



KONTIKI GROWTH FUND

KGF Announces Improved Results for First Six Months of 2014

Highlights:

- Positive developments at investee companies, Oceanic Communications Ltd and Halabe Investment Ltd
- Dividend payout to shareholders of \$35,384
- Continued progress at reducing KGF's outstanding debt

The management and board of Kontiki Growth Fund Ltd (KGF) are pleased to announce the unaudited results for the first half-year of 2014.

At the **Holding Company** level—which KGF uses to measure overall performance through net asset value (NAV)—results show net profit of \$20,509, or 0.58 cents per share. During the first half of the year, KGF typically has higher expenses, as it pays annual SPSE listing fees and costs associated with the annual general meeting during this period. Nevertheless, the result was an improvement compared with a loss of \$13,944 in the corresponding period in 2013.

At the **Group** level, the consolidated six month results showed a net profit of \$47,487, a 200% improvement on the corresponding period in 2013. Group consolidated results include the results of investee company, Oceanic Communications Ltd.

As at 30 June 2014, KGF's Net Asset Value per share was 48.64 cents per share. This amount shows a small decrease of 0.49 cents from the audited NAV of 49.13 cents as at 31 December 2013 due primarily to the dividend of one cent per share paid to shareholders on 17 June, 2014.

Private Equity Portfolio Updates

The first six months of 2014 saw positive developments at the two largest (by carrying value) investments in KGF's private equity portfolio.

Oceanic Communications Ltd (OCL) has continued to operate profitably in 2014.

In contrast to 2013, OCL made fewer payments to KGF during the period under analysis. During 2013, OCL's strategic priority was to repay outstanding borrowings to KGF. During 2014, OCL's aim is to repay outstanding preference share dividends owed to KGF. However, for the six-month period, OCL used cash flows to pay Company Advance Tax, stemming from its profitable result in 2013. This slowed the rate at which it repaid outstanding preference share dividends.

Although we would like to receive payment on outstanding preference share dividends as quickly as possible, the fact that OCL is in a tax-paying situation is a positive indication that OCL's operations are going well. OCL's preference share dividends continue to compound at 10%.

In addition, OCL carried through its strong performance in 2013 with a positive result in the first half of 2014, recording an (unaudited) profit of \$26,978, up 90% on the corresponding period last year. As announced at the AGM, OCL appointed Mr. David Eyre as CEO early in the year and under David's leadership, OCL has continued its internal reform programme begun last year.

Halabe Investment Ltd (HIL) continues to experience high occupancy in its properties.

As previously announced, HIL has started the process of developing the vacant land it owns on Krishna Street in Wailoku. As at 30 June, the construction had started by developing the retaining walls for executive-class villas.

HIL has received inquiries from parties interested in purchasing equity in the company. The board of HIL has prioritised its existing operations and property development, but would consider equity transactions if they were on terms favourable to existing HIL shareholders. At this point, it is uncertain whether any such transaction will occur, and any material developments in this regard will be announced to the market.

In addition, HIL has received updated valuations of its existing properties (Viti Tower and Viti Apartments) which indicate a significant increase in the value of the properties. However, the increase in value has not been reflected in KGF's accounts at this time. KGF will await the year-end audited accounts from HIL before determining whether to recognise an increase in the value of its holdings in HIL.

Listed Equity Portfolio Updates

During the first six months of 2014, KGF's listed equity portfolio increased in value by \$20,533. Significant events contributing to the portfolio's performance were:

- FijiCare Insurance - After announcing positive 2013 results and a dividend, FIL's share price increased 5.3% to 63 cents from 57 cents over the six-month period. KGF took the option of reinvesting its dividend for additional FIL shares, under FIL's dividend reinvestment scheme.
- Pleass Global Ltd - Pleass Global's share price rose by 1.1% from 89 cents to 90 cents over the six-month period. Pleass Global, the largest position in the KGF listed equity portfolio, declared a dividend for 2013 and has announced a strong start to 2014.
- Paradise Beverages (Fiji) Ltd - has detracted from the KGF listed equity portfolio's performance, witnessing a 6.7% share price decrease from \$11.94 to \$11.04 over the six-month period.
- During the six-month period, KGF sold its shares in Fiji Television, totaling \$68,154, for portfolio management purposes.

Other Updates

KGF has continued to decrease its outstanding debt, reducing its total borrowings to \$121,012 by 30 June, 2014. This was a decrease of \$29,351 over the six-month period. In addition, the reduced interest rate that KGF negotiated has resulted in approximately \$10,000 of annual interest savings.

KGF continues to closely monitor the investment environment to identify future investment opportunities. In addition, KGF will continue to take a flexible approach to funding such investments, whether through debt or other sources, provided these are on favourable terms to KGF.



Daryl Tarte
Chairman



Griffon Emose
Company Secretary

HALF YEAR UNAUDITED REPORT ANNOUNCEMENT
 KONTIKI GROWTH FUND LTD & it's SUBSIDIARY
 PROFIT & LOSS STATEMENT
 FOR SIX MONTHS ENDED 30 JUNE 2014

		CONSOLIDATED		
		SIX MONTHS 30.06.14		SIX MONTHS 30.06.13
		\$	*Increase/ Decrease %	\$
	OPERATING REVENUE			
	Sales Revenue	506,508	-6%	536,702
	Other Revenue	30,707		8,994
	Total Operating Revenue	537,215		545,696
	Net Profit/Loss before Tax	47,487	200%	15,845
	Income Tax Expense			
	Net Profit/Loss after Tax	47,487		15,845
	Net Profit/Loss after Tax & Extraordinary Item	47,487		15,845
	Minority Interest after tax	6,521		4,788
	Net Profit/Loss after Extraordinary Item and Income Tax Attributable to Members of the Company	40,966	270%	11,057
	Retained Profit at Beginning	(1,808,840)		(2,153,143)
	Retained profit at half year end	(1,767,874)		(2,142,086)
	Earnings Per Share			
	Basic earnings per share	0.012		0.003


