KINETIC
GROWTH FUND

06 August, 2019

For Public Release

2018 Annual Report and Annual General Meeting Update

The Manager and Board of Kinetic Growth Fund Ltd (KGF) are pleased to release KGF's 2018 Annual Report. The Annual Report contains KGF's audited financial statements for the 2018 financial year at both holding company level and group level. The latter consolidates the financial results for subsidiaries, Oceanic Communications Pte Ltd (OCL) and Drone Services (Fiji) Pte Ltd (DSF).

With the release of the Annual Report, KGF will be holding its Annual General Meeting (AGM) in the last week of August, 2019. Further details will be announced separately.

Yours sincerely,

Erik Larson
Board Chairman

Griffon Emose
Company Secretary

Kinetic Growth Fund Limited

Annual Report

2018

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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 2018.

1. General Review

Operating Environment

Fiji's 2018 GDP growth is estimated at 3.2%, as reported by the Reserve Bank of Fiji ("RBF"), with similar growth expected in 2019. Growth was driven by strong consumption and investment spending, particularly in the wholesale & retail trade; accommodation & food service activities; public administration & defense; construction and the agriculture sectors.

Foreign Reserves stood at $2.27b as at 31 December 2018, equivalent to 5.4 months of retained imports, compared with 5.9 months at the end of the previous year.

Inflation was at 4.9% at year end, compared with 2.8% at the end of the previous year. This was based on higher prices of alcohol, tobacco, kava, fuel and vegetables.

Liquidity remained ample at just over $306m, although exhibiting a falling trend during the year.

The overall stability in the business environment was reflected in the local stockmarket, which saw another year of exceptional performance, with average total return of 71.5% and all but one stock experiencing a rise in price over the year.

Performance

KGF's results in 2018 reflected net gains in its investment portfolio, offset by the $0.26m performance fee which reflects the strong market price performance of KGF shares during 2018. Relative to total return of listed companies in Fiji, KGF's portfolio had lower returns in 2018 mainly due to price decreases in two listed company investments, as discussed later in this report.

The following table summarises the KGF's financial performance in 2018. The results include consolidation of Oceanic Communications Pte Ltd ("OCL") and Drone Services (Fiji) Pte Ltd ("DSF") under "Group". As KGF in effect owns 82.0% and 54.9% of the equity in OCL and DSF respectively (including both ordinary equity and preference shares) it is required to consolidate the results of the two companies under the accounting standards.

	Holding Company		Group	
	2017 ($)	2018 ($)	2017 ($)	2018 ($)
Income	1,592,380	1,041,130	2,235,400	2,051,901
Profit after Tax	1,402,080	(1,019)	1,272,930	71,307
Dividends per share (cents)	0.00	2.00	0.00	2.00
Earnings per share (cents)	0.39	(0.00)	0.36	0.02

Holding Company:

- KGF recorded total revenue of $1.04m, down 34.6% compared to the $1.59m achieved in 2017. This was largely due to a 51.9% reduction in unrealised gains from KGF's investee companies in 2018 to $0.63m compared with $1.31m in 2017.
- Expenses for the year increased to $1.09m in 2018 compared with $0.04m in 2017 largely due to the following:

- Unrealised losses of $0.38m mainly from decreases in share prices of Kontiki Finance Limited ("KFL") and Fiji Kava Limited ("FIJ") which are listed on the South Pacific Stock Exchange ("SPX") and the Australian Securities Exchange ("ASX") respectively.
- Performance fee of $0.26m owed to Kontiki Capital Pte Ltd ("KCL" or "the Manager"), reflecting increases in KGF's share price over the year. The calculation of the performance fee is set out in the KGF Management Agreement and reflects the increase in net asset value per share and share price on the SPX.

- Overall, Holding Company profitability fell, with net loss of $0.001m for the year compared with $1.40m net profit achieved in 2017. Excluding the performance fee, the underlying profit was $0.25m.

Group

- In 2018 KGF invested a total of $0.30m in subsidiary Drone Services (Fiji) Pte Ltd ("DSF") for a mix of ordinary shares and preference shares. This investment saw KGF take up in excess of 50% in shareholding interest with DSF. As a result, KGF now consolidates results from DSF in addition to the results of Oceanic Communications Pte Ltd ("OCL"). Differences between Group and Holding Company performance reflect the effects of consolidating results from OCL and DSF.
- At the Group level, KGF recorded revenues of $2.05m, an 8.2% decrease compared to the $2.24m achieved in 2017. This represents a smaller percentage decrease in revenue at the Group level compared to the Holding Company level as the Group's 2018 revenues include the consolidation of revenue from new subsidiary, DSF.
- Cost of sales and other expenses increased by 47.1% to $0.21m in 2018 compared to $0.14m in 2017.
- Overall, Group profitability fell, with net profit after tax of $0.07m for the year compared with the $1.28m net profit achieved in 2017. The reflects the profitability of consolidated investee company OCL, partially offset by the results of DSF, both of which are discussed in more detail in Section 2 of this report. Excluding the performance fee, the underlying profit was $0.33m.

At the end of December 2018, KGF's net tangible assets ("NTA") per share was $0.99, down 2.0% from the previous year, while its share price increased to $1.02 (2017:$0.53). KGF shares were trading at a 3.3% premium to net asset value.

KGF declared and paid an interim dividend of $0.02 per share totaling $0.07m in 2018.

Significant Events

Significant events during the year included the following:

- KGF invested AU $0.24m (FJ $0.37m) in Fiji Kava Ltd ("FIJ") over a period of 15 months from July 2017 to October 2018. The total investment had been committed to in 2017 when KGF invested the initial tranche of AU $0.03m (FJ $0.05m). As foreshadowed in our 2017 Manager's Report, FIJ was listed on the Australian Securities Exchange ("ASX") on 18 December 2018 with the listing code of FIJ. Subsequent to listing, the price of FIJ shares on ASX has decreased below the public offering price.
- KGF invested a total of $0.30m in Drone Services (Fiji) Pte Ltd. DSF is a provider of drone services to both public and private clients, with a focus on: mapping and surveying; videography; airspace security; drone related training and education; drone hire and related equipment sales. The investment was for a mix of ordinary shares and preference shares.
- A total of 5,665 shares were repurchased for a total consideration of $3.56k under the Selective Share Buy-Back programme. The Buy-Back programme was initiated by KGF with the objective of closing the gap between KGF's share price and NAV per share, by reducing the number of outstanding KGF shares on the market, as well as applying surplus cash productively and providing shareholders wishing to divest their shares with a ready opportunity to sell. We are pleased to highlight that as at 31 December 2018 KGF shares were trading at a 3.3% premium to NAV, demonstrating the success of the programme.
- KGF received $0.38m of dividends from investee company Halabe Investment Ltd ("HIL") and an increase in valuation on its remaining investment in HIL of $0.20m.
- A total of $0.06m of preference share dividends were received from OCL and DSF.

Looking Ahead

For 2019, 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 and DSF where, as has been seen in the past, playing a more active role can help generate significant gains in investment value.

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 seven businesses: four listed companies and three private companies.

