Kinetic Growth Fund Limited

Annual Report

2021

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CONTENTS

KINETIC GROWTH FUND LIMITED

REPORT FROM THE MANAGER

This report reviews the Kinetic Growth Fund's Limited ("KGF") activities over the year ended 31 December 2021.

1. General Review

Operating Environment

Fiji's GDP growth in 2021 was estimated to decline by 4.1% compared with a 19.8% contraction in 2020 as reported by the Reserve Bank of Fiji ("RBF"). The decline over the two years resulted from the drastic containment measures and extended closure of international borders in response to the COVID-19 pandemic. However, the easing of the pandemic restrictions, followed by the successful achievement of the targeted vaccination rate and, as well as the reopening of borders in December, led to improved economic activity.

Foreign Reserves increased to $3.2 billion as at 31 December, 2021, equivalent to 9.9 months of retained imports, compared with 7.3 months at the end of the previous year.

Inflation was at 3.0% at year end, compared with -2.8% at the end of the previous year. The increase in inflation resulted from increases in global commodity prices mostly for food and fuel, and the pandemic-induced supply chain disruptions.

Liquidity spiked substantially from $836.8 million in the previous year to $1.99 billion at year end, due to quantitative easing efforts and substantial foreign reserve inflows.

The economic activity heightened in the fourth quarter due to the relaxation of COVID-19 restrictions, provision of government funded unemployment assistance, festive season spending and the reopening of international borders.

Performance

KGF's results in 2021 showed a net loss in its consolidated Group accounts over the year. At the Holding Company level, the fund recorded a net loss of $0.2m after a further write-down of $0.12m in its associate company, Drone Services (Fiji) Pte Ltd (DSF). The following table summarises the KGF's financial performance in 2021.

	Holding Company		Group	
	2020 ($)	2021 ($)	2020 ($)	2021 ($)
Income	1,019,128	700,254	1,399,451	1,320,650
Profit/ (loss) after Tax	9,117	(196,811)	(37,924)	(204,098)
Earnings per share (cents)	0.00	(0.05)	(0.01)	(0.05)

The Group results include consolidation of Oceanic Communications Pte Ltd ("OCL"). KGF owns 50% of the ordinary equity and a majority of convertible preference shares in OCL and is therefore required to consolidate the results of the company.

Note that in line with the International Financial Reporting Standards (IFRS), KGF's audited financial statements only include the results for the Group, and not the Holding Company. Although IFRS allows companies such as KGF to not consolidate certain investee companies, KGF's Board and Manager have decided not to transition to this format at this time. As a result, the audited financial statements include only the Group results. However, in the interests of ensuring shareholders receive complete information that reflects the overall company performance, the underlying Holding Company results are shown in the appendix to this report. Both Holding Company and Group performance are analysed in this report.

Holding Company:

- KGF recorded total revenue of $0.70m, down 31.3% compared with $1.02m achieved in 2020. The decrease was largely due to the decrease in the unrealized gain on financial assets by a drop of 39.4% to $0.56m in 2021.
- Net unrealised loss in listed company investments amounted to $0.28m, mainly attributed to the increase in share price of Pleass Global Ltd (SPX: PBP) and Kontiki Finance Ltd (SPX: KFL) partially offset by the decrease in share price for FMF Foods Ltd (SPX: FMF) and Fiji Kava Ltd (ASX: FIJ). PBP, KFL and FMF are listed on the South Pacific Stock Exchange ("SPX") while FIJ is listed on the Australian Securities Exchange ("ASX").
- Furthermore, the Manager, Board and auditors all agreed that it was prudent to further write-down the carrying value in investee company, Drone Services (Fiji) Pte Ltd (DSF) in view of the current economic situation and the performance of the company which continued to operate on a limited scale throughout the year. The Manager is confident that DSF will weather the impact of COVID-19 over the long-term. If successful in doing so, the write-down would be reversed when the company's results improve.
- Moreover, KGF recorded an unrealized loss of $0.25m on financial assets for HIL. This loss was due to, HIL restating their 2020 and 2019 equity and net assets by $0.66m. During the year, HIL management concluded that the common areas and property of the investment properties should have been transferred to the body corporate that was established in 2010. The carrying value of such common areas and property previously recorded with in the investment property was $0.66m as at 30th September 2020, resulting in a decrease in both investment property and retained earnings with HIL. As a 25% shareholder in HIL and based on the equity method of valuation, KGF reduced its carrying value of its investment in HIL by $0.15m (a 25% decrease).
- Expenses for the year slightly increased by 1.2% to $1.01m compared with $1.00m in 2020. This was mainly due to the impairment loss of $0.09m in DSF. This impairment loss was due to the decrease in fair value over its carrying value over the year, which led to the decline in unrealized gain to $0.56m compared to $0.92m in 2020.
- With DSF fully written down, the holding company recorded a net loss after tax of $0.20m, compared with a net profit after tax of $9,117 in 2020.

Group

- The results at Group level differ only in the consolidation of OCL. The addition of consolidated revenue brought the total revenue was $1.32m, a 5.6% decrease compared with $1.4m in 2020, mainly due to the decrease in unrealized gain in financial assets by 39.4% over the year.
- Cost of sales increased by 75.9% to $0.15m compared with $0.09m in 2020.
- Overall, the Group recorded a net loss of $0.20m for the year compared with a $0.04m net loss tax in 2020.

Per Share Performance Measures

- At the end of 2021, KGF's net asset value ("NAV") per share and the KGF share price were $0.99 and $1.12, respectively. KGF shares were trading at a 12.93% premium to NAV.
- No Dividend was declared or paid during the year.

Other Significant Events

Significant events during the year included the following:

- KGF participated in the Share Purchase Plan (SPP) offer by Fiji Kava Ltd (FIJ) to subscribe for up to AU$30,000 worth of fully paid shares in November 2021. Taking up the full investment quota, KGF acquired an additional 375,000 FIJ shares.
- KGF received $0.1m of dividends from investee company, Halabe Investment Pte Ltd ("HIL") in September 2021. The dividends were from asset sales by HIL which resulted in a proportionate distribution to shareholders. KGF's carrying value for HIL was reduced accordingly.
- Similar to last year, investee companies continued to face cash flow constraints. Despite the challenging environment, OCL made total payments of $8,500 to KGF and DSF paid a total amount of $4,350, both representing payment of preference share dividends.

Looking Ahead

Although the effects of COVID-19 continue to be felt, there has been relaxation of pandemic-related restrictions following the achievement of the targeted vaccination rate and the subsequent opening of borders in December 2021. While economic conditions are expected to improve, the expectation is that they will do so over a period of time. Under these conditions, the long-term focus for KGF remains the same as for 2021. The Manager will continue to exercise caution and focus on the following:

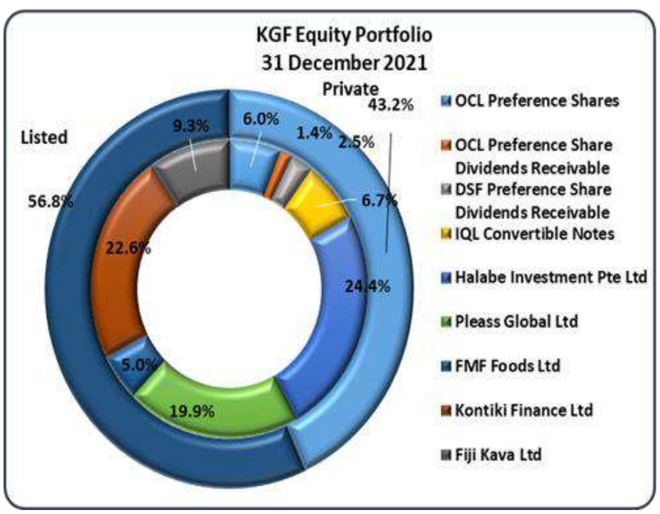
- Deploying KGF's capital in ways that offer attractive long-term returns for shareholders. This recognises that the economy will recover in future and that investment in the current environment requires a prudent and patient approach.
- Continuing to work closely with investee companies to manage the challenges of a constrained business environment and increase the value of KGF's investments. Priority will be on private equity investments OCL, DSF and IQL where playing an active role can help generate significant gains in investment value and safeguard the ability of those companies to meet repayment obligations to KGF. Here, the Manager will continue to closely monitor performance, provide financial management and advisory support as required, and assist management in strategy and planning.
- Identifying outstanding investment opportunities, including situations where asset prices have been temporarily depressed and/or are significantly below estimated valuation.

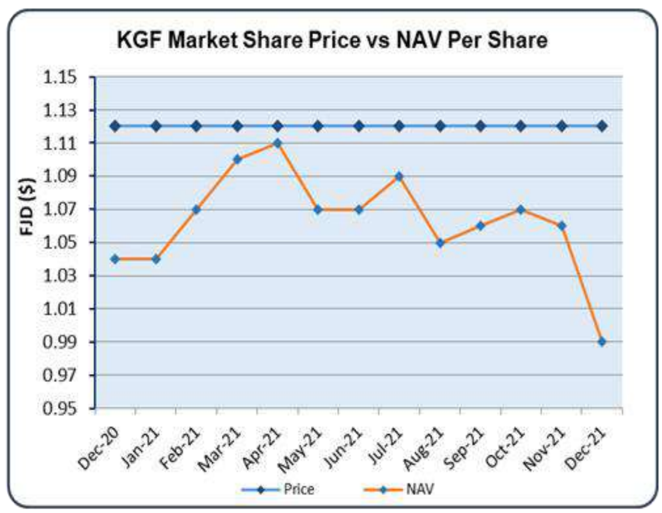
2. Portfolio Review[1]

The Fund's portfolio as at 31 December, 2021 is shown below, and includes investments in eight businesses: four listed companies and four private companies. It is noted that KGF's Net Asset Value reflects the market price of some listed investee companies which can fluctuate substantially during the year.

