Kontiki Growth Fund Limited

Annual Report 2014

CONTENTS

This page has been intentionally left blank.

KONTIKI GROWTH FUND

REPORT FROM THE MANAGER

This report, prepared by the Manager, reviews KGF's activities over the year ended 31 December, 2014.

1. General Review

Operating Environment

2014 saw the expansion of the domestic economy by an estimated 4.2 percent, underpinned by the wholesale and retail, financial and communication sectors. Investment indicators remained largely positive, as evidenced by the surge in new investment lending and acceleration in imports of investment-related goods. Foreign reserves remained healthy at around $1.81 billion at the end of the year.

In line with the domestic economy, the overall performance of KGF's investee companies and the portfolio as a whole was broadly positive in 2014.

Performance

The following table summarises KGF's financial performance in 2014.

The results include consolidation of Oceanic Communications Ltd (OCL) under 'Group'. As KGF in effect owns 85% of OCL's equity (counting both ordinary equity and convertible preference shares) it is required to consolidate OCL's results under the accounting standards.

	Holding Company		Group	
	2013 ($)	2014 ($)	2013 ($)	2014 ($)
Income	294,513	205,046	1,702,760	1,139,141
Profit after Tax	316,236	143,153	366,080	171,203
Dividends per share (cents)	-	-	0.01	-
Earnings per share (cents)	0.09	0.04	0.09	0.05

At the Holding Company level, KGF recorded revenue of $0.21m, down 30.4% on 2013. This was largely due to a one-off write-up in the 2013 accounts of the value of KGF's investment in Oceanic Communications Ltd (OCL) preference shares and dividends owed on the preference shares totaling $0.27m, compared with total write-ups of $0.05m, relating to OCL and Halabe Investment Ltd in 2014. Expenses were recorded at $0.06m (down 10.6%) while KGF recorded a Net Profit After Tax (NPAT) of $0.14m. The latter was 54.7% lower than the previous year (2013: $0.32m).

At the Group level, KGF recorded revenue of $1.14m, a decrease of 33.1% over 2013. Cost of sales decreased by 38.3% to $0.29m while operating expenses also fell by 38.3% to $0.64m. Overall, the Group achieved a net profit after tax of $0.17m, down 53.2% (2013: $0.37m). This result reflected the reduction in OCL's revenues for the year.

At the end of December 2014, KGF's Net Tangible Assets (NTA) per share was 52 cents, an increase of 5.6% on the previous year. The share price stood at 30 cents, up one cent or 3.4% on the 2013 year-end price. KGF shares were trading at a 43.0% discount to net asset value.

During the year, KGF repaid a total of $0.07m of its outstanding loan, a reduction of 37.6%, bringing the loan amount down $0.09m. In addition, KGF paid a dividend of 1 cent per share ($35,384 in total) during the year.

Looking Ahead

For the current financial year the manager will continue to focus on the following:

- Seek to deploy KGF's capital in ways that offer attractive long-term returns for shareholders.
- Continue working closely with investee companies to increase the value of KGF's investments. Priority for this work will be on private equity investments such as OCL where KGF can have a more active role which can result in significant gains for KGF's investments.
- Finding new sources of funds to make new investments, as KGF is currently nearly fully invested. To this end, and as discussed at the previous AGM, a rights issue is being explored and the Manager will provide an update and further details of this, and related developments, at the next AGM.
- Looking further ahead, the Manager will continue to look for outstanding investment opportunities, including situations where asset prices have been temporarily depressed or sold down.

1. Portfolio Review[1]

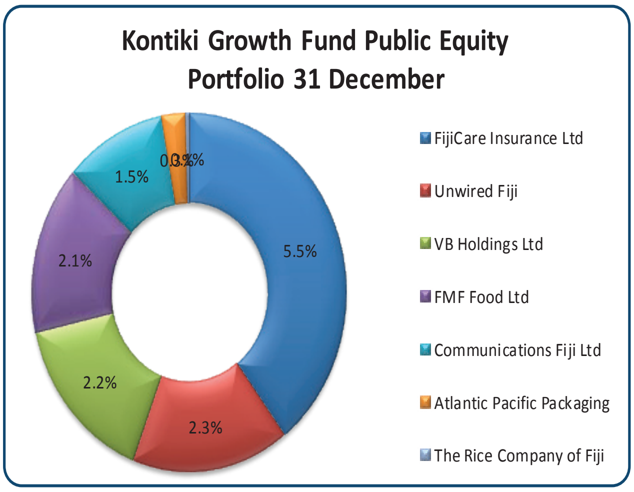
Since its establishment in late 2004, KGF has invested a total of $3.37m. The Fund's portfolio as at 31 December, 2014[2] is shown below, and includes investments in ten businesses: seven listed companies and four private companies.

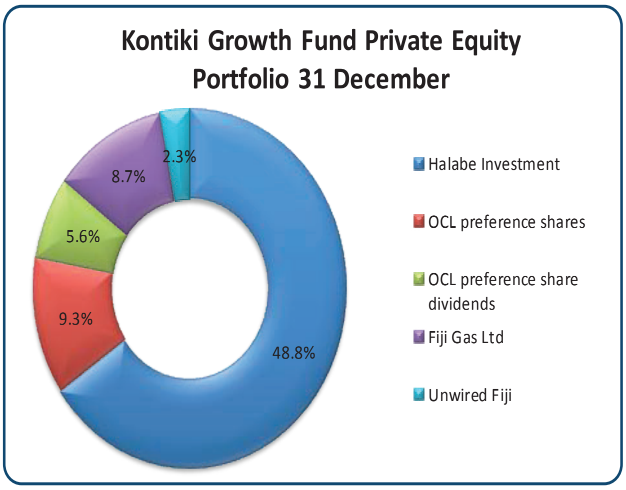
During the year, KGF sold all its shares in Fiji Television Limited (FTV), Paradise Beverages (Fiji) Limited (PBF) and Yatu Lau Company Limited.