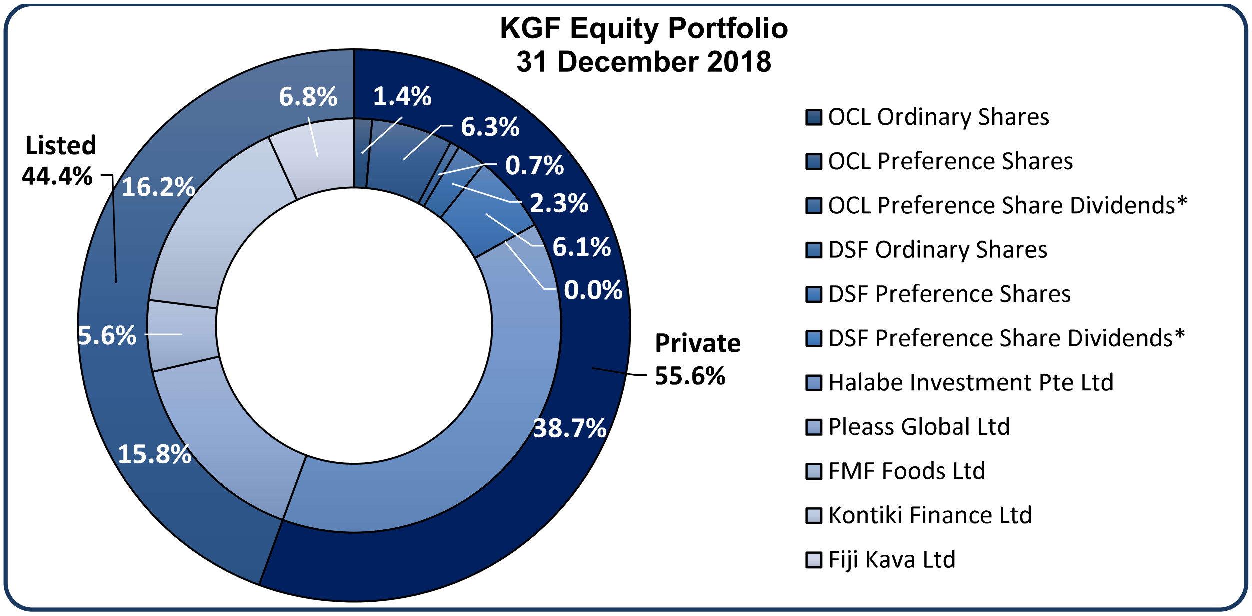
Shares	Company		Cost ($)	Market ($)	Portfolio (%)
	Oceanic Communications Pte Ltd	Unquoted			
50,000	*OCL Ordinary Shares*		50,000	50,000	1.4%
224,256	*OCL Preference Shares*		224,256	224,256	6.3%
N/A	*OCL Preference Share Dividends**		N/A	25,454	0.7%
	Drone Services (Fiji) Pte Ltd	Unquoted			
82,500	*DSF Ordinary Shares*		82,500	82,500	2.3%
217,500	*DSF Preference Shares*		217,500	217,500	6.1%
N/A	*DSF Preference Share Dividends**		N/A	175	0.0%
138,254	Halabe Investment Pte Ltd	Unquoted	883,443	1,372,721	38.7%
229,000	Pleass Global Ltd	SPX: PBP	176,407	561,050	15.8%
94,234	FMF Foods Ltd	SPX: FMF	48,194	197,891	5.6%
593,797	Kontiki Finance Ltd	SPX: KFL	189,786	575,983	16.2%
1,393,750	Fiji Kava Ltd	ASX: FIJ	371,328	240,578	6.8%
	Total Financial Assets		**2,243,413**	**3,548,108**	**100.0%**

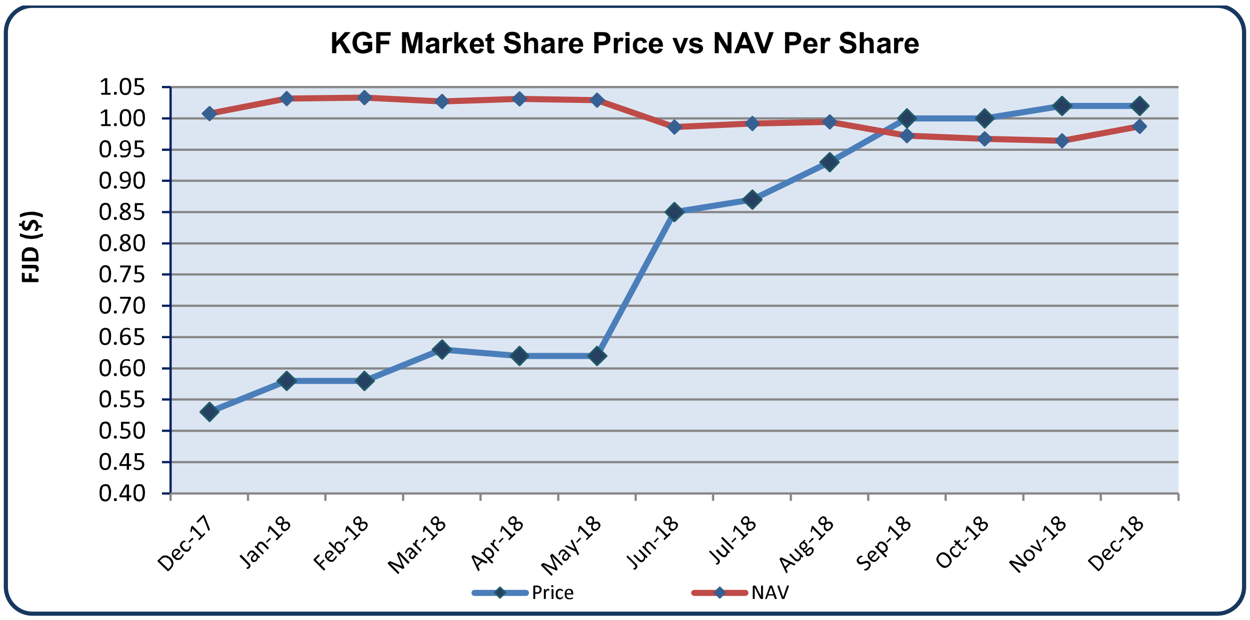
* Preference share dividends receivable

	Cost ($)	Market ($)	Portfolio (%)
Private Equity	1,457,699	1,972,606	55.6%
Listed Equity	785,714	1,575,502	44.4%

[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, "FY2018" refers to a 12-month period that ends during 2018 but not on 31 December (e.g. a financial year ending on 30 September 2018).

[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.





Listed Equity Portfolio

At the end of the year, KGF held shares in the following companies that are listed, either on the SPX or ASX as indicated below:

- Pleass Global Ltd (SPX: PBP)
- FMF Foods Ltd (SPX: FMF)
- Kontiki Finance Ltd (SPX: KFL)
- Fiji Kava Ltd (ASX: FIJ)

In 2018, KGF saw a 22.6% increase in the value of its listed portfolio over the year against a net unrealised loss of $0.25m.

This reflected:

- Further investment of $0.33m in and the reclassification of investee company FIJ as a listed entity in 2018.
- Gains in FMF and PBP totalling $0.22m
- Losses in FIJ and KFL totalling $0.38m.

KGF received $0.03m in dividends from Pleass Global Ltd (PBP), Kontiki Finance Ltd (KFL), Fiji Gas Ltd (FGL) and FMF Foods Limited (FMF).

Nevertheless, the listed equity portfolio recorded a decrease in value during the year, trailing the gains in the SPX Total Return Index (71.5%) and KSPX Index (44.6%). It should be noted that Fiji Kava Ltd (FIJ) is not included in either index.

KGF's listed equity portfolio comprised 44.4% of the Fund's total financial assets.

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 Tower in Wailoku – A luxury 14-apartment complex, 8 units have since been sold as at 2018 with 6 units remaining. Current valuation is held at $0.66m VEP per unit based on sales.
- Viti Villas - A 3-villa complex on its Krishna Street, Wailoku property. Viti Villas are held for sale with directors and management having committed to selling the villas within the next 12 months.

During the year, HIL continued with its strategy of progressively selling off apartment units and returning cash to its shareholders. By the end of 2018, HIL still held 6 of 14 units in Viti Tower as well as all of Viti Villas.

HIL's occupancy rate during FY2018 remained at virtually 100%. Operating income was $1.36m, a 65.5% decrease over the previous year reflecting the reduced income from the continued sale of all 7 luxury apartments of its Viti Apartment complex in Tamavua and 8 of 14 units from its Viti Tower complex in Wailoku.

Revaluation of the remaining Viti Tower units saw $0.20m in gains for KGF.

Operating expenses reduced by 19.4% to $0.30m with a resultant NPAT of $0.82m in FY2018. This represents a 71.6% decrease compared to $2.9m in FY2017.

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 in FY2018 having recorded an EBITDA of $0.83m (adjusted for revaluation gains). Importantly, HIL's performance was in spite of the prevailing commercial rent freeze imposed by Government in 2007.

The valuation of HIL in KGF's books is on an equity basis. KGF decreases its carrying value of HIL by the amount of dividends received from the company, which results in no net change in KGF's total asset value. KGF recognizes changes in valuation based on HIL's annual profit or loss from operations, net profit or loss from sale of any properties beyond carrying value, and any changes in valuation of current property holdings after accounting for anticipated tax liabilities. Following this method, KGF held its investment in HIL at $1.37m at the end of the 2018 financial year, reflecting a gain of $0.20m and decreased by the amount of dividend received during the year. As the valuation was subject to the audit process to establish HIL's equity value, KGF's portion of the revaluation increase in HIL was recorded only at year end.

Oceanic Communications Ltd (OCL)

OCL is a full-service communications company, providing advertising, marketing and digital communications services. 2018 saw a strong performance from OCL.