Shares	Company		Cost ($)	Market ($)	% Net Assets
	Oceanic Communications Pte Ltd	Unquoted			
224,256	*OCL Preference Shares*		224,256	224,256	6.0%
N/A	*OCL Preference Share Dividends Receivable*		N/A	52,471	1.4%
	Drone Services (Fiji) Pte Ltd	Unquoted			
N/A	*DSF Preference Share Dividends Receivable*		N/A	95,282	2.5%
	Island Quarries Pte Ltd	Unquoted			
250,000	*IQL Convertible Notes*		250,000	250,000	6.7%
N/A	*IQL Preference Shares Receivable*		N/A	83,956	2.2%
138,254	*Halabe Investment Pte Ltd*	Unquoted	883,443	912,361	24.4%
232,803	*Pleass Global Ltd*	SPX: PBP	185,604	744,968	19.9%
94,234	*FMF Foods Ltd*	SPX: FMF	48,194	188,468	5.0%
722,939	*Kontiki Finance Ltd*	SPX: KFL	253,681	845,839	22.6%
2,867,048	*Fiji Kava Ltd*	ASX: FIJ	371,328	347,257	9.3%
	Total Financial Assets		**2,216,505**	**3,744,858**	**100.0%**

	Cost ($)	Market ($)	% Net Assets
Private Equity	1,357,699	1,618,326	43.2%
Listed Equity	858,806	2,126,532	56.8%





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)

[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, "FY2021" refers to a 12-month period that ends during 2021 but not on 31 December (e.g. a financial year ending on 30 September, 2021 as in the case of HIL).*

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

In 2021, KGF saw a 2.7% increase in the value of its listed portfolio over the year. Gains in PBP and KFL totalling $0.19m were partially offset by the decline in FMF and FIJ totalling $0.14m. KGF received dividends totaling $0.04m from Pleass Global Ltd (PBP), Kontiki Finance Ltd (KFL) and FMF Foods Ltd (FMF), with $4,622 and $0.03m from PBP and KFL being reinvested into the companies respectively.

KGF's listed equity portfolio comprised 56.8% 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 different method(s) of valuation could result in changes to valuations.

Halabe Investments Pte Ltd (HIL)

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

- Viti Tower in Wailoku – A luxury apartment complex of which 2 additional units had been sold by the end of FY2021, in which two units remain.
- Viti Villas - A 3-villa complex on its Krishna Street, Wailoku property. Two villas remain valued at $1.25m VEP each, under negotiation for sale.

During the year, HIL sold two units in Viti Tower which allowed a dividend to be paid to shareholders, of which KGF received $0.1m. In the meantime, HIL's occupancy rate was recorded at 80% for the year.

During FY2021 (year ended 30 September 2021) operating income was $0.31m, a 22.1% decrease over the previous year, partly reflecting the reduced apartment units on HIL's books.

Operating expenses decreased by 37.8% to $0.22m in 2021 while NPAT was $0.05m compared with $0.01m in 2020.

HIL's EBITDA remained positive in FY2021 at $0.11m. Importantly, HIL's performance was achieved despite the continuing commercial rent freeze imposed by Government in 2007.

The valuation of HIL in KGF's books is on an equity basis. When KGF receives dividends from HIL stemming from asset sales, KGF decreases its carrying value of HIL by the same amount which results in no net change in KGF's total asset value. KGF recognises 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 recorded its investment in HIL at $0.91m at the end of 2021, reflecting the $0.1m of dividends received during the year.

At its fiscal year end, HIL restated its net assets and equity, each decreasing by $0.66m. The restatement corrected 2019 and 2020 figures which had included common areas and property that should have been transferred to the body corporate established in 2010. The effect of this correction was a decrease in investment properties and retained earnings by $0.66m which resulted to KGF recording an unrealized financial loss of $0.15m at 25%.

Oceanic Communications Pte Ltd (OCL)

OCL is a full-service communications company, providing advertising, marketing, and digital communications services. 2021 was another challenging year for OCL. The advertising industry, already feeling the effects of a general downturn in business in 2019, was hit hard by COVID-19 in 2020, a situation that continued through 2021. In this environment, OCL continued to maintain tight control of costs while continuing to aggressively seek new business opportunities.

It is to OCL's credit that in 2021, operating income increased by 63.1% to $0.60m. As a result, OCL managed to reduce its net loss after tax by 84.5% to $7,294, compared with a net loss of $0.05m in 2020.

At the Holding Company level, KGF values its investment in OCL using the equity method. Under this method, there was no change to the carrying value of the company. In addition, a proportionate share of OCL net assets and net profit or loss are included in KGF's annual statements.

Drone Services (Fiji) Pte Ltd (DSF)

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 working with regional parties on such initiatives.

The industry continued to face significant challenges due to COVID-19 in 2021. Remarkably, DSF managed to increase its revenue by 27.1% to $0.44m, mainly due to an increase in surveying business and inspection processing by $0.18m. The increased revenue helped the company reduce its net loss by 54.9% to $0.11m compared with $0.24m in 2020.

Nevertheless, the Management and Board felt it prudent to write-down the carrying value of KGF's investment in DSF, in view of continued cash-constraints stemming from a general downturn in business. KGF is confident that DSF will eventually bounce back as the economy recovers, at which point the write-down could be reversed,

Island Quarries Pte Ltd (IQL)

IQL operates the Mau Quarry, located in Namosi, approximately 50km from Suva. Through its quarry operations, IQL is involved in the extraction and supply of rock, gravel and other stone aggregates for the Building & Construction industry, including for buildings, roads, bridges and other civil / infrastructural developments.

Following the tragic landslide in early 2020 at the quarry site, operations at the quarry remained suspended throughout 2021. However, IQL continued with the site rehabilitation/clean-up plan as agreed with the investigations by the Mineral Resources Department (MRD) during the year.

In early 2022, IQL finally received an uplift of the stop work order by MRD and was cleared to re-commence operations once final rehabilitation works are completed. The Company now expects to re-commence operations by mid-year.

Summary of Private Equity Portfolio

The following table summarises the performance of the individual companies in which KGF was invested throughout the year. This does not include IQL which was not operational in 2022 as explained above.

	Revenues			EBITDA			NPAT		
	2020 ($)	2021 ($)	Movement	2020 ($)	2021 ($)	Movement	2020 ($)	2021 ($)	Movement
HIL	393,384	306,356	(22.1%)	70,039	110,873	58.3%	11,438	53,672	369.2%
OCL	380,323	620,396	63.1%	56,710	96,397	70.0%	(47,041)	(7,294)	(84.5%)
DSF	346,669	440,650	27.1%	(146,753)	(5,972)	(95.9%)	(241,147)	(108,691)	(54.9%)

Overall Portfolio Performance

In summary, KGF's portfolio size declined by 5.4% to $3.74m in 2021 compared with $3.96m in 2020. This was due largely to the fully write down in associate company, Drone Services (Fiji) Pte Ltd (DSF).

KGF also received $0.14m in dividends representing a 52.6% increase compared with $0.09m in 2020. Of this, KGF received $0.10m in dividends from HIL alone.

COVID-19

The Coronavirus pandemic has had a profound impact on the Fiji economy and the general business and investment environment.

It is expected that all businesses in KGF's portfolio will continue to be adversely affected to varying degrees. In the public markets, stock prices are expected to trend downwards, and realise lower capital gains than in recent years, as the underlying businesses are impacted.

At this stage, the exact effects of COVID-19 on KGF's investments and the Fund as a whole in 2021 are difficult to quantify. The Board and Manager will continue to closely monitor the situation as the year unfolds and where appropriate, adjust the portfolio valuations and structure. The Manager will also continue to provide support and guidance to KGF's subsidiaries where appropriate, as the companies navigate through a very challenging environment.

3. Corporate Governance Statement

The Kinetic Growth Fund Limited (KGF or "the Company") is managed by Kontiki Capital Pte 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 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. Although the Management Agreement allows the Manager to select investments independently, all investment and other significant decisions must be endorsed at Board level.

The Board is assisted by a Company Secretary, who is a senior member of KCL's staff.

In March 2022, Mr. Andy Yuen resigned his directorship leaving one board seat vacant. KGF is actively working to fill this vacancy with a suitable candidate. With Mr. Yuen's resignation, the Board is currently made up of four directors of whom three are independent.

