income tax			
Net Profit/Loss after Extraordinary Item and Income Tax Attributable to Members of the Company	73,504	-76%	310,720
Retained Profit at Beginning	(63,492)		(1,677,185)
Total available for appropriation	0		0
Ordinary dividend provided for	(71,595)		0
Preference dividend provided for	0		0
Transfer to general reserves	0		0
Total appropriations	0		0
Retained profit at half year end	(61,583)		(1,366,465)
Earnings Per Share			
Basic earnings per share	0	-76%	0

Note

1

6 (b)

Director: Erik Larson

Secretary: Griffon Emose

Signature: 

Signature: 

STATEMENT OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY
FOR SIX MONTHS ENDED 30 JUNE 2018

		CONSOLIDATED		
	Note	SIX MONTHS 30.06.18 \$	Annual 31.12.17 \$	SIX MONTHS 30.06.17 \$
CURRENT ASSETS				
Cash Assets	2	1,108,539	665,729	296,572
Trade Receivables		179,128	141,359	190,594
Other receivables		0	0	0
Inventories		0	0	0
Prepayments		4,775	0	2,000
Other assets	3	16,744	0	12,287
Total Current assets		1,309,186	807,088	501,453
NON-CURRENT ASSETS				
Property, plant and equipment	4	7,029	8,828	7,848
Long-term investment	5	2,645,407	3,132,549	2,557,764
Term deposit		0	0	0
Future income tax benefit		0	0	0
Intangible assets		0	0	0
Other		29,406	10,324	0
Total Non-current Assets		2,681,841	3,151,701	2,565,612
Total Assets		3,991,028	3,958,789	3,067,064
CURRENT LIABILITIES				
Trade payables		18,509	241,558	35,896
Other payables and accruals		262,523	29,758	82,332
Other		0	0	21,634
Total Current Liabilities		281,032	271,316	139,862
NON-CURRENT LIABILITIES				
Term loan - secured		0	0	327,517
- unsecured		0	0	0
Unsecured advance		0	0	0
Inter-company loan		0	0	0
Deferred tax liabilities		158,425	158,372	0
Provisions		0	0	0
Other		0	0	0
Total Non-Current Liabilities		158,425	158,372	327,517
Total Liabilities		439,457	429,688	467,379
NET ASSETS	6 (c)	3,551,571	3,529,101	2,599,685
EQUITY				
Contributed equity		3,618,712	3,562,270	3,598,754
YTD earnings		0	0	0
Reserves		0	0	0
Retained profits/accumulated losses		(61,547)	(63,492)	(1,060,397)
Equity Attributable to Members		0	0	0
OEI in controlled Entities		0	0	0
Total Outside Equity Interest in Controlled Entities		(5,595)	30,323	61,329
TOTAL EQUITY		3,551,571	3,529,101	2,599,685

Director: Erik Larson

Signature: _____

Secretary: Griffon Emose

Signature: _____

KINETIC GROWTH FUND LTD & its SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 30 JUNE 2018

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/Buyback 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 30.06.18 \$	SIX MONTHS 30.06.17 \$
339,077	300,269
(469,586)	(325,027)
0	0
258,880	20,431
(17,285)	(500)
111,086	(4,826)
(10,884)	0
417,913	39,396
0	(50,000)
0	0
0	0
0	0
0	0
407,029	(10,604)
(71,595)	0
0	0
(3,630)	0
0	150,000
0	(29,282)
0	0
(75,225)	120,718
442,889	105,288
665,217	141,397
0	0
1,108,107	246,684

Director: Erik Larson

Secretary: Griffon Emose

Signature: 

Signature: 

Notes:

		GROUP	
		SIX MONTHS	
		2018	2017
1	OTHER REVENUE		
	Dividends Income	258,880	20,431
	Unrealised gain	170,668	279,950
	Realised Gains	1,427	3,100
	Miscellaneous Income	3	51
		430,978	303,533
2	CASH AND SHORT TERM DEPOSITS		
	Operating accounts	1,108,107	153,920
	Trust Accounts	0	141,495
	Cash on Hand	432	1,157
		1,108,539	296,572
3	OTHER ASSETS		
	Other Receivables	179,128	190,594
	Prepayments	4,775	2,000
	Deposit Paid	6,367	8,028
	Deferred Tax Assets	10,377	4,259
		200,647	204,881
4	PROPERTY, PLANT AND EQUIPMENT		
	At Cost	78,830	193,114
	Less Accumulated Dep	(71,801)	(185,266)
	Book Value	7,029	7,848
5	LONG TERM INVESTMENTS		
	i-Pac Communications Limited	0	86,988
	Halabe Investments Limited	1,293,453	996,358
	Pleass Global Limited	522,120	346,320
	Fiji Gas Limited	0	512,116
	FMF Foods	128,158	80,099
	FijiCare Insurance Limited	0	154,255
	VB Holdings Limited	0	48,600
	Vision Investments Limited	0	34,040
	Toyota Tshusho (South Sea) Ltd	0	8,987
	Kontiki Finance Limited	657,962	290,000
	Fiji Kava Ltd	43,713	0
		2,645,407	2,557,764

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	<u>Diluted</u>	<u>Currently Issued</u>
	<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>		
	3,656,907 ordinary shares	3,598,755	3,598,755
	Share buy back program	(40,043)	(40,043)
		3,558,712	3,558,712

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 \$500,00 in value of Company shares on market transactions. The shares repurchased under this programme are cancelled at the 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 transaction presents a favourable return to the shareholders relative to other investment opportunities.

The Company has since repurchased 78,231 shares at a value of \$40,043 from the market at various prices.

(b)	EARNINGS PER SHARE		
	Operating Loss / Profit after income tax	73,504	310,720
	Number of Shares outstanding	3,578,676	3,598,754
	Basic earnings per share	0.021	0.086

Basic earnings per share amounts are calculated by dividing net profit / (loss) for this first half of FY2018 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 AGM held on the 15 June 2016. As previously announced, the Directors had decided that performance fees owed as at 30 Dec 2017 be paid in cash.

(c)	NET ASSETS PER SHARE		
	Net Assets	3,551,571	2,599,685
	Number of Shares outstanding	3,578,676	3,598,754
		0.992	0.722

Basic net asset per share amounts are calculated by dividing net asset value for this first half of FY2018 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 FY2018 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.