FY2018 saw a 13.8% increase in operating income to $0.72m compared with $0.63m in FY2017 with a 3.9% increase in cost of sales. The year also saw a 15.1% increase in operating expense to $0.40m compared with $0.35m in the prior period, partly reflecting the expansion of management resources. OCL closed the year with a solid $0.15m NPAT. This represents a 71.0% increase compared with the $0.09m NPAT achieved in 2017.

A highlight of the year was the hiring of a new Director of Marketing as flagged in the last Manager's Report, which has greatly improved OCL's ability to win new business and meet demand for its services. OCL management anticipates that the company will continue its growth trend in 2019.

KGF values its investment in OCL using the equity method. Under this method, KGF has not changed the carrying value for the company despite the size of NPAT for the year relative to total company capitalisation of $0.33m.

Drone Services (Fiji) Pte Ltd (DSF)

KGF invested in DSF in August 2018. DSF provides drone services to a range of clients, including mapping and surveying, videography, airspace security, drone-related training and education, drone hire and related equipment sales. While DSF's business is currently Fiji-focused, the company aims to expand regionally and is already in discussions with regional parties in this regard.

DSF increased operating income in 2018 by 575.5% to $0.26m from $0.04m in 2017 largely comprised of revenues generated from aerial surveying, licensing and training programmes.

Furthermore, DSF recorded cost of sales of $0.06m whilst operating expenses increased by 121.5% to $0.26m from $0.12m in 2018. The company recorded a net loss of $0.06m in 2018 reflecting an improvement from the $0.12m net loss recorded in the prior period.

One issue faced by DSF, which is common to private equity investments in the Manager's experience, was the need to develop DSF's accounting systems to the standards required by KGF and external auditors. As DSF's financial results must be consolidated into KGF's financial results under accounting standards, much work was undertaken to ensure DSF's accounting and reporting systems were aligned with those of KGF. This process took longer than initially anticipated, as DSF undertook its first ever audit. This resulted in the delay in finalising and releasing KGF's annual report, and the consequent voluntary suspension of share trading by KGF during the interim period. With the structures now in place, such delays should not occur in future.

KGF invested a total of $0.30m in DSF, made up of 82,500 ordinary shares (25.1% of total) and 217,500 preference shares (100% of total).

Summary of Private Equity Portfolio

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

	Revenues			EBITDA			NPAT		
	2017 ($)	2018 ($)	Movement	2017 ($)	2018 ($)	Movement	2017 ($)	2018 ($)	Movement
HIL	3,941,023	1,358,182	(65.5%)	3,615,536	1,093,454	(69.8%)	2,880,265	817,073	(71.6%)
OCL	633,279	720,903	13.8%	159,857	213,809	33.8%	85,015	145,379	71.0%
DSF	37,779	255,194	575.5%	(101,974)	(24,363)	n/a	(121,216)	(64,528)	n/a

Overall Portfolio Performance

In summary, KGF's portfolio size reduced by 5.8% to $3.27m in 2018 compared with $3.48m in 2017. This was due largely to the disposals of shares held in FGL, VIL and PBP. Furthermore, KGF had reduced its carrying value held in HIL against dividends received on the disposal of 8 of its Viti Tower apartment units.

KGF received a total of $0.41m in dividends representing a 78.3% increase compared to $0.23m in 2017. Of this, KGF received $0.38m in dividends from HIL alone.

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 RBF in all licensable categories. In addition, three 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 which 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, managing 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. 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.

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

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

Corporate Governance Report:

	Principles	
1.	Establish clear responsibilities for board oversight	The function and powers of the Board and its Directors are prescribed by KGFs Articles of Associations. This includes oversight of KGF's operations and the implementation of the Management Agreement by the Manager, KCL.
2.	Constitute an effective Board	Directors are carefully selected based on their qualifications, experience and the competencies they bring to the Board. While the Board also aims to meet quarterly, including online, in practice, the Board is involved far more regularly as required, by telephone, e-mail and on-line, The Board's effectiveness is gauged against priorities set and discussed at each AGM.
3.	Appointment of Chief Executive Officer / Managing Director	Not applicable. Under a Management Agreement, KGF is managed by KCL.

4.	Appointment of a Board and Company Secretary	At the date of this report, the board comprises of three directors, all of whom are independent. KGFs Articles of Association governs the appointment and rotation of directors. KGF also has two company secretaries, both of whom are senior managers of KCL.
5.	Timely and balanced disclosure	The Board holds the function of oversight and it is the responsibility of the Manager to ensure that all disclosures, compliance or otherwise, are published on the SPX in a balanced and timely manner.
6.	Promote ethical and responsible decision-making	It is the responsibility of the Board and Manager to promote ethical and responsible decision-making within KGFs structure and operational framework. All proposals are thoroughly evaluated against KGF's investment policy and business plans. The Board and Management endeavor to ensure that all decisions are ethically, economically, environmentally and socially responsible.
7.	Register of Interests	With the Board's oversight, the Manager is responsible for keeping and maintaining a Register of Interests. Each Director and representative of the Manager is required to declare any interests to the Board. Furthermore, KGF as part of its compliance with listing requirements, submits its Semi-Annual Returns to the SPX bi-annually. This return identifies all movements in shareholding interests by both the Directors and the Manager's representatives.
8.	Respect the rights of shareholders	Rights of shareholders are detailed and protected under KGFs Articles of Association. KGF holds an Annual General meeting to discuss and address issues raised by shareholders and shareholders are also encouraged to submit questions for tabling at the AGM. In addition, shareholders may raise concerns with the Manager at any time.
9.	Accountability and audit	The Board maintains oversight over KGFs compliance, accountability and audit processes. All matters are discussed and addressed at board level at board meetings, which is attended by the Manager's representatives.
10.	Risk Management	The Board and Management identify key business and operation risks at each board meeting. Appropriate controls are then established to manage and/or mitigate risks identified.

Other

As a listed company, KGF is also subject to the rules and regulations for listed companies as set out by the SPX and 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.

Although 2018 was a challenging year, KGF made significant progress in expanding its portfolio and pursuing the growth of its investments. The Manager and board view the decreases in public market prices of investee companies as temporary and not indicative of the future potential of these companies. Despite these price decreases, the overall financial result at both Group and Holding Company level showed growth in the investment portfolio. Furthermore, the strong increase in KGF's market price indicates 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, while also continuing to search for attractive investment opportunities.

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 subsidiaries) consisting of the Kinetic Growth Fund Limited ("the Company") and its subsidiaries (collectively as "the Group") as at 31 December 2018. Financial comparisons used in this report are the results for the year ended 31 December 2018 compared with the year ended 31 December 2017.

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 subsidiaries were involved in web-site development and support, advertising, marketing and the provision of drone services for mapping and surveying, videography, airspace security, drone-related training and education, drone hire and related equipment sales. There has been no change in the principal activities of the Group during the year.

Review and Results of Operations

The Group's operating profit for the year attributable to members of the holding company was $50,157 (2017: profit $1,272,930) after an income tax expense of $20,506 (2017: $203,899). The operating loss for the holding company for the year was $1,019 (2017: profit $1,402,080).

- **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 risks;
  - Implementing exit routes such as stick 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 FY2018, 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;
  - Invest generally over a long-term horizon to fully realise investment returns.

- **Our priorities this year**

  Looking ahead, our priorities in FY2019 will remain essentially the same as was with FY2018.

- **Key statistics**

	Group	Company
Number of Employees	15	nil
Revenue	2,051,901	1,041,130
Total Assets	4,336,655	3,973,373
Net (Loss) / Profit	71,307	(1,019)

Dividends

During the year the Directors declared dividends of $71,595 ($0.02 per share) for the year ended 31 December 2018 (2017: nil).

Significant changes in the state of affairs

During the year:

- The Company in 27 August 2018 invested a total of $0.30m in Drone Services (Fiji) Pte Limited ("DSF") partly in ordinary shares and the remainder in preference shares. The Company held in excess of 50% shareholdings interests in DSF at 31 December 2018 and under the accounting standards, DSF's results for FY2018 is required to be consolidated in the Company's 2018 audited accounts.

Events occuring after the end of the financial year

Pending the completion of audit and release of the Group's consolidated financial statements, trading of the Company's shares was temporarily suspended on the South Pacific Stock Exchange ("SPX").

The Directors are not aware of any other matters or circumstance that has arisen since the end of the financial year, that, in their opinion, has significantly affected, or may significantly affect the Company and the Group in the future years.