Corporate Governance Report:

	Principles		
1.	Establish clear responsibilities for Board oversight	Separation of duties: Clear separation of duties between Board and Manager.	The function and powers of the Board and the Manager are prescribed by KGFs Constitution, Board Charter and the Management Agreement. In addition, the Board is actively involved in KGF's operations and holds regular discussions with the Manager, through physical or on-line meetings, phone calls and email. Formal resolutions and substantial matters are reserved for formal board meetings, of which three were held during the year, however ad-hoc meetings and discussions involving directors occur on an almost weekly basis.
		Board Charter: Adopt a Board charter detailing functions and responsibilities of the Board.	A Board Charter has been implemented.
2.	Constitute an effective Board	Board Composition: Balanced Board Composition with executive and non-executive directors of which 1/3rd of total number of directors to be independent directors.	Directors are selected based on qualifications, experience and competencies. The Board currently has four directors of whom two are independent.
		Gender Diversity: Do you have a policy for promoting gender diversity at Board level and have you achieved your policy goals?	While KGF does not have a specific "gender diversity" policy, the Board Charter includes an "equal opportunities" policy which prohibits discrimination on the basis of colour, gender, religion, beliefs, sexual orientation or marital status. The Board currently has one female member.
		Nomination Committee: Selection, approval, renewal and succession of directors to be conducted by Nomination Committee in accordance with Articles of Association of the Company and Fit and Proper Policy of Reserve Bank.	KGF's Constitution governs the appointment and rotation of directors. Given the size of the Board, this role is overseen by the Board in accordance with the Constitution, Board Charter and RBF policies.
		Board Evaluation: Process of evaluation of performance of the Board, its Committees and individual directors. Evaluation to be linked to key performance indicators of the listed entity.	The Board's effectiveness is gauged against priorities set and discussed at each AGM. Board / committee evaluation is conducted on an annual basis.
		Directors Training: Directors' training and induction procedure to be in place to allow new directors to participate fully and effectively.	Director training and induction process are specified in the Board Charter.
		Board Sub-committees: Board must have sub-committees which must at a minimum include - • Audit Committee; • Risk Management Committee; and • Nomination Committee/Recruitment Committee.	An Audit Committee is in place. Given the size of the organisation and the Board, the remaining roles are carried out by the Board and Manager, in accordance with the Constitution and Board Charter.

3.	Appointment of Chief Executive Officer / Managing Director	CEO: To appoint a suitably qualified and competent Chief Executive Officer/ Managing Director	Not applicable. Under the Management Agreement, KGF is managed by KCL.
4.	Appointment of a Board and Company Secretary	Company Secretary: Board to appoint a suitably qualified and competent company secretary, who is accountable to the Board, through Chair, for all compliance and governance issues.	KGF has one company secretary who is a senior member of KCL's staff.
5.	Timely and balanced disclosure	Annual Reports: Timely and accurate disclosures are made in Annual reports as per Rule 51 of Listing Rules.	The Board maintains the function of oversight while it is the responsibility of the Manager to ensure that all disclosures, compliance or otherwise, including Annual Reports and company announcements are released to the SPX in a balanced and timely manner. Likewise, remuneration is fully disclosed to shareholders and any changes are also approved by the shareholders.
		Payment to Directors and Senior Management: Sufficient information to be provided to shareholders on remuneration paid to directors and senior management.	
		Continuous Disclosure: General disclosures or company announcements to be made in a timely manner. The disclosures should be factual without omitting material information and to be expressed in a clear and objective manner to shareholders.	
6.	Promote ethical and responsible decision-making	Code of Conduct: To establish a minimum Code of Conduct of the listed entity applicable to directors, senior management and employees and conduct regular trainings on the same.	A Code of Conduct has been implemented. The Board and Management endeavor to ensure that all decisions are ethically, economically, environmentally and socially responsible.
7.	Register of Interests	Conflicts of Interest: Transactions with related parties resulting in conflict of interest are disclosed and a register is maintained for this purpose.	A Conflicts of Interest Policy has been implemented. With the Board's oversight, the Manager is responsible for keeping and maintaining a Register of Interests. Furthermore, KGF as part of its compliance with listing requirements, submits its Semi-Annual Returns to the SPX bi-annually.
8.	Respect the rights of shareholders	Communication with shareholders: To design communication strategy to promote effective communication with shareholders and encourage their participation. Examples: Communication through Annual Reports, Annual General Meetings, or any other means of electronic communication.	Rights of shareholders are detailed and protected under KGFs Constitution. 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.
		Website: To create and maintain a Website of the listed entity to communicate effectively with shareholders and other stakeholders. All matters of importance to be updated regularly on the Website.	Information is channeled through the Manager's corporate website. www.kontiki.com.fj

		Grievance Redressal Mechanism: To establish a Grievance Redressal Mechanism for Shareholders to address shareholders complaints and grievances.	A Grievance Redressal Mechanism policy has been implemented.
		Shareholders' Complaints: To provide the number of shareholders' complaints received and attended to during the year. Provide reasons if any complaint is unresolved or unattended.	The Compliance Officer maintains a complaints register and any grievances is handled through the Grievance Redressal Mechanism. No complaints were lodged during the year.
		Corporate Sustainability: To adopt a business approach that creates long-term shareholder value by embracing opportunities, managing risks, maximising profits and minimising negative social, economic, and environmental impacts.	The business approach is set by the Board and Manager and reviewed at least annually. In practice, the Board is very actively involved in all strategic and commercial decision-making, in close partnership with the Manager.
9.	Accountability and audit	Internal Audit: To appoint an internal auditor or an alternative mechanism to achieve the objectives of risk management, control and governance.	Given KGF's size, an internal auditor is not used. 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.
		External Audit: To appoint an external auditor who reports directly to the Board Audit Committee.	An external auditor is appointed annually.
		Rotation of External Auditor: To appoint the external auditor for a fixed term requiring senior partner of the audit firm to rotate once in every three or less financial years.	The Board periodically seeks proposals from various audit firms for consideration. Where the same auditor is used for an extended period of time, the audit partner is rotated every three years and the audit Manager is also rotated regularly.
		Audit Committee: To establish an Audit Committee comprising of at least 3 members of which majority are independent and Chair is not Chair of the Board.	An audit committee has been appointed and includes two directors, one of whom is independent, with the Manager's representative. As the independent director on the committee also chairs the Board, the second director chairs the audit committee.
10.	Risk Management	Risk Management Policy: To establish a Risk Management Policy to address risk oversight, risk management and internal control. The Policy to clearly define the roles and responsibilities of the Board, Audit committee, management and internal audit function.	The Board and Manager identify key business and operation risks at each board meeting. Appropriate controls are then established to manage and/or mitigate risks identified. The respective responsibilities are governed by the Corporate Governance policy and Board Charter.
		Whistle Blower Policy: As part of risk management strategy, establish a Whistle Blower Policy by creating a mechanism of reporting concerns of unethical behavior, actual or suspected	A Whistle Blower policy has been implemented.

		fraud or violation of the listed entity's code of conduct or ethics policy, SPX Rules or Companies Act. [Refer Rule 68 of the Listing Rules]	

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 busy personal schedules and the fact that three of the directors, including the Chairman, continued to actively participate despite being unable to travel to Fiji due to COVID-19 restrictions.

The Manager also wishes Mr. Andy Yuen well in his future endeavours. Mr. Yuen recently resigned as director and the Manager acknowledges his valuable and active contribution during his time on the KGF board.

Although 2021 was yet another challenging year for investment generally, we see light at the end of the tunnel as Fiji eases internal restrictions and rebuilds its tourism industry. The Manager and Board also view the decreases in some public market prices and profitability in some of the investee companies as temporary and not indicative of the future potential of these companies.

The Manager and the 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

APPENDIX

KINETIC GROWTH FUND LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2021
Profit and Loss Statement

	2020 KGF (MGMT)	2021 KGF (MGMT)
Revenue		
Dividend income	91,072	138,941
Unrealised gain on financial assets	923,860	559,842
Other income	4,196	1,471
	1,019,128	**700,254**
Gross Profit	**1,019,128**	**700,254**
Administration fees	8,175	7,500
Accounting and Auditors remuneration	36,867	14,841
Bank charges	224	60
Directors fees	10,417	12,500
Expected Credit losses	56,080	($6,319)
Impairment loss on financial assets	-	92,741
Unrealised loss on financial assets	818,983	835,508
Listing and share registry fees	6,316	6,437
Management fees - Kontiki Capital Limited	44,343	44,565
Other expenses (AGM,Printing, Brokerage, Other)	15,690	853
Total Expenses	**997,095**	**1,008,686**
Profit/ (Loss) from operations	**22,033**	**($308,432)**
Finance income	94,126	116,509
Share of loss from associate	($119,465)	($27,292)
Loss before income tax	**($3,306)**	**($219,215)**
Income tax benefit	($12,423)	($22,404)
Net Profit/ (Loss) after income tax	**9,117**	**($196,811)**

KINETIC GROWTH FUND LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2021
Statement of Financial Position

	2020 KGF (MGMT)	2021 KGF (MGMT)
Non- Current Assets		
Financial assets	3,484,779	3,288,892
Investment in subsidiary	224,256	224,256
Investment in associate	120,030	0
Deferred tax asset	5,608	4,976
Total Non-Current Assets	**3,834,673**	**3,518,124**
Current Assets		
Cash and cash equivalents	136,139	115,806
Receivables from related parties	133,075	186,973
Other assets	65	-
Allowance for expected credit loss	(56,080)	-
Total Current Assets	**213,199**	**302,779**
Total Assets	**4,047,872**	**3,820,903**
Equity and Liabilities		
Shareholders' Equity		
Shareholder's capital	3,807,261	3,807,261
Current year earnings/ (loss)	9,117	(196,811)
Retained earnings	170,253	179,372
Total Shareholders' Equity	**3,986,631**	**3,789,822**
Non-current Liabilities		
Deferred tax liability	25,928	2,892
Total non-current liabilities	**25,928**	**2,892**
Current Liabilities		
Trade and other payables	29,935	20,877
Payable to related parties	5,378	7,312
Total current liabilities	**35,313**	**28,189**
Total liabilities	**61,241**	**31,081**
Total equity and liabilities	**4,047,872**	**3,820,903**

In accordance with a resolution of the Board, the Directors present their report on the consolidated entity (Kinetic Growth Fund Limited and its subsidiary) consisting of the Kinetic Growth Fund Limited (the Company) and its subsidiary (collectively, the Group) as at 31 December 2021. Financial comparisons used in this report are the results for the year ended 31 December 2021 compared with the year ended 31 December 2020.