Note

1

Director: Daryl Tarte

Signature: 

Secretary: Griffon Emose

Signature: 

STATEMENT OF ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY
FOR HALF YEAR ENDED 30 JUNE 2014

		CONSOLIDATED		
	Note	SIX MONTHS 30.06.14 \$	Annual 31.12.13 \$	SIX MONTHS 30.06.13 \$
CURRENT ASSETS				
Cash Assets	2	76,606	194,820	63,996
Trade Receivables		298,027	325,449	281,873
Other receivables		9,159	1,903	1,903
Inventories		0	-	-
Prepayments		-	0	-
Other assets	3	21,640	9,159	30,543
Total Current assets		405,432	531,331	378,315
NON-CURRENT ASSETS				
Property, plant and equipment	4	27,974	19,680	17,777
Long-term investment	5	1,556,795	1,600,364	1,554,695
Future income tax benefit		-	-	-
Total Non-current Assets		1,584,769	1,620,044	1,572,472
Total Assets		1,990,201	2,151,375	1,950,786
CURRENT LIABILITIES				
Trade payables		45,175	142,845	324,242
Other payables and accruals		43,885	95,469	240,165
Interest-bearing borrowings		121,012	150,362	-
Provisions		-	-	-
Other		-	-	-
Total Current Liabilities		210,071	388,676	564,407
NON-CURRENT LIABILITIES				
(l) Term loan - secured		-	-	-
- unsecured		-	-	-
(m) Unsecured advance		-	-	-
(n) Inter-company loan		-	-	-
(o) Deferred tax liabilities		-	1,329	-
(p) Provisions		-	-	-
(q) Other		-	-	-
Total Non-Current Liabilities		-	1,329	-
Total Liabilities		210,071	390,005	564,407
NET ASSETS		1,780,129	1,761,370	1,386,379
EQUITY				
Contributed equity		3,540,664	3,540,664	3,540,664
Reserves		-	-	-
Retained profits/accumulated losses		(1,767,874)	(1,808,840)	(2,142,086)
Total Outside Equity Interest in Controlled Entities		7,340	29,546	(12,199)
TOTAL EQUITY		1,780,129	1,761,370	1,386,379

Director: Daryl Tarte

Secretary: Griffon Emose

Signature: _____


Signature _____


KONTIKI GROWTH FUND LTD & it's SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 30 JUNE 2014

	CONSOLIDATED	
	SIX MONTHS 30.06.14 \$	SIX MONTHS 30.06.13 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Received from Trading activities	590,254	702,306
Cash Payments	(649,427)	(883,868)
Interest Paid/Received	0	0
Dividend Received	2,548	4,510
Net Vat Paid	(48,926)	(8,196)
Net Cash Inflow from Operating Activities	(105,552)	(185,247)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(12,935)	-
Proceeds from Sale of Fixed Assets	100	-
Acquisition of Investment	-	-
Long Term Deposit	-	-
Audio Visual Production	-	-
Proceed from Sale of Associate	-	-
Proceed from Sale of Investment	69,053	-
Net Cash (Outflow) from Investing activities	56,218	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(35,384)	-
Secured Loan	-	-
Proceeds from Issue of Shares	-	-
Proceeds from Borrowings	-	183,513
Loan Repayment	(33,497)	5,460
Repayment of Lease Principal	-	-
Net Cash (Outflow)/Inflow from Financing Activities	(68,880)	188,973
NET INCREASE/(DECREASE) IN CASH HELD	(118,214)	3,726
Cash/(Overdraft) at beginning	194,820	60,271
Effects of exchange rate changes on opening cash balances		
Cash/(Overdraft) at end	76,606	63,996

Director: Daryl Tarte

Secretary: Griffon Emose

Signature: 

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<u>Notes:</u>	GROUP	
	SIX MONTHS	
	<u>2014</u>	<u>2013</u>
1 OTHER REVENUE		
Dividends Income	10,174	4,510
Unrealised gain	20,533	4,484
	<u>30,707</u>	<u>8,994</u>
2 CASH AND SHORT TERM DEPOSITS		
Operating accounts	53,888	55,074
Trust Accounts	22,361	8,621
Cash on Hand	357	301
	<u>76,606</u>	<u>63,996</u>
3 OTHER ASSETS		
Other Receivables	10810	0
Prepayments	2,000	5,057
Deposit Paid	6,927	6,927
Immigration Bond	0	5,748
Deffered Tax Assets	1,903	12,811
	<u>21,640</u>	<u>30,543</u>
4 PROPERTY, PLANT AND EQUIPMENT		
At Cost	187,924	166,618
Less Accumulated Dep	<u>(159,950)</u>	<u>(148,841)</u>
Book Value	<u>27,974</u>	<u>17,777</u>
5 LONG TERM INVESTMENTS		
i-Pac Communications Limited	43,277	43,277
Halabe Investments Limited	883,720	883,720
Pleass Global Limited	232,439	219,526
Yatu Lau Company Limited	10,182	10,182
Fiji Gas Limited	141,930	120,280
Fiji Television Limited	0	62,475
FMF Foods	30,832	26,336
Paradise Beverges (Fiji) Limited	40,649	50,682
The Rice Company of Fiji Limited	1,021	810
FijiCare Insurance Limited	105,327	80,836
Atlantic and Pacific Packaging Limited	6,635	6,635
Communications Fiji Limited	27,100	16,802
VB Holdings Limited	33,683	33,136
	<u>1,556,795</u>	<u>1,554,695</u>

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