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 2018 are shown in the table below:

Director	Number of shares held
Erik Larson	39,727
Jack Lowenstein	89,599
Philipp Thomas	453,604

Board and Committee meeting attendance

Details of the number of meetings held by the Board during the financial year ended 31 December 2018, and attendance by the Board members, are set out below:

Director	Number of shares held	
	A	B
Erik Larson	3	3
Jack Lowenstein	3	3
Philipp Thomas	3	3

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 ...1st... day of ...August... 2019 in accordance with a resolution of the Directors.

....
Erik Larson
Chairperson

KINETIC GROWTH FUND LIMITED and Subsidiaries
DIRECTOR'S DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2018

This Director's 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 2018:

  (i) give a true and fair view of the financial position of the Company and the Group as at 31 December 2018 and of the performance of the Company and the Group for the year ended 31 December 2018; and

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

(b) they have received declarations as required by the 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.

Signed for and on behalf of the Board of Directors.

………………………………………………………

Erik Larson
Chairperson
1 August 2019
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 for the financial year ended 31 December 2018, 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 during the financial year.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji

1 August 2019

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Pacific House
Level 7
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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 subsidiaries ("the Group"), which comprise the Statement of Financial Position as at 31 December 2018, the Statement of Comprehensive Income, the Statement of Changes in Equity and 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 2018, 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.

Key audit matter	How our audit addressed the matter
Valuation of unquoted investments	
As at 31 December 2018, the Company and the Group held an investment in unquoted financial assets amounting to $1,372,721. This represents 35% of the total assets of the Company and the Group. Disclosures in relation to this investment are included in Note 9 of the financial statements.	In obtaining sufficient audit evidence we: • Obtained an understanding of the Company and the Group's process and valuation techniques used in determining the fair value of the unquoted investment;

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

As lead auditor for the audit of Kinetic Growth Fund Limited for the financial year ended 31 December 2018, 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 during the financial year.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji

1 August 2019

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Independent Auditor's Report (continued)

Report on other legal and regulatory requirements

In our opinion, the 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 has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji

1 August 2019

KINETIC GROWTH FUND LIMITED and Subsidiaries
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Group		Company	
		2018	2017	2018	2017
		$	$	$	$
Operations					
Rendering of services		976,097	633,279	-	-
Cost of sales		(206,053)	(140,051)	-	-
Gross profit		**770,044**	**493,228**	**-**	**-**
Other operating income	3(a)	1,075,804	1,602,121	1,041,130	1,592,380
Depreciation and amortisation		(38,385)	(4,953)	-	-
Employee benefits expense	3(c)	(326,788)	(250,618)	-	-
Other operating expenses	3(b)	(1,382,677)	(334,599)	(1,093,508)	(40,693)
(Loss)/profit before interest and tax		97,997	1,505,179	(52,378)	1,551,687
Finance income	3(d)	-	-	35,342	36,267
Finance costs	3(e)	(6,185)	(15,598)	-	(15,027)
(Loss)/profit before income tax		**91,813**	**1,489,581**	**(17,036)**	**1,572,927**
Income tax (expense)/benefit	4(a)	(20,506)	(203,899)	16,017	(170,847)
(Loss)/profit from continuing operations		71,307	1,285,682	(1,019)	1,402,080
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the year		**71,307**	**1,285,682**	**(1,019)**	**1,402,080**
Attributable to:					
Equity holders of the company		50,157	1,272,930	(1,019)	1,402,080
Non-controlling interest		21,150	12,752	-	-
		71,307	**1,285,682**	**(1,019)**	**1,402,080**
Earnings per share					
• Basic, for profit of the year attributable to ordinary equity holders of the parent	15	$ 0.02	$ 0.36		
• Diluted, for profit of the year attributable to ordinary equity holders of the parent	15	$ 0.02	$ 0.36		

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

KINETIC GROWTH FUND LIMITED and Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018	**2017**	**2018**	**2017**
		$	**$**	**$**	**$**
Accumulated losses					
At 1 January		(63,492)	(1,336,422)	48,928	(1,353,152)
Total comprehensive (expense)/income		50,157	1,272,930	(1,019)	1,402,080
Dividends paid		(71,595)	-	(71,595)	-
At 31 December		(84,930)	(63,492)	(23,686)	48,928
Non-controlling interest					
At 1 January		30,323	17,571	-	-
Non-controlling interests on acquisition		204,126	-	-	-
Total comprehensive (expense)/income		21,150	12,752	-	-
At 31 December		255,599	30,323	-	-
Share capital					
At 1 January		3,562,270	3,598,755	3,562,270	3,598,755
Movement during the year		10,287	(36,485)	10,287	(36,485)
At 31 December	**14**	3,572,557	3,562,270	3,572,557	3,562,270
Total shareholders' equity		**3,743,226**	**3,529,101**	**3,548,871**	**3,611,198**

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

KINETIC GROWTH FUND LIMITED and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	Group		Company	
		2018	**2017**	**2018**	**2017**
		$	**$**	**$**	**$**
Assets					
Current assets					
Cash and cash equivalents	5	627,124	665,729	425,264	468,823
Trade and other receivables	6	461,622	141,359	25,629	59,851
		1,088,746	807,088	450,893	528,674
Non-current assets					
Deferred tax asset	4(d)	11,318	10,324	-	-
Investment in subsidiary	8	-	-	574,256	284,256
Financial assets	9	2,948,224	3,132,549	2,948,224	3,132,549
Plant and equipment	10	288,367	8,828	-	-
		3,247,909	3,151,701	3,522,480	3,416,805
Total assets		4,336,655	3,958,789	3,973,373	3,945,479
Current liabilities					
Trade and other payables	11	385,233	241,558	282,095	175,856
Interest bearing borrowings	12	15,836	-	-	-
Employee benefit liability	13	8,819	8,753	-	-
Income tax payable	7	6,962	21,005	14,501	-
		416,849	271,316	296,596	175,856
Non-current liabilities					
Trade and other payables	11	12,872	-	-	-
Deferred tax liability	4(d)	127,907	158,372	127,907	158,425
Interest bearing borrowings	12	35,800	-	-	-
		176,579	158,372	127,907	158,425
Total liabilities		593,430	429,688	424,503	334,281
Net assets		**3,743,226**	**3,529,101**	**3,548,871**	**3,611,198**
Shareholders' equity					
Share capital	14	3,572,557	3,562,270	3,572,557	3,562,270
Accumulated losses		(84,930)	(63,492)	(23,686)	48,928
		3,487,627	3,498,779	3,548,871	3,611,198
Non-controlling interest		255,599	30,323	-	-
Total shareholders' equity		**3,743,226**	**3,529,101**	**3,548,871**	**3,611,198**

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

KINETIC GROWTH FUND LIMITED and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	**2017**	**2018**	**2017**
		$	**$**	**$**	**$**
Operating (loss)/profit		71,307	1,285,682	(1,019)	1,402,080
Adjustments for non-cash items					
Depreciation of plant and equipment		38,385	4,953	-	-
Realised gain on disposal of financial assets		(1,427)	(51,459)	-	(51,459)
Unrealised gain on financial assets		(630,985)	(1,312,071)	(1,427)	(1,312,071)
Unrealised currency (losses)/gains		11	-	(630,985)	-
Impairment loss on financial assets		375,000	-	-	(201,414)
Unrealised loss on financial assets		378,006	-	375,000	-
Interest on loan		5,990	15,598	378,006	15,027
Doubtful debts		3,828	28,500	-	-
Employee benefits accrued		66	-	-	-
		240,181	(28,797)	119,575	(147,837)
Changes in assets and liabilities:					
(Increase) in trade receivable and other receivables		(135,044)	(2,605)	525	26,733
(Increase) in deferred tax assets		(994)	(6,065)	-	-
(Decrease)/increase in deferred tax liabilities		54	157,970	(30,518)	158,425
(Decrease)/increase in trade and other payables		41,185	135,596	3,750	160,561
(Decrease)/increase in income tax payable		(14,043)	5,658	14,501	-
Cash flows provided by/(used) in Operating Activities		131,339	261,757	107,833	197,882
Investing activities					
Payments for plant and equipment		(105,282)	(2,701)	-	-
Proceeds from disposal of financial assets		399,568	638,950	399,568	638,950
Payments for financial assets		(336,362)	(143,056)	(336,362)	(143,056)
Investment in equity securities, net of cash acquired		692	-	(300,000)	-
Disposal proceeds from equity securities		10,000	-	10,000	-
Cash flows (used in)/provided by Investing Activities		(31,384)	493,193	(226,794)	495,894
Financing activities					
Net (Payments)/Receipts with related parties		(117,987)	-	136,711	-
Net repayments of interest bearing borrowings		(16,317)	(214,537)	-	(213,966)
Dividends paid		(71,595)	-	(71,595)	-
Payments for shares repurchased		(3,558)	-	(3,558)	-
Proceeds from share issue		70,896	(36,485)	13,845	(36,485)
Net cash flows (used in)/provided by Financing Activities		(138,561)	(251,022)	75,403	(250,451)
Net increase/(decrease) in cash and cash equivalents		(38,605)	503,928	(43,559)	443,325
Cash and cash equivalents at 1 January		**665,729**	161,801	468,823	25,498
Cash and cash equivalents at 31 December	5	627,124	665,729	425,264	468,823

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 its subsidiaries (collectively "the Group") for the year ended 31 December 2018 were authorised for issue with a resolution of the directors on ……………1 August………………. 2019.