The historical financial information included in this Directors Report has been extracted from the Audited Consolidated 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 Group and whether the Group are a going concern.

Principal Activity

The principal activity of the Company is to invest shareholders funds in private equity projects and shares with the objective of generating high growth returns for shareholders over the long term. This involves identifying suitable investments, negotiating with and conducting due diligence on prospects, investing shareholders funds and managing investments on an ongoing basis. The subsidiary is involved in advertising, marketing and new media agency focused on integrated online and offline communication strategies. There has been no change in the principal activities of the Group during the year.

Results of Operations

The Group's operating loss for the year attributable to members of the Company was ($202,789) (2020: operating loss of $29,480) after an income tax benefit of $26,352 (2020: $13,588).

- Our Strategy

  Our strategy is focused on maximising shareholder value through exposure to 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 the Company's criteria;
  - Developing and maintaining strong relationships with investee companies to allow the Manager, Kontiki Capital Pte Limited (KCL) 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 stock exchange listings to allow the Company 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 FY2021, priorities identified within our strategy were as follows:

  - Continue to grow Net Tangible Asset 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; and
  - Work closely with investee companies to build resilience in the COVID-19 environment.

- Our Priorities In The Future

  Looking ahead, our priorities in FY2022 will remain essentially the same as was with FY2021.

Results of Operations continued

- Key statistics

	Group
Number of Employees	13
Revenue	850,698
Total Assets	4,236,116
Net Assets	3,679,022
Net Loss	(204,098)

Dividends

During the year no dividend has been declared or paid by the Directors (2020: Nil).

Significant Events During the Year

1) The coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus continue to have a significant impact on global markets and economic activity. Fiji is still feeling the impact with business disruption and levels of activity reducing in several market sectors.

   The Group has remained operational since this declaration and continues to engage in its principal activity. We have not seen a significant impact on our business to date. The Directors and management are carefully considering the impact of the COVID-19 pandemic on the Group and assessing future operational options. The future financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Group cannot control.

   The Directors and management believe the Company has sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak.

   On 25 April 2021, in response to the COVID-19 pandemic, the Government announced a number of measures including lockdown of certain containment areas within Viti Levu. Under the lockdown restrictions, all non-essential businesses are required to be closed unless the workplace was deemed part of a permitted industry as set out by the Government.

   In July 2021 the Fijian Government ramped up its vaccination drive with a national target of 80 percent of the target population to be fully vaccinated by 31 October 2021. The Government was able to attain 90 percent in November and as a result the current containment measures with restrictions are easing as the fully vaccinated percentage increases. Furthermore, Fiji's borders were opened in December 2021 increasing economic activity. The duration and extent of the pandemic and related financial, social and public health impacts of the COVID-19 pandemic are uncertain.

2) The Company's investee company, Island Quarries Pte Limited (IQL) continued to work with regulatory authorities and other stakeholders on the re-opening of IQL's Mau quarry site. Operations at the quarry had been suspended to allow investigations by the Mineral Resources Department (MRD) following a landslide in 2020. In October 2020, the MRD issued a Temporary Uplift of Stop Work Notice to allow IQL to commence site rehabilitation and clean-up.

   Other than the matters described above, no other matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results or cash flows of those operations, or the state of affairs of the Group in future financial years.

Events Subsequent to Year End

In January 2022, the Mineral Resource Department (MRD) issued an Uplift of Stop Work Notice to allow IQL to complete rehabilitation works and re-commence production following a final site inspection by MRD.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial periods.

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
Andy Sung Ho Yuen - resigned on 15 March 2022
Siale Yee

Details of Directors shareholdings in the Company as at 31 December 2021 are shown in the table below:

Director	Number of shares held
Erik Larson	39,727
Jack Lowenstein	89,599
Philipp Thomas	453,604
Andy Sung Ho Yuen	10,000

Going Concern

The Directors consider that the Group will continue as a going concern. The Directors believe that the basis of preparation of financial statements is appropriate and the Group will be able to continue its operations for at least 12 months from the date of signing this report.

Bad Debts and Allowance for Expected Credit Loss

Prior to the completion of the financial statements of the Group, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of allowance for expected credit loss. In the opinion of the Directors, adequate allowance has been made for expected credit loss.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for expected credit loss in the Group, inadequate to any substantial extent.

Current and Non-Current Assets

Prior to the completion of the financial statements of the Group, the Directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to current and non-current assets in the Group’s financial statements misleading.

Unusual Transactions

In the opinion of the Directors, the results of the operations of the Group during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report, any item, transaction or event of a material unusual nature, likely in the opinion of the Directors, to affect substantially the results of the operations of the Group in the current financial year.

Other Circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which render any amounts stated in the financial statements misleading.

Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed in the financial statements and / or those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of any company in the Group or of a related corporation) by reason of a contract made by any company in the Group or by a related corporation with the Director or with a company of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Board and Committee meeting attendance

Details of the number of meetings held by the Board during the financial year ended 31 December 2021, and attendance by the Board members, are set out below:

Director	Number of meetings	
	A	B
Erik Larson	3	3
Jack Lowenstein	3	3
Philipp Thomas	3	3
Andy Sung Ho Yuen	3	3
Siale Yee	3	3

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

Auditor's 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 Kinetic Growth Fund Limited and its subsidiary on page 7.

This report is made on the 28th day of March 2022 in accordance with a resolution of the Directors.

....
Erik Larson
Chairperson

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

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

(a) In the Directors' opinion, the consolidated financial statements and notes of the Group for the financial year ended 31 December 2021:

(i) give a true and fair view of the financial position of the Group as at 31 December 2021 and of the performance of the Group for the year ended 31 December 2021; 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 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

28 March 2022
Suva, Fiji

Building a better
working world

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1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

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

As lead auditor for audit of Kinetic Growth Fund Limited and its subsidiary for the financial year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Kinetic Growth Fund Limited and its subsidiary during the financial year.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji

28 March 2022

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Independent Audit Report

To the shareholders of Kinetic Growth Fund Limited

Report on the Financial Statements

Opinion

We have audited the consolidated financial statements of Kinetic Growth Fund Limited and its subsidiary (collectively "the Group"), which comprise the consolidated statement of financial position of the Group as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and of its 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 ("ISA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with *International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description on how our audit addressed the matters is provided in that context.

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

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Independent Audit Report *continued*

Valuation of unquoted investments

Why significant	How our audit addressed the key audit matter
As at 31 December 2021, the Group held an investment in unquoted financial assets amounting to $912,361. This represents 22% of the total assets of the Group. Disclosures in relation to this investment are included in Note 9 of the consolidated financial statements. For investments where there is no active market, the determination of fair value generally involves significant judgment and estimation. Potential valuation techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or share of net assets in the companies in which investments are held. The Group used the net asset value of the investee company at 30 September 2021 as the principal basis to determine the fair value of its unquoted investment at 31 December 2021. Movements in fair value during the year of these financial assets have been recognised in the consolidated Statement of Profit or Loss and Other Comprehensive Income.	In obtaining sufficient appropriate audit evidence we: ► Obtained an understanding of the Group's process and valuation techniques used in determining the fair value of the unquoted investment. ► Obtained the audited financial statements as at 30 September 2021 and recalculated the movement in net asset value recorded in the Group's consolidated financial statements. We also assessed the financial performance of the investee company between the date of the audited financial statements and the date of the Group's consolidated financial statements by consideration of its unaudited financial reporting information for that period, including consideration of any significant transactions occurring, to assess whether the use of net assets remained a valid valuation basis or whether any adjustment was required to the recorded amount. ► Compared the recorded movement in the value of the unquoted investment's major asset, an investment property, to our knowledge of market changes in the values of comparable properties. ► Obtained confirmation from the investee company of the number of shares held by the Group. ► Evaluated whether the fair value measurements were in accordance with IFRS; and ► Assessed whether the financial statement disclosures in respect of the valuation of the unquoted investment were in accordance with IFRS 13.

Independent Audit Report *continued*

Other Information

The Directors and management are responsible for other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2021 but does not include the consolidated financial statements and the Auditor's Report thereon.

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

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

Responsibilities of the management and those charged with governance for the Consolidated Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as Directors and management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, Directors and management are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management and the Directors either intend to liquidate the Group to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

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

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Independent Audit Report *continued*

Auditor's Responsibilities for the Audit of the consolidated Financial Statements *continued*

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Directors.

- Conclude on the appropriateness of management and the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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Independent Audit Report *continued*

Auditor's Responsibilities for the Audit of the consolidated Financial Statements *continued*

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

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and:

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

(ii) the Group has kept financial records sufficient to enable the consolidated financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji

28 March 2022

KINETIC GROWTH FUND LIMITED and its subsidiary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Group	
		2021	2020
		$	$
Operations			
Rendering of services	3(a)	588,537	364,482
Cost of sales		(153,604)	(87,336)
Gross profit		434,933	277,146
Other income	3(b)	172,278	215,986
Depreciation and amortisation		(61,955)	(59,763)
Employee benefits expense	3(d)	(334,374)	(248,662)
Other operating expenses	3(c)	(392,127)	(165,727)
(Loss) before interest and tax		(181,245)	18,980
Finance income	3(e)	89,883	69,550
Finance costs	3(f)	(19,058)	(20,577)
Share of loss from investment in associate	8	(120,030)	(119,465)
(Loss) before income tax		(230,450)	(51,512)
Income tax benefit	4(a)	26,352	13,588
(Loss) from continuing operations		(204,098)	(37,924)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		(204,098)	(37,924)
Attributable to:			
Equity holders of the company		(202,789)	(29,480)
Non-controlling interest		(1,309)	(8,444)
		(204,098)	(37,924)
Earnings per share			
• Basic/ diluted, for (loss) of the year attributable to ordinary equity holders of the parent	15	$ (0.05)	$ (0.01)

The accompanying notes form an integral part of this Consolidated Statement of Profit or Loss and Other Comprehensive Income.

KINETIC GROWTH FUND LIMITED and its subsidiary
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group	
		2021	2020
		$	$
(Accumulated loss)/Retained earnings			
At 1 January		50,150	79,630
Total comprehensive (loss)		(202,789)	(29,480)
At 31 December		(152,639)	50,150
Non-controlling interest			
At 1 January		25,709	34,153
Total comprehensive (loss)		(1,309)	(8,444)
At 31 December		24,400	25,709
Share capital			
At 1 January		3,807,261	3,807,261
Movement during the year		-	-
At 31 December	14	3,807,261	3,807,261
Total shareholders' equity		3,679,022	3,883,120

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

KINETIC GROWTH FUND LIMITED and its subsidiary
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	Group	
		2021	2020
		$	$
Assets			
Current assets			
Cash and short term deposits	5	205,925	175,722
Trade and other receivables	6	314,000	188,958
Income tax refundable	7	253	50,364
		520,178	415,044
Non-current assets			
Deferred tax assets	4 (c)	18,304	14,877
Investment in associate	8	-	120,030
Financial assets	9	3,288,892	3,484,779
Plant and equipment	10	41,604	23,690
Right-of-use asset	11 (a)	367,138	420,848
		3,715,938	4,064,224
Total assets		4,236,116	4,479,268
Current liabilities			
Trade and other payables	12	133,312	113,213
Employee benefit liabilities	13	32,734	20,314
Lease Liability	11 (b)	66,000	66,000
		232,046	199,527
Non-current liabilities			
Deferred tax liability	4 (c)	2,892	25,928
Lease liability	11 (b)	322,156	370,693
		325,048	396,621
Total liabilities		557,094	596,148
Net assets		3,679,022	3,883,120
Shareholders' equity			
Share capital	14	3,807,261	3,807,261
(Accumulated loss)/ retained earnings		(152,639)	50,150
		3,654,622	3,857,411
Non-controlling interest		24,400	25,709
Total shareholders' equity		3,679,022	3,883,120

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

KINETIC GROWTH FUND LIMITED and its subsidiary

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		Group	
		2021	2020
		$	$
Operating (loss)		(204,098)	(37,924)
Adjustments for non-cash items			
Depreciation of plant and equipment		8,245	6,072
Depreciation of right-of-use assets		53,710	53,691
Unrealised loss/(gain) on financial assets		275,666	(104,877)
Rental concession		(25,737)	(13,475)
Impairment loss on investment in associate		92,738	58,913
Share of loss from investment in associate		27,292	60,552
Interest on preference shares and convertible notes		(85,533)	(62,292)
Expected credit losses		(1,562)	19,458
Employee benefits accrued		12,420	2,631
		153,141	(17,251)
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(22,104)	59,566
(Increase)/decrease in deferred tax assets		(3,427)	166
Decrease in deferred tax liabilities		(23,036)	(6,815)
Increase in trade and other payables		44,259	3,933
Decrease/(increase) in income tax refundable		50,111	(7,396)
Cash flows from Operating Activities		198,944	32,203
Investing activities			
Payments for plant and equipment		(26,159)	(4,728)
Proceeds from disposal of financial assets		-	13,750
Payments for financial assets		(79,775)	(80,000)
Cash flows (used in) Investing Activities		(105,934)	(70,978)
Financing activities			
Payments to related parties, net		(40,007)	(62,852)
Lease payments - principal portion only		(22,800)	(33,191)
Cash flows (used in) Financing Activities		(62,807)	(96,043)
Net increase/(decrease) in cash and cash equivalents		30,203	(134,818)
Cash and cash equivalents at 1 January		175,722	310,540
Cash and cash equivalents at 31 December	5	205,925	175,722

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

1. Corporate information

The consolidated financial statements of Kinetic Growth Fund Limited (the Company) and its subsidiary (collectively, the Group) for the year ended 31 December 2021 were authorised for issue with a resolution of the Directors on 28 March 2022.

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 Company and the Group is outlined in Note 22. Information on related party relationships of the Company and the Group is provided in Note 16.

1.1 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for equity financial assets that have been measured at fair value. The consolidated financial statements are presented in Fiji dollars, which is the Group's functional and presentation currency, rounded to the nearest dollar except when otherwise indicated.

Statement of compliance

The 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).

Going Concern

The financial statements have been prepared on a going concern basis as the Group will be able to continue its operations for at least 12 months from the date of signing this financial statements.

1.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Kinetic Growth Fund Limited and its subsidiary, Oceanic Communications Pte Limited (OCL) as at 31 December 2021.

Subsidiary

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of the voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from the other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.2 Basis of consolidation continued

Subsidiary continued

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

1.3 Changes in significant accounting policies

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform- Phase 2

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered interest rate (IBOR) is replaced with an alternative nearly risk- free rate (RFR). These amendments have no impact on the consolidated financial statements of the Group as the Group does not have any interest rate hedge relationships but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

In May 2021, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees for accounting for rent concessions from lessors specifically arising from the COVID-19 pandemic. While lessees that elect to apply the practical expedient do not need to assess whether a concession constitutes a modification, lessees still need to evaluate the appropriate accounting for each concessions as the terms of the concession granted may vary. The Group has early adopted this amendment and the impact is detailed in Note 11.

1.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New standards and amendments	Effective date
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	1 January 2022
IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities	1 January 2022
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2022

1.5 Summary of significant accounting policies

(a) Foreign currencies

The financial statements are presented in Fijian dollars, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(b) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (j) Revenue.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

• Financial assets at amortised cost (debt instruments)
• Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group’s financial assets at amortised cost includes cash and cash equivalents, trade and other receivables and convertible notes included under financial assets.

1.5 Summary of significant accounting policies continued

(b) Financial instruments – initial recognition and subsequent measurement continued

i) Financial assets continued

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes quoted and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

• The rights to receive cash flows from the asset have expired; or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

Further disclosures relating to impairment of trade receivables is also provided in Note 17. The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.5 Summary of significant accounting policies continued

(b) Financial instruments – initial recognition and subsequent measurement continued

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and lease liabilities.

Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified at amortised cost.

Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(c) Plant and Equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. 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 are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Furniture and fittings	12%
Computer equipment	24%
Office equipment	12%

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) 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 the statement of profit or loss when the asset is derecognised.

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

1.5 Summary of significant accounting policies continued

(d) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Office space lease 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (f) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

1.5 Summary of significant accounting policies continued

(e) Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'share of profit in associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(f) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

1.5 Summary of significant accounting policies continued

(f) Impairment of non-financial assets (continued)

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

(g) Cash and short term deposits

Cash and short term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(h) Taxes

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.

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 Group 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 profit or loss and other 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 at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, 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

1.5 Summary of significant accounting policies continued

(h) Taxes continued

Deferred tax continued

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:

- When 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
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, 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 profits 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 re-assessed 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.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value Added Tax (VAT)

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

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

ii) When receivables and payables are stated with the amount of VAT 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.

(i) 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.

1.5 Summary of significant accounting policies continued

(j) Revenue

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

i) Interest revenue and expense

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

ii) Dividend revenue and expense

Dividend revenue is recognised on the date when the Group’s right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the shareholders’ right to receive the payment is established.

iii) Net gain or loss on financial assets and liabilities at fair value through profit or loss

Net gains or losses on financial assets and liabilities at FVPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior period’s unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the first-in, first-out (FIFO) method. They represent the difference between an instrument’s initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

(k) Fair value measurement

The Group measures non-financial assets such as quoted and unquoted shares at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability; or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
• Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
• Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
• Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

1.5 Summary of significant accounting policies continued

(k) Fair value measurement continued

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

(l) Expenses

Administration fees

Administration fees are 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 Gross 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.