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 25.

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, which is the Company's and Group's functional and presentation currency, rounded to the nearest dollar.

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 2019 or later periods:

Reference	Summary	Application date of standard	Application date for the Group
IFRS 16 Leases	Requires operating leases to be recognised on balance sheet.	1 January 2019	1 January 2019

The Group has not assessed the impact of this standard.

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) and the requirements of Companies Act 2015.

1.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Kinetic Growth Fund Limited and its subsidiaries, Oceanic Communications Pte Limited and Drone Services (Fiji) Pte Limited as at 31 December 2018.

Subsidiary

The subsidiaries are 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 subsidiaries 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 Profit and Loss and Other 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.

1.3 Changes in significant accounting policies

The Company and the Group initially applied IFRS 15 and IFRS 9 from 1 January 2018

(a) **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control for the goods or services. Determining the timing of the transfer of control - a point in time or over a points in time - requires judgement.

Revenue is recognised using the cumulative effective method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018) and applying the requirements only to contracts that are not completed contracts at the date of initial application. Accordingly, the information presented in 2017 has not been restated - i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements of IFRS 15 have not generally been applied to comparative information.

The adoption of this standard did not have any quantitative impact as at 1 January 2018 of transition to IFRS 15 as all contracts as at 1 January 2018 were determined to have been completed.

1.3 Changes in significant accounting policies *continued*

(b) **IFRS 9 Financial Instruments**

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9 Financial Instruments, the Group adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The adoption of this standard did not have any quantitative impact as at 1 January 2018 of transition to IFRS 9.

(i) **Classification and measurement of financial assets and financial liabilities**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of "held to maturity" and "loans and receivables".

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's and Company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates to solely the new impairment requirements.

Group

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				$	$
Cash at bank and hand	5	Loans and receivables	Amortised cost	665,729	665,729
Trade and other receivables	6	Loans and receivables	Amortised cost	141,359	141,359
				807,088	807,088
Financial liabilities					
Trade and other payables	8	Other financial liabilities	Other financial liabilities	241,558	241,558
				241,558	241,558
Financial assets					
Cash at bank and hand	5	Loans and receivables	Amortised cost	468,823	468,823
Trade and other receivables	6	Loans and receivables	Amortised cost	59,851	59,851
				528,674	528,674
Financial liabilities					
Trade and other payables	8	Other financial liabilities	Other financial liabilities	175,856	175,856
				175,856	175,856

(ii) **Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and loan commitments issued, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 – see Note 1.4 (d) (i).

For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in no additional allowance for impairment.

1.3 Changes in significant accounting policies *continued*

(b) **IFRS 9 Financial Instruments *continued***

(iii) **Transition**

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- The Group has used the exemption note to restate comparative information prior periods with respect to classification and measurement (including impairment) requirements. Therefore comparative years have not been restated and is not comparable to the information presented for 2018 under IFRS 9.
- The determination of the business model within which a financial asset is held is an assessment that has been made on the basis of the facts and circumstances that existed at the date of initial application.

1.4 Summary of significant accounting policies

(a) **Foreign currencies**

Foreign currency transactions are translated to Fiji dollars at rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies are converted to Fiji currency at the rates of exchange ruling at the statement of financial position date. All exchange gains or losses whether realised or unrealised are included in the profit or loss.

(b) **Financial instruments**

(i) **Recognition and measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) **Classification and measurement**

Financial assets – policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment - Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and demonstrate why those sales do not reflect a change in the Group's business model.

1.4 Summary of significant accounting policies *continued*

(b) **Financial instruments *continued***

(ii) **Classification and measurement *continued***

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest - Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss- Policy applicable from 1 January 2018

Financial assets that are measured at amortised costs
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss.

Financial assets that are measured at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets – policy applicable before 1 January 2018

The Group classified its financial assets as loans and receivable.

Financial assets: Subsequent measurement and gains and loss- Policy applicable before 1 January 2018

Loans and receivables - measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or loss on derecognition is also recognised in the profit or loss.

(iii) **Derecognition**

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets In these cases the transferred assets are not derecognised.

1.4 Summary of significant accounting policies *continued*

(b) **Financial instruments *continued***

(iii) **Derecognition *continued***

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) **Modification of financial assets**

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (1.4 (b) (iii)) and a new financial asset is recognised at fair value.

Policy applicable from 1 January 2018

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (1.4 (c)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

(v) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment when that cost in incurred, if the recognition criteria is met. When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation respectively.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Plant and equipment	10% - 30%
Furniture and fittings	12%
Office equipment	10% - 30%
Computer equipment	18%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

(d) **Impairment**

(i) **Non-derivative financial assets**

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

1.4 Summary of significant accounting policies *continued*

(d) **Impairment *continued***

(i) **Non-derivative financial assets *continued***

Policy applicable from 1 January 2018 *continued*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. The Group considers this to be Aaa3 or a higher rating per Moody's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follow:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

1.4 Summary of significant accounting policies *continued*

(d) **Impairment *continued***

(i) **Non-derivative financial assets *continued***

Policy applicable before 1 January 2018 *continued*

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise and indications that a debtor will enter bankruptcy.

The Group considers evidence of impairment for receivables at a specific asset level.

In assessing impairment the Group uses historical information of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss with respect to a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

(ii) **Non - financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(e) **Trade receivables**

Trade receivables are recognised at original invoice amount (inclusive of VAT) less any provision for esstimated credit loss. Bad debts are written off during the year in which they become known.

(f) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) **Trade 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 Group.

(h) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(i) **Income tax**

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

1.4 Summary of significant accounting policies *continued*

(i) **Income tax *continued***

Current Income Tax continued

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date at the reporting date in the country where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on 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 amortisation 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 unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits 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 it 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 recognised only 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 differences can be utilised.

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 utilised. Unrecognised deferred tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against

current income tax liabilities and the deferred taxes related to the same taxable group or entity and the same taxation authority.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

ii) When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(j) ***Employee entitlements***

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

(k) ***Revenue from contracts with customers***

Policy applicable from 1 January 2018

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

1.4 Summary of significant accounting policies *continued*

(k) ***Revenue from contracts with customers continued***

Policy applicable from 1 January 2018 continued

The Group principally generates revenue from the sale of the Group's products and services and is stated net of Value Added Tax.

Policy applicable before 1 January 2018

Revenue is recognised 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 or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Dividend income from listed or quoted securities is recognised when the right to receive payment is established (normally the ex-dividend date). Dividends from unlisted and private equities are recognised when the Trust has received formal notification that a dividend has been declared and the right to receive the dividend is established.

Interest income is recognised using the effective interst method.

(l) **Fair value measurement**

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Consistent with established practice in Fiji, listed equity investments are measured at the closing share price on the South Pacific Stock Exchange at each reporting date.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: fair value is calculated using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value is estimated using inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(m) **Expenses**

Administration fees

Payable to Kontiki Portfolio Services Pte 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 Pte 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 Pte 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 ending 31 December. The performance fees are payable in the form of ordinary shares issued by the company.

Interest expense

Interest expense is recognised using the effective interest method.

1.4 Summary of significant accounting policies *continued*

(n) **Comparative figures**

Comparative figures have been amended where necessary, for changes in presentation in the current year, other than changes resulting from adoption of IFRS 9 and 15 as noted in note 1.3.

(o) **Geographical segment**

The Company and the Group operate only in Fiji and is therefore one geographical area for reporting purposes.