(m) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its clarification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(n) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current year.

(o) Geographical segment

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

1.6 Significant accounting judgments, estimates and assumptions

The preparation of the Group's 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. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due. The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in Note 17.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has $463,869 (2020: $232,110) of tax losses carried forward. The Group does not have any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by $68,766 (2020:$46,422). Further details on taxes are disclosed in Note 4.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

1.6 Significant accounting judgments, estimates and assumptions continued

Estimates and assumptions continued

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Fair value measurement of financial instruments

When the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 9 for further disclosures.

2. REVENUES

The 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 company is related to services provided. These services includes advertising, marketing and new media agency focused on integrated online and offline communication strategies.

		Group	
		2021	2020
3.	OPERATING (LOSS)	$	$
	Operating (loss) before income tax has been determined after charging/crediting:		
(a)	Revenue		
	Designing	125,369	108,338
	Domain name registration	1,563	4,659
	Email marketing	3,869	-
	Hosting	52,989	76,623
	Marketing/advertising	30,378	9,270
	Media placement	257,812	94,036
	Project	8,542	3,707
	Maintenance	227	-
	Web development	107,788	67,849
		588,537	364,482
(b)	Other income		
	Dividends	138,941	91,072
	Net unrealised gain on financial assets	-	104,877
	Other income	33,337	20,037
		172,278	215,986

		Group	
		2021	2020
3.	OPERATING (LOSS) continued	$	$
(c)	Other operating expenses		
	Accounting services	5,311	36,575
	Administration fees	7,500	8,175
	Auditors remuneration - audit services	15,000	15,000
	Directors fee	12,500	10,417
	Movement in expected credit loss	(1,562)	19,458
	Listing and share registry fees	6,437	6,316
	Management fees	44,565	44,343
	Other expenses	26,710	25,443
	Net unrealised loss on financial assets	275,666	-
		392,127	165,727
(d)	Employee benefits expenses		
	Staff costs	334,374	248,662
(e)	Finance income		
	Interest income	89,883	69,550
(f)	Finance costs		
	Interest expense	19,058	20,577

4. INCOME TAX

(a) A reconciliation between tax expense and the product of accounting loss multiplied by the tax rate for the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
	$	$
Accounting loss before income tax	(230,450)	(51,512)
Prima facie tax benefit thereon at 10%	(23,045)	(5,151)
Difference in tax rate	(3,381)	(4,821)
Non-deductible items	(2,190)	2,167
Current year losses (utilized)/ not recognised	(2,168)	23,491
Under/(over) provision in prior year	4,432	(6,939)
Restatement of deferred tax liability	-	(22,335)
Income tax benefit	(26,352)	(13,588)

		Group	
		2021	2020
4	INCOME TAX continued	$	$
(b)	Current income tax:		
	Current income tax benefit	(26,352)	(13,588)
	Income tax benefit	(26,352)	(13,588)
(c)	Deferred tax		
	Deferred income tax at 31 December relates to the following:		
	Deferred tax assets		
	Expected credit losses	7,198	6,878
	Employee entitlements	6,547	4,063
	Accelerated depreciation for accounting purposes	356	767
	Difference between right-of-use assets and lease liability	4,203	3,169
		18,304	14,877
	Deferred tax liability		
	Unrealised gain on investments	(2,892)	(25,928)
		(2,892)	(25,928)

5.	CASH AND SHORT TERM DEPOSITS	$	$
	Cash at bank	95,872	45,396
	Short term deposit	53,867	112,813
	Kontiki Portfolio Trust	56,186	17,513
		205,925	175,722

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 3 months ending 1 May 2022. This Term Deposit bears an annual interest rate of 1% on a rollover basis.

6.	TRADE AND OTHER RECEIVABLES	$	$
	Trade receivables	179,022	141,597
	Less: Allowance for expected credit loss	(11,108)	(6,351)
		167,914	135,246
	Other receivables	11,581	11,062
	Receivable from related parties (Note 16 (c))	184,266	98,730
	Less: Allowance for expected credit loss	(49,761)	(56,080)
		314,000	188,958

	$	$
Movement in the expected credit loss were as follows:		
At 1 January	62,431	42,973
Net movement for the year	(1,562)	19,458
At 31 December	60,869	62,431

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
	$	$	$	$	$
2021	179,022	59,673	28,753	30,701	59,895
2020	141,597	38,240	31,302	11,588	60,467

	Group 2021	Group 2020
7. INCOME TAX REFUNDABLE	$	$
At 1 January	50,364	42,968
Provisional tax credits - net	(50,111)	457
Over provision in prior year	-	6,939
At 31 December	253	50,364

8. INVESTMENT IN ASSOCIATE

The Group has a 25% interest in Drone Services (Fiji) Pte Limited at balance date, which is involved in the provision of drone services for sale and hiring of commercial drones and surveying solutions. Drone Services (Fiji) Pte Limited specializes in drones for mapping, survey and infrastructure inspection and education and training. The Group's interest in Drone Services (Fiji) Pte Limited is accounted for using the equity method in the consolidated financial statements.

Associate's Statement of Financial Position	$	$
Current assets	51,771	130,746
Non-current assets	273,396	245,015
Current liabilities	(335,471)	(269,103)
Non-current liabilities	(34,434)	(42,710)
Net (liabilities)/assets	(44,738)	63,948
Associate's Statement of Profit or Loss and Other Comprehensive Income		
Revenue	440,650	346,669
Operating expenses	(497,784)	(549,573)
Finance costs	(45,865)	(36,246)
Loss before tax	(102,999)	(239,150)
Income tax expense	(5,692)	(1,997)
Loss for the year	(108,691)	(241,147)
Proportion of the Group's ownership	25%	25%
Group share of loss for the year	(27,292)	(60,552)
Add current year impairment	(92,738)	(58,913)
Total share of loss for the year	(120,030)	(119,465)
This investment is reconciled as:		
Investor shareholding		
Ordinary shares	82,500	82,500
Preference shares	217,500	217,500
	300,000	300,000
Cumulative impairment/losses		
Opening balance	(179,970)	(60,505)
Current year impairment	(92,738)	(58,913)
Group's share of loss for the year	(27,292)	(60,552)
Closing Balance	(300,000)	(179,970)
Carrying amount of the investment	-	120,030

9. FINANCIAL ASSETS

	Group 2021 $	Group 2020 $
Quoted		
FMF Foods Limited	188,468	198,834
Pleass Global Limited	744,968	658,626
Kontiki Finance Limited	845,838	741,475
Fiji Kava Limited	347,257	472,113
Unquoted		
Halabe Investments Pte Limited	912,361	1,163,731
Convertible notes		
Island Quarries Pte Limited	250,000	250,000
Total investments	3,288,892	3,484,779

Quoted shares

a) Quoted shares have been designated as fair value through profit or loss.
b) The fair value of the quoted shares is determined by reference to published price quotations in an active market.

Unquoted shares

Unquoted investments have been designated as fair value through profit or 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 $251,370 (2020: $47,141) have been recognised in profit or loss.

Convertible notes

At 31 December 2021, there were 250,000 (2020: 250,000) redeemable convertible notes ("notes") purchased from Island Quarries Pte Limited (IQL). Each note has a par value of $1.00 and is convertible at the option of the Group into ordinary shares of IQL within the next 5 years from 21 October 2020. Any note not converted at the end of the term will be redeemed at par value. The notes carry interest of 10% per annum, payable monthly. The notes rank ahead of the ordinary shares in the event of a liquidation.

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

Halabe Investments Limited

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group has an investment in Halabe Investment Pte Limited ("HIL") that has the primary activity of investment in rental properties including the development and sale of apartment properties.

HIL had sold a number of apartments in recent years and this provides a good indication on the fair value of the remaining similar properties held. Management and the Board of Directors of HIL have deemed this to be an appropriate method of valuation to estimate fair value. This is corroborated by the capitalised value of tenanted apartments at their current market rental rates.

The Group classifies the fair value of these investments as Level 2.

HIL has a single investment property comprising an apartment complex for which some have been sold, some are currently for sale and some on rent. The investment property is a significant component of the net assets of HIL and is measured using the fair value model.