1.5 Significant accounting judgments, estimates and assumptions

The preparation of the Company and the Groups financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, 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 periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant task of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimates and assumptions

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 the valuation techniques invlolving significant judgement 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 asseets in the companies in which investments are held. Movements in fair value during the year have been recognised in the profit or loss.

2. REVENUES

Holding company revenues investment related returns including dividends from ordinary and preference shares, realised and unrealised gains in the value of investments. Interest from termed and cash deposits held with financial institutions.

Revenue from subsidiary companies are related to services provided. These services include web-site development and support, advertising, marketing and the provision of drone services for mapping and surveying, videography, airspace security, drone-related training and education, drone hire and related equipment sales.

		Group		Company	
		2018	2017	2018	2017
3. OPERATING (LOSS)/PROFIT		$	$	$	$

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

		2018 Group	2017 Group	2018 Company	2017 Company
(a) Other income					
Dividends		407,510	228,526	407,510	228,526
Unrealised gain on financial assets		630,985	1,312,395	630,985	1,312,395
Gain on sale of shares		1,427	51,459	1,427	51,459
Other income		35,881	9,741	1,208	-
		1,075,804	1,602,121	1,041,130	1,592,380
(b) Other expenses					
Administration fees		47,141	7,500	7,500	7,500
Auditors remuneration	- audit services	15,513	15,150	10,000	7,800
	- other services	8,864	4,308	873	4,045
Directors fee		40,115	6,250	7,500	6,250
Doubtful debts		18,879	28,638	-	-
Impairment loss		375,000	-	375,000	-
Legal fees		1,284	5,104	-	5,104
Listing and share registry fees		8,280	7,004	8,280	7,004
Management fees		39,950	28,982	39,950	28,982
Other expenses		193,819	69,737	10,573	13,496
Performance fees		255,827	161,325	255,827	161,325
Reversal of impairment for investment in subsidiary		-	-	-	(201,414)
Unrealised loss on financial assets		378,006	601	378,006	601
		1,382,677	334,599	1,093,508	40,693

	Group		Company	
	2018	**2017**	**2018**	**2017**
3. OPERATING (LOSS)/PROFIT *continued*	**$**	**$**	**$**	**$**
(c) Employee benefits expenses:				
Staff costs	326,788	250,618	-	-
	326,788	250,618	-	-
(d) Finance income:				
Interest income	-	-	35,342	36,267
(e) Finance costs:				
Interest on borrowings	6,185	15,598	-	15,027

4. INCOME TAX	**$**	**$**	**$**	**$**

(a) A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the tax rate for the years ended 31 December 2018 and 2017 is as follows:

	Group 2018	Group 2017	Company 2018	Company 2017
Accounting (loss)/profit before income tax	91,813	1,489,581	(17,036)	1,572,927
Prima facie tax expense/(benefit) thereon at 10%	34,676	148,958	(1,704)	157,293
Differential in tax rate for subsidiary	-	11,807	-	-
Non-deductible items	(20,192)	(18,500)	(20,192)	(42,994)
Timing differences brought to account	-	16,881	-	16,881
Under provision in prior year	(3,934)	17,509	-	12,423
Tax losses utilised previously not recorded	-	27,244	-	27,244
Other	9,956	-	5,879	-
Income tax expense/(benefit)	20,506	203,899	(16,017)	170,847
(b) *Current income tax:*				
Current income tax expense	20,506	203,899	(16,017)	170,847
Income tax expense reported in the Statement of Comprehensive Income	20,506	203,899	(16,017)	170,847

(c) Deferred tax asset on tax losses

Deferred tax assets nil (2017: $16,941) attributable to carry forward losses has not been brought to account as at 31 December 2018.

(d) *Deferred tax*
Deferred income tax at 31 December relates to the following:

	Group 2018	Group 2017	Company 2018	Company 2017
Deferred tax (liabilities)/assets				
Provision for doubtful debts	9,339	8,574	-	-
Employee entitlements	1,764	1,750	-	-
Accelerated depreciation for tax purposes	215	53	-	-
Unrealised gain on investments	(127,907)	(158,425)	(127,907)	(158,425)
	(116,589)	(148,048)	(127,907)	(158,425)
Disclosed in the Statement of Financial Position:				
Deferred tax asset	11,318	10,324	-	-
Deferred tax liability	(127,907)	(158,372)	(127,907)	(158,425)
Net deferred tax (liability)/assets	(116,589)	(148,048)	(127,907)	(158,425)

	Group 2018	Group 2017	Company 2018	Company 2017
5. CASH AND CASH EQUIVALENTS	**$**	**$**	**$**	**$**
Cash at bank	207,842	198,082	5,983	1,176
Short term deposit	371,204	-	371,204	-
Kontiki Portfolio Trust	48,077	467,647	48,077	467,647
	627,124	665,729	425,264	468,823

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.

Term deposit is held with Bred Bank with an original term of 1 month ending 22 January 2019. This Term Deposit bears an annual interest rate of 4.4% on a rollover basis.

	Group 2018	Group 2017	Company 2018	Company 2017
6. TRADE AND OTHER RECEIVABLES	**$**	**$**	**$**	**$**
Trade receivables	323,099	173,945	-	-
Less: Estimated credit loss	(46,696)	(42,868)	-	-
	276,403	131,077	-	-

	Group		Company	
	2018	**2017**	**2018**	**2017**
6. TRADE AND OTHER RECEIVABLES *continued*	**$**	**$**	**$**	**$**
Other receivables	-	10,282	-	1,125
Advance to Shareholders (Note: 16 (d))	185,219	-	-	-
Receivable from subsidiary company	-	-	25,629	58,726
	461,622	141,359	25,629	59,851

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 $46,696 (2017: $42,868) were impaired and fully provided for. There was no impairment of receivables for the company.

Movement in the estimated credit loss were as follows:

At 1 January	42,868	14,368	-	-
Charge for the year	3,828	28,500	-	-
At 31 December	46,696	42,868	-	-

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
	$	$	$	$	$
2018	276,403	132,300	58,856	32,099	53,148
2017	131,077	55,378	45,549	3,104	27,046

7. INCOME TAX REFUNDABLE/(PAYABLE)	**$**	**$**	**$**	**$**
Income tax receivable	7,539	-	-	-
Income tax payable	14,501	21,005	14,501	-
Income tax (payable)	(6,962)	(21,005)	(14,501)	-

8. INVESTMENT IN SUBSIDIARY **$** **$** **$** **$**

Kinetic Growth Fund Limited holds 50% ordinary shares and 96% preference shares of Oceanic Communications Pte Limited. Actual control over the subsidiary amounts to 82% of the issued capital of Oceanic Communications Pte Limited.

Kinetic Growth Fund Limited also holds 25% ordinary shares and 100% preference shares of Drone Services (Fiji) Pte Limited. Actual control over the subsidiary amounts to 55% of the issued capital of Drone Services (Fiji) Pte Limited.

The results of subsidiaries Oceanic Communications Pte Limited and Drones Services (Fiji) Pte Limited have been consolidated in these financial statements.

Oceanic Communications Pte Limited				
As at 1 January	-	-	284,256	82,842
Disposal	-	-	(10,000)	-
Reversal of impairment	-	-	-	201,414
	-	-	274,256	284,256
Drone Services (Fiji) Pte Limited				
As at 1 January	-	-	-	-
Investment	-	-	300,000	-
Provision for impairment	-	-	-	-
	-	-	300,000	-
Investment in subsidiary	-	-	574,256	284,256

9. FINANCIAL ASSETS	**$**	**$**	**$**	**$**
Quoted				
FMF Foods Limited	197,891	108,369	197,891	108,369
Pleass Global Limited	561,050	444,600	561,050	444,600
VB Holdings Limited	-	54,000	-	54,000
Vision Investment Limited	-	41,440	-	41,440
Kontiki Finance Limited	575,983	591,507	575,983	591,507
Fiji Kava Limited	240,578	45,052	240,578	45,052
Unquoted				
Fiji Gas Limited	-	304,128	-	304,128
Halabe Investments Limited	1,372,721	1,543,453	1,372,721	1,543,453
Total investments	2,948,224	3,132,549	2,948,224	3,132,549

9. FINANCIAL ASSETS *continued*

Quoted shares

The fair value of the quoted shares is determined by reference to published price quotations in an active market and is classified in Level 1 and 2 (Fiji Gas) in the fair value hierarchy.

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. These unquoted investments are classified in Level 2 of the fair value hierarchy.

Movements in fair value during the year of $48,711 (2017: $1,311,794) have been recognised in the profit or loss.