9. FINANCIAL ASSETS continued

Details of financial assets	Place of incorporation	Ownership interest
FMF Foods Limited	Fiji	0.06%
Pleass Global Limited	Fiji	3.42%
Kontiki Finance Limited	Fiji	0.78%
Fiji Kava Limited	Australia	1.53%
Halabe Investments Pte Limited	Fiji	25.00%
Savusavu Harbourside Limited	Fiji	16.61%

Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 December 2021:

		Fair value measurement using			
	Date of valuation	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:		$	$	$	$
Listed equity investments:					
FMF Foods Limited	31/12/2021	188,468	188,468	-	-
Pleass Global Limited	31/12/2021	744,968	744,968	-	-
Kontiki Finance Limited	31/12/2021	845,838	845,838	-	-
Fiji Kava Limited	31/12/2021	347,257	347,257	-	-
Debt investments:					
Island Quarries Pte Limited	31/12/2021	250,000	-	250,000	-
Non-listed equity investments:					
Halabe Investments Pte Limited	30/09/2021	912,361	-	912,361	-

10. PLANT AND EQUIPMENT

Group	Plant and equipment $	Furniture and fittings $	Computer equipment $	Work In Progress	Total $
Cost					
At 1 January 2020	18,121	40,701	46,115	-	104,937
Additions	-	-	4,728	-	4,728
At 31 December 2020	18,121	40,701	50,843	-	109,665
Additions	869	330	17,624	7,336	26,159
Disposal	-	(2,033)	-	-	(2,033)
At 31 December 2021	18,990	38,998	68,467	7,336	133,791
Depreciation					
At 1 January 2020	17,458	25,201	37,244	-	79,903
Depreciation charge for the year	249	2,389	3,434	-	6,072
At 31 December 2020	17,707	27,590	40,678	-	85,975
Depreciation charge for the year	299	2,389	5,557	-	8,245
Disposals	-	(2,033)	-	-	(2,033)
At 31 December 2021	18,006	27,946	46,235	-	92,187
Carrying amount					
At 31 December 2020	414	13,111	10,165	-	23,690
At 31 December 2021	984	11,052	22,232	7,336	41,604

The Company does not own any property, plant and equipment at 31 December 2021 (2020: $Nil).

11. LEASES

Group as a lessee

(a) Right-of-use-asset

Set out below are the carrying amounts of right-of-use asset recognised and the movement during the period:

	Group	
	2021	2020
	$	$
As at 1 January	420,848	474,539
Depreciation expense	(53,710)	(53,691)
As at 31 December	367,138	420,848

(b) Lease Liability

Set out below are the carrying amount of lease liability and the movement during the period:

As at 1 January	436,693	483,359
Accretion of interest	17,463	19,334
Rental concession received	(25,737)	(13,475)
Payments made during the year	(40,263)	(52,525)
As at 31 December	388,156	436,693
Current	66,000	66,000
Non-current	322,156	370,693
Total lease liabilities	388,156	436,693

The maturity analysis of lease liability is disclosed in Note 17.

The following are the amounts recognised in profit or loss:

Depreciation expense on right-of-use asset	53,710	53,691
Interest expense on lease liability	17,463	19,334
Rental concession received	(25,737)	(13,475)
Total amount recognised in profit or loss	45,436	59,550

The Group had total cash outflow for lease of $40,263 (2020: $52,525).

12. TRADE AND OTHER PAYABLES

		$	$
Trade and other payables	Current	125,110	107,160
Owing to related parties (Note 16 (b))	Current	8,202	6,053
		133,312	113,213

Terms and conditions of the above financial liabilities:

- Trade payables are non- interest bearing and are normally settled on 60-day term;
- Other payables are non- interest bearing and have an average term of six months; and
- For terms and conditions with related parties, refer to Note 16(b).

13. EMPLOYEE BENEFIT LIABILITY

	$	$
As at 1 January	20,314	17,683
Net movement during the year	12,420	2,631
As at 31 December	32,734	20,314

	Group 2021	Group 2020
14. SHARE CAPITAL	$	$
Issued and Paid up Capital		
3,821,210 (2020: 3,821,210) ordinary shares	3,807,261	3,807,261
	3,807,261	3,807,261

15. EARNINGS PER SHARE	$	$
Operating (loss) after income tax	(204,098)	(37,924)
Weighted average ordinary shares at end of the financial year	3,821,210	3,821,210
Basic (loss) per share	(0.05)	(0.01)

Basic (loss) per share amounts are calculated by dividing operating (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 (loss) per share amounts are calculated by dividing the operating (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.

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

16. RELATED PARTY TRANSACTIONS

The consolidated financial statements of the Group include:	Country of incorporation	% equity interest	
Name		2021	2020
Oceanic Communications Pte Limited	Fiji	82%	82%

a) 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. Transactions with these entities have taken place in the ordinary course of the business and are subject to commitment agreements.

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

Transaction	Related party	Nature of transaction	Company 2021 $	Company 2020 $
Interest on preference shares	Oceanic Communications Pte	Income	26,626	24,576
Interest on preference shares	Drone Services (Fiji) Pte Limited	Income	43,552	32,626
Dividend reinvestment	Kontiki Finance Limited	Investment	31,492	30,044
Interest on convertible notes	Island Quarries (Fiji) Pte Limited	Income	46,331	36,925
Administration fees	Kontiki Portfolio Services Pte Limited	Expense	7,500	8,175
Management fees	Kontiki Capital Pte Limited	Expense	44,565	44,343

Administration, management and performance fees are subject to commitment agreements between the parties. The details of fees is outlined in Note 1.5 (l).

16. RELATED PARTY TRANSACTIONS continued

b) Owing to related parties

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

		Group 2021 $	Group 2020 $
Administration fees - Kontiki Portfolio Services Pte Limited	Current Liability	890	1,925
Management fees - Kontiki Capital Pte Limited	Current Liability	7,312	4,128
		8,202	6,053

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

c) Receivables from related parties

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

		$	$
Reimbursement of accounting service fees - Kontiki Capital Pte Limited	Current assets	5,025	5,025
Interest on preference shares - Drone Services (Fiji) Pte Limited	Current assets	95,285	56,080
Interest on convertible notes - Island Quarries Pte Limited	Current assets	83,956	37,625
		184,266	98,730
Less: Allowance for expected credit loss		(49,761)	(56,080)
		134,505	42,650

d) Compensation of Key Management Personnel of the Group

	$	$
Short-term employee benefits	55,000	55,000
Directors	12,500	10,417
Total compensation paid to key management personnel	67,500	65,417

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

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.

f) Capital management

For the purposes of the Group's capital management, capital includes issued capital and retained earnings.

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return of capital to shareholders, issue new share or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by the total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and short term deposits. Total capital is calculated as 'Shareholder's equity' as shown in the consolidated statement of financial position.

	Group 2021 $	Group 2020 $
Trade and other payables (Note 12)	133,312	113,213
Less: cash and short-term deposits (Note 5)	(205,925)	(175,722)
Net debt	(72,613)	(62,509)
Shareholder's equity	3,679,022	3,883,120
Total Capital	3,679,022	3,883,120
Gearing ratio	0%	0%

16. RELATED PARTY TRANSACTIONS continued

f) Capital management continued

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest- bearing loans and borrowings in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's Board of Directors oversees the management of these risks. The group's risk management provides assurance to the Group's Board of Directors that the Group's financial risk activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, is managing a disciplined and constructive control environment in which employees understand their roles and obligation.

Market risk

Market risk is the risk that the fair value or future value cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debts and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2021 and 2020.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign companies.

The Group is exposed to currency risk through transaction in foreign currencies. This currency mainly include Australian dollars (AUD). As the currency in which the Group presents its financial statements is the Fiji dollar, the Group's financial statements are affected by movements in the exchange rates between these currencies and the Fijian dollar.

Foreign currency sensitivity

A weakening of the Fiji dollar as at 31 December 2021, as indicated below, against the AUD would have decreased equity and the statement of profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Foreign currency sensitivity continued

The following significant exchange rates were applied during the period.

	Reporting date mid spot rate	
	2021	2020
AUD	0.6439	0.6342

	Change in AUD rate	Effect on profit before tax
		$
2021	+ 10%	(34,726)
	- 10%	34,726
2020	+ 10%	(47,211)
	- 10%	47,211

Equity price risk

The Group’s listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group’s senior management on a regular basis. The Group’s Board of Directors reviews and approves all equity investment decisions.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group’s established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on days past due and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Notes 6 and 9. The Group evaluates the concentration of risk with respect to trade receivables as low.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Trade receivables continued

Set out below is the information about the credit risk exposure on the Group's Trade receivables using a provision

31 December 2021

	Days past due				
	<30 days	30-60 Days	61- 90 Days	>90 Days	Total
	$	$	$	$	$
Expected credit Loss rate	0%	0%	0%	19%	
Estimated total gross carrying amount at default	59,673	28,753	30,701	59,895	179,022
Expected credit loss	-	-	-	11,108	11,108

31 December 2020

	Days past due				
	<30 days	30-60 Days	61- 90 Days	>90 Days	Total
	$	$	$	$	$
Expected credit Loss rate	0%	0%	0%	11%	
Estimated total gross carrying amount at default	38,240	31,302	11,588	60,467	141,597
Expected credit loss	-	-	-	6,351	6,351

Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and lease contracts. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policy and procedures include specific guidelines to focus in the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table on the next page summarises the maturity profile of the Group's financial liabilities and lease liabilities based on contractual undiscounted payment:

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Excessive risk concentration continued

	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
	$	$	$	$	$
Year ended 31 December 2021					
Trade and other payables	-	-	133,312	-	-
Lease Liability	-	-	66,000	264,000	187,000
	-	-	199,312	264,000	187,000
Year ended 31 December 2020					
Trade and other payables	-	-	113,213	-	-
Lease Liability	-	16,500	49,500	264,000	319,000
	-	16,500	162,713	264,000	319,000

18. CAPITAL COMMITMENTS

The Company in the final quarter of 2019 committed to invest a total of $0.25 million in Island Quarries Pte Limited (IQL) wholly in convertible notes. Of this commitment, Kinetic Growth Fund Limited had invested a total of $0.17 million with a remaining balance of $0.08 million owing as at 31 December 2019. The remaining balance was invested during the year ended 31 December 2020. There are no capital commitments in 2021 for the Group.