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

Halabe Investments Limited

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

Details of financial assets	Place of incorporation	Ownership interest
Oceanic Communications Pte Limited	Fiji	50% ordinary and 96% preference shares
Drone Services (Fiji) Pte Limited	Fiji	25% ordinary and 100% preference shares
FMF Foods Limited	Fiji	0.06%
Pleass Global Limited	Fiji	3.47%
Kontiki Finance Limited	Fiji	0.65%
Fiji Kava Limited	Australia	2.00%
Halabe Investments Limited	Fiji	25.00%
Savusavu Harbourside Limited	Fiji	16.61%

10. PLANT AND EQUIPMENT

Group	Plant and equipment $	Furniture and fittings $	Office equipment $	Computer equipment $	Total $
Cost:					
At 1 January 2018	-	23,492	18,122	37,218	78,832
Additions	56,360	17,205	4,334	99	77,998
Acquisitions	255,415	1,816	2,034	-	259,265
Disposals	-	-	(102)	-	(102)
At 31 December 2018	311,775	42,513	24,388	37,317	415,993
Depreciation and impairment:					
At 1 January 2018	-	21,947	16,681	31,376	70,004
Acquisitions	18,717	153	371	-	19,241
Depreciation charge for the year	35,374	236	2,775	-	38,385
At 31 December 2018	54,091	22,336	19,827	31,376	127,630
Net written down value:					
At 31 December 2018	257,688	20,177	4,561	5,941	288,367
At 31 December 2017	-	1,545	1,441	5,842	8,828

The holding company does not own any property, plant and equipment at 31 December 2018 and 2017.

11. TRADE AND OTHER PAYABLES

		Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Trade and other payables	Current	117,760	76,575	14,623	10,873
Owing to related parties (Note 16 (c))	Current	267,472	164,983	267,472	164,983
		385,233	241,558	282,095	175,856
Trade and other payables	Non-current	-	-	-	-
Owing to related parties (Note 16 (c))	Non-current	12,872	-	-	-
		12,872	-	-	-
		398,105	241,558	282,095	175,856

			Group		Company	
			2018	**2017**	**2018**	**2017**
12. INTEREST BEARING BORROWINGS			**$**	**$**	**$**	**$**

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.

	Interest rate %	Maturity				
Current						
Fiji Development Bank	10%	2021	15,836	-	-	-
			15,836	-	-	-
Non-current						
Fiji Development Bank	10%	2021	35,800	-	-	-
			35,800	-	-	-

Details of interest bearing borrowings are as follows:

This loan bears an interest rate of 10% per annum compounded monthly for 4 years secured over Drone Services (Fiji) Pte Limiteds' financial assets.

This loan is secured by:

- First Debenture over the Drone Services (Fiji) Pte Limiteds' assets and undertaking including uncalled capital;
- Bill of Sale over one only Solo Drone Serial No. SNSA13A Vertical Take Off and Landing (VTOL), Autonomous Quadcopter complete with high resolution 12 mega pixel camera already owned;
- Bill of Sale over one only 4Scight Precision Mapping and Surveying Drone Serial No. 16232 VTOL Autonomous Quadcopter complete with high resolution 20 mega pixel camera and post processing kinematics (PPK) global navigation satellite systems (GNSS) already owned;
- Bill of Sale over one only 4Scight Precision Mapping and Surveying Drone Serial No. 16233 VTOL Autonomous Quadcopter complete with high resolution 20 mega pixel camera and post processing kinematics (PPK) global navigation satellite systems (GNSS) already owned;
- Personal Guarantee given by Company Director, Richard Edward Russell for total liability; and
- Adequate Insurance cover over the Bill of Sale items with Bank's interest noted thereon.

13. EMPLOYEE BENEFIT LIABILITY	**$**	**$**	**$**	**$**
Balance at 1 January	8,753	6,925	-	-
Net movement during the year	66	1,828	-	-
Balance at 31 December	8,819	8,753	-	-

14. SHARE CAPITAL	**$**	**$**	**$**	**$**
<u>Authorised Capital</u>				
100,000,000 ordinary shares	100,000,000	100,000,000	100,000,000	100,000,000
300,000 ordinary shares	300,000	300,000	300,000	300,000
200,000 convertible redeemable shares	200,000	200,000	200,000	200,000
<u>Issued and Paid up Capital</u>				
3,656,907 ordinary shares	3,562,270	3,598,755	3,562,270	3,598,755
72,556 ordinary shares (share buy back program)	-	(36,485)	-	(36,485)
5,665 ordinary share (share buy back program)	(3,558)	-	(3,558)	-
16,289 ordinary shares (dividend reinvestment)	13,845	-	13,845	-
	3,572,557	3,562,270	3,572,557	3,562,270

During the year, the Company repurchased 5,665 shares at a value of $3,558 from the market at various prices.

15. EARNINGS PER SHARE	**$**	**$**
Operating (loss)/profit after income tax	71,307	1,272,930
Number of shares outstanding	3,594,965	3,584,341
Basic earnings per share	0.02	0.36

Basic earnings per share amounts are calculated by dividing net profit/(loss) 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/(loss) 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.

15. EARNINGS PER SHARE *continued*

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 2018	% equity interest 2017
Oceanic Communications Pte Limited	Fiji	82%	85%
Drone Services (Fiji) Pte Limited	Fiji	55%	0%

Transactions with related parties

Kontiki Capital Pte Limited provides management services to the Company and Kontiki Portfolio Services Pte 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*	Company 2018 $	Company 2017 $
Interest on preference shares	Oceanic Communications Pte Limited	Income	26,817	36,267
Interest on preference shares	Drone Services (Fiji) Pte Limited	Income	8,525	-
Purchase of shares	Kontiki Finance Limited	Investment	10,365	98,000
Dividend reinvestment	Kontiki Finance Limited	Investment	17,417	-
Administration fees	Kontiki Portfolio Services Pte Limited	Expense	7,500	7,500
Management fees	Kontiki Capital Pte Limited	Expense	39,950	28,982
Performance fees	Kontiki Capital Pte Limited	Expense	255,827	161,325
Interest on loan	FijiCare Insurance Limited	Expense	-	13,473
Interest on loan	Aequi Libria Associates Insurance Broker Pte Limited	Expense	-	15,574

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

	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
b) Compensation of key management personnel				
Short term employee benefits	8,819	66,550	-	-

c) Owing to related parties

The amounts payable as at 31 December to the following related parties are as follows:

		Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Administration fees - Kontiki Portfolio Services Pte Limited	Current Liabtility	1,875	-	1,875	-
Management fees - Kontiki Capital Pte Limited	Current Liabtility	9,767	(696)	9,767	(696)
Performance fees - Kontiki Capital Pte Limited	Current Liabtility	255,830	165,679	255,830	165,679
		267,472	164,983	267,472	164,983
Advance from shareholder - Norman Chan	Non-current Liabtility	12,872	-	-	-
		280,344	164,983	267,472	164,983
Disclosed in the financials as:					
Owing to related parties (Note 11)	Current Liabtility	267,472	164,983	267,472	164,983
Owing to related parties	Non-current Liabtility	12,872	-	-	-
		280,344	164,983	267,472	164,983

	Group		Company	
	2018	**2017**	**2018**	**2017**
16. RELATED PARTY TRANSACTIONS *continued*	**$**	**$**	**$**	**$**

c) Owing to related parties *continued*

Management and performance fees payables are unsecured and interest free with no fixed term of repayment.

Norman Chan, a shareholder of subsidiary company, Drone Services (Fiji) Pte Ltd, has provided the right to defer payment of $12,872 as at 31 December 2018 subject to annual review.

d) Receivables from related parties

The amounts receivable as at 31 December from the following related parties are as follows:

Advance to shareholders - Richard Russell (Note 6)	185,219	-	-	-
	185,219	-	-	-

e) Directors

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

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

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

At 31 December 2018, the Group's interest bearing borrowings were payable to Fiji Development Bank with the debt amortising over a 4 year period maturing December 2021 on a variable interest rate of 10% per annum.

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 and investments, 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.

The Group held cash and cash equivalents of $627,124 at 31 December 2018 (2017: $665,729). The Company held cash and cash equivalents of $425,264 at 31 December 2018 (2017: $468,823). The cash and cash equivalents are held with banks, which are rated B to AA-, based on Standards and Poor’s (S&P) ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company and the Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

Accordingly, due to short maturities and low credit risk, on initial application of IFRS 9, the Group and the Company did not recognise an impairment allowance against cash and cash equivalents as at 1 January 2018. The amount of the allowance did not change during 2018.

Liquidity risk

At 31 December 2018, the Group did not have any material liquidity risk exposure.

18. FINANCIAL INSTRUMENTS

Fair value

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

	Carrying amount		Fair value	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Financial assets				
Cash	627,124	665,729	627,124	665,729
Financial assets	2,948,224	3,132,549	2,948,224	3,132,549

18. FINANCIAL INSTRUMENTS *contiinued*

Fair value *continued*

	Carrying amount 2018 $	Carrying amount 2017 $	Fair value 2018 $	Fair value 2017 $
Financial liabilities				
Interest bearing borrowings	51,636	-	51,636	-

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 (2017: Nil).

20. OPERATING LEASE COMMITMENTS

Operating lease commitments relates to the leasing of office space at $5,500 per month to Marco Polo Holdings Limited. The future aggregated minimum lease payments under the lease are as follows:

	Group 2018 $	Group 2017 $
Not later than one year	66,000	18,000
Later than one year and not later than 5 years	264,000	-
Later than 5 years	319,000	-
	649,000	18,000

21. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2018 (2017: Nil)

23. SEGMENT INFORMATION

(i) Business Segments

2018	Investment KGF $	Information Technology OCL $	Drone Services DSF $	Eliminations $	Consolidated $
Total revenue	-	720,903	255,194	-	976,097
Other operating income	1,076,472	34,674	-	(35,342)	1,075,804
(Loss)/profit before tax and non-controlling interest	(17,036)	181,902	(64,528)	(8,526)	91,813
Total assets	3,973,373	478,693	491,741	(607,153)	4,336,655
Total liabilities	424,503	131,156	70,667	(32,896)	593,430

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
(Loss)/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

24. COMPANY DETAILS

Company incorporation

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

Subsidiaries Oceanic Communications Pte Limited and Drone Services (Fiji) Pte Limited are private companies, 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.

Subsidiary - Oceanic Communications Pte Limited's registed office is located at Garden City Complex, Carpenter Street, Raiwai, Suva.

Subsidiary - Drone Services (Fiji) Pte Limited's registered office is located at Level 2, Provident Plaza 1, 33 Ellery Street, Suva.

25. 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 subsidiaries were involved in web-site development and support, advertising, marketing and the provision of drone services for mapping and surveying, videography, airspace security, drone-related training and education, drone hire and related equipment sales. There has been no change in the principal activities of the Group during the year.

26. 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 company and the group, the results of those operations, or the state of affairs of the Company and the Group for the year ended 31 December 2018.

Other information (Disclosure under section 51.2 of the SPX Listing Rules)

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 2018 in compliance with Listing Requirements:

Mr. Jack Lowenstein (Indirect interest: Ludwigson Holdings Pty Limited) - 89,599 shares in Kinetic Growth Fund Limited.

Mr. Erik Larson (Direct Interest) - 3,275 shares and (Indirect interest: Amy Lynn Bergquist, Karla Larson Wadd and JTWROS) - 36,452 shares in Kinetic Growth Fund Limited.

Mr. Philipp Thomas (Indirect Interest: Aequi-Libria Associates Insurance Broker Ltd) - 453,604.

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

Shareholders	No of shares
FNPF Board	1,021,700
Aequi-Libria Associates Insurance Broker Ltd	453,604
BSP Life (Fiji) Limited	281,800
Platinum Insurance Limited	244,170
FHL Media Limited	200,000
Hari Punja & Sons Limited	194,150
Carlisle (Fiji) Limited	144,150
Ludwigson Holdings Pty Ltd	89,599
Jimaima T Schultz	86,459
Ken Kung	52,293
Amy Lynn Bergquist	51,176
N S Niranjans Holdings Ltd	50,000
Timothy Raju Fong	35,204
Tutanekai Investments Limited	34,283
David Oliver	31,678
Uma Investments Limited	30,000
Olive Whippy	29,675
Erik Larson & Amy Lynn Bergquist	27,241
Nina Patel	25,000
WINPRAR Holdings Limited	21,547

(c) Board meetings

Directors	Number of meetings entitled to attend	Number of meetings attended	Apologies
Jack Lowenstein (Director)	3	3	-
Erik Larson (Independent Director)	3	3	-
Philipp Thomas	3	3	-

(d) Distribution of Share Holding

Holding	No. of holders	% Holding
Less than 500 shares	3	0.02%
501 to 5000 shares	73	5.02%
5001 to 10,000 shares	16	3.47%
10001 to 20000 shares	14	5.16%
20001 to 30000 shares	5	3.71%
30001 to 40000 shares	3	2.81%
40001 to 50000 shares	1	1.39%
50001 to 100000 shares	4	7.78%
100001 to 1000000 shares	6	42.22%
Over 1000000 shares	1	28.42%
	125	100%

Other information *continued*

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

(e) Share Register

Central Share Registry
Shop 1 & 11, Sabrina Building
Victoria Parade, Suva, Fiji

(f) Disclosure under section 51.2 (x)

	Kinetic Growth Fund Limited 2018 $	Oceanic Communications Pte Limited 2018 $	Drone Services (Fiji) Pte Limited 2018 $
Turnover	-	720,903	255,194
Other income	1,076,472	34,674	-
	1,076,472	755,576	255,194
Other expenses	(1,093,508)	(541,768)	(279,557)
Depreciation	-	(4,210)	(34,175)
Interest expense	-	(27,697)	(5,990)
Tax expenses	16,017	(36,523)	-
	(1,077,491)	(610,198)	(319,722)
(Loss)/Profit after tax	(1,019)	145,378	(64,528)
Total assets	3,973,373	478,693	491,741
Total liabilities	424,503	131,156	70,667
Shareholders' equity	3,548,871	347,537	421,074

(g) Financial performance for five years

	2018	2017	2016	2015	2014
Net profit after tax	71,307	1,285,682	426,104	(43,893)	165,599
Current assets	1,088,746	807,088	329,055	270,220	422,876
Non-current assets	3,247,909	3,151,701	2,280,252	2,001,766	1,638,138
Total assets	4,336,655	3,958,789	2,609,307	2,271,986	2,061,014
Current liabilities	416,849	271,316	185,857	274,354	161,176
Non-current liabilities	176,579	158,372	143,547	201,924	29,055
Total liabilities	593,430	429,688	329,404	476,278	190,231
Shareholders equity	3,743,226	3,529,101	2,279,903	1,795,708	1,870,783
Dividend per share	0.02	-	-	-	0.01
Earnings per share	0.02	0.36	0.11	-	0.05
Net tangible assets per share	1.04	1.01	0.60	0.51	0.52
Highest market price	1.02	0.53	0.45	0.45	0.30
Lowest market price	0.53	0.45	0.45	0.29	0.29
Year end market price	1.02	0.53	0.45	0.30	0.30

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 Subsidiaries
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
Income	**$**	**$**
Dividends	407,510	228,526
Interest on preference shares	35,342	36,267
Unrealised gain on financial assets	630,985	1,312,395
Realised gain on financial assets	1,427	51,459
Other income	1,208	-
	1,076,472	1,628,647
Expenses		
Administration fees - KPS	7,500	7,500
Audit remuneration - audit services	10,000	7,800
- other services	873	4,045
Annual general meeting expense	504	702
Bank charges	107	120
Brokerage and transaction costs	8,762	10,609
Directors fee	7,500	6,250
General expenses	1,200	2,065
Interest expense	-	15,027
Legal fees	-	5,104
Listing and share registry fee	8,280	7,004
Management fees - Kontiki Capital Limited	39,950	28,982
Performance fees - Kontiki Capital Limited	255,827	161,325
Realised loss on disposal of financial assets	-	601
Reversal of impairment for investment/(reversal) in subsidiary	375,000	(201,414)
Unrealised loss on financial assets	378,006	-
Total operating expenses	1,093,508	55,720
Operating (loss)/profit before income tax	(17,036)	1,572,927

The detailed Income Statement is to be read in conjunction with the disclaimer set out on page 43.

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DIRECTORY

The Kinetic Growth Fund

Board of Directors:
Erik Larson
Jack Lowenstein
Philipp Thomas

Company Secretary: Griffon Emose

Manager:
Kontiki Capital Pte 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 Pte 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
Shop 1 and 11
Sabrina Building
Victoria Parade
SUVA
Tel 330 4130 Fax: 330 4145
Web: www.csr.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
Shop 1 and 11
Sabrina Building
Victoria Parade
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