	Group	
	2021	2020
	$	$
Committed investment into Island Quarries Pte Limited	-	80,000
Less: total amount invested	-	(80,000)
	-	-

19. CONTINGENT ASSETS & LIABILITIES

The Group had no contingent assets & liabilities as at 31 December 2021 (2020: Nil).

20. SEGMENT INFORMATION

Business Segments

2021	Investment KGF $	Information Technology OCL $	Eliminations $	Consolidated $
Total revenue	-	588,537	-	588,537
Other income	140,412	31,866	-	172,278
Loss before tax and non-controlling interest	(219,208)	(11,242)	-	(230,450)
Total assets	3,825,272	687,570	(276,726)	4,236,116
Total liabilities	30,445	574,105	(47,456)	557,094
Cash flow from operating activities	90,890	108,054	-	198,944
Cash flow (used in) investing activities	(79,779)	(26,155)	-	(105,934)
Cash flow (used in) financing activities	(31,442)	(31,365)	-	(62,807)

20. SEGMENT INFORMATION continued

Business Segments continued

2020	Investment KGF $	Information Technology OCL $	Eliminations $	Consolidated $
Total revenue	-	364,482	-	364,482
Other income	200,145	15,841	-	215,986
Profit/ (Loss) before tax and non-controlling interest	(3,306)	(48,206)	-	(51,512)
Total assets	4,047,872	687,489	(256,093)	4,479,268
Total liabilities	61,241	566,730	(31,823)	596,148
Cash flow from operating activities	14,764	25,035	(7,596)	32,203
Cash flow (used in) investing activities	(66,250)	(4,728)	-	(70,978)
Cash flow (used in) financing activities	(67,950)	(35,689)	7,596	(96,043)

21. COMPANY DETAILS

Company incorporation

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

The subsidiary company, Oceanic Communications Pte Limited, is a private company, incorporated in Fiji under the Fiji Companies Act, 2015 and domiciled in Fiji.

Registered office and principal place of business

The Company's registered office is located at Level 2, Provident Plaza 1, 33 Ellery Street, Suva. Subsidiary - Oceanic Communications Pte Limited's registered office is located at Garden City Complex, Carpenter Street, Raiwai, Suva.

22. PRINCIPAL ACTIVITY

The principal activity of the Company is to invest shareholders' funds in private equity projects and shares with the objective of generating high growth returns for shareholders over the long term. This involves identifying suitable investments, negotiating with and conducting due diligence on prospects, investing shareholders funds and managing investments on an ongoing basis. The subsidiary is involved advertising, marketing and new media agency focused on integrated online and offline communication strategies. There has been no change in the principal activities of the Group during the year.

23. SIGNIFICANT EVENTS DURING THE YEAR

1) The coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus continue to have a significant impact on global markets and economic activity. Fiji is still feeling the impact with business disruption and levels of activity reducing in several market sectors.

   The Group has remained operational since this declaration and continues to engage in its principal activity. We have not seen a significant impact on the business to date. The Directors and management are carefully considering the impact of the COVID-19 pandemic on the Group and assessing future operational options. The future financial impacts, however, cannot be reasonably estimated at this time, as they will be largely the product of matters the Group cannot control.

   The Directors and management believe the Company has sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak.

23. SIGNIFICANT EVENTS DURING THE YEAR continued

1) On 25 April 2021, in response to the COVID-19 pandemic, the Government announced a number of measures including lockdown of certain containment areas within Viti Levu. Under the lockdown restrictions, all non-essential businesses are required to be closed unless the workplace was deemed part of a permitted industry as set out by the Government.

   In July 2021 the Fijian Government ramped up its vaccination drive with a national target of 80 percent of the target population to be fully vaccinated by 31 October 2021. The Government was able to attain 90 percent in November and as a result the current containment measures with restrictions are easing as the fully vaccinated percentage increases. Furthermore, Fiji's borders were opened in December 2021 increasing economic activity. The duration and extent of the pandemic and related financial, social and public health impacts of the COVID-19 pandemic are uncertain.

2) The Company's investee company, Island Quarries Pte Limited (IQL) continued to work with regulatory authorities and other stakeholders on the re-opening of IQL's Mau quarry site. Operations at the quarry had been suspended to allow investigations by the Mineral Resources Department (MRD) following a landslide in 2020. In October 2020, the MRD issued a Temporary Uplift of Stop Work Notice to allow IQL to commence site rehabilitation and clean-up.

24. EVENTS SUBSEQUENT TO YEAR END

In January 2022, the Mineral Resource Department (MRD) issued an Uplift of Stop Work Notice to allow IQL to complete rehabilitation works and re-commence production following a final site inspection by MRD. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in the future financial periods.

Other information

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in this consolidated 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 2021 in compliance with Listing Requirements:

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

Mr. Erik Larson (Direct Interest) - 39,727 shares (from which 36,452 shares is joint owned with Amy Lynn Bergquist, Karla Larson Wadd and JTWROS) and 51,176 shares in Kinetic Growth Fund Limited (Indirect interest - Amy Lynn Bergquist).

Mr. Philipp Thomas (Indirect Interest: Aequi-Libria Associates Insurance Broker Ltd) - 453,604 shares in Kinetic Growth Fund Limited.

Mr. Andy Sung Ho Yuen (Direct Interest: 10,000 shares in Kinetic Growth Fund Limited.

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

Shareholders	No of shares
PLATINUM INSURANCE LIMITED	1,145,638
AEQUI-LIBRIA ASSOCIATES INSURANCE BROKER LTD	453,604
THE FIJI NATIONAL PROVIDENT FUND BOARD	362,330
BSP LIFE (FIJI) LIMITED	281,800
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
WINPAR HOLDINGS LIMITED	21,547

(c) Board meetings

Directors	Number of meetings entitled to attend	Number of meetings attended	Apologies
Erik Larson (Chairperson)	3	3	-
Jack Lowenstein (Director)	3	3	-
Philipp Thomas (Director)	3	3	-
Andy Sung Ho Yuen (Director)	3	3	-
Siale Yee (Director)	3	3	-

Other information continued

(d) Distribution of Share Holding

No. of Shareholders	Shareholding	Total Percentage Holding
2	0 - 500 shares	0.02%
71	501 - 5,000 shares	4.55%
15	5,001 - 10,000 shares	3.02%
14	10,001 - 20,000 shares	4.86%
5	20,001 - 30,000 shares	3.49%
3	30,001 - 40,000 shares	2.65%
1	40,001 - 50,000 shares	1.31%
4	50,001 - 100,000 shares	7.32%
6	100,001 - 1,000,000 shares	42.81%
1	Over 1,000,000 shares	29.98%

(e) Share Register

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

(f) Disclosure under section 51.2(x)

	Kinetic Growth Fund Limited	Oceanic Communications Pte Limited
	2021	2021
	$	$
Gross profit	-	434,933
Other income	700,254	31,859
	700,254	466,792
Other expenses	(640,282)	(370,395)
Net unrealised loss on financial assets	(275,666)	-
Share of loss in from investment in Associate	(120,030)	-
Depreciation	-	(61,955)
Interest income/ (expense)	116,509	(45,684)
Tax benefit	22,404	3,948
	(897,065)	(474,086)
(Loss) after tax	(196,811)	(7,294)
Total assets	3,825,272	687,570
Total liabilities	30,445	574,105
Shareholders' equity	3,794,827	113,465

*The above disclosure relates to the Parent company and subsidiary

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

(g) Financial performance for five years

	2021	2020	2019	2018	2017
Net profit/(loss)	(204,098)	(37,924)	95,574	(1,019)	1,285,682
Assets	4,236,116	4,479,268	4,612,931	3,973,373	3,958,789
Liabilities	557,094	596,148	691,887	424,503	429,688
Equity	3,679,022	3,883,120	3,921,044	3,548,870	3,529,101
Earnings per share	(0.05)	(0.01)	0.03	0.03	0.36
Net Tangible Assets per share	0.99	1.02	1.03	1.01	1.04
Highest market price	1.12	1.12	1.12	1.02	0.53
Lowest market price	1.12	1.12	1.02	0.53	0.45
Year end market price	1.12	1.12	1.12	1.02	0.53

DIRECTORY

The Kinetic Growth Fund

Board of Directors:
Erik Larson
Jack Lowenstein
Philipp Thomas
Siale Yee

Company Secretary: Griffon Emose

Manager:
Kontiki Capital Pte Limited
Level 2, Plaza 1
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SUVA
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Web: www.kontiki.com.fj

Administrator:
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Web: www.kontiki.com.fj

Registry:
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Shop 1 and 11
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SUVA
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Auditor:
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Pacific House
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1 Butt Street
SUVA
Tel: 331 4166 Fax: 330 0612

Regulatory Authority:
Reserve Bank of Fiji
Reserve Bank Building
Pratt Street
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Web: www.rbf.gov.fj

Securities Exchange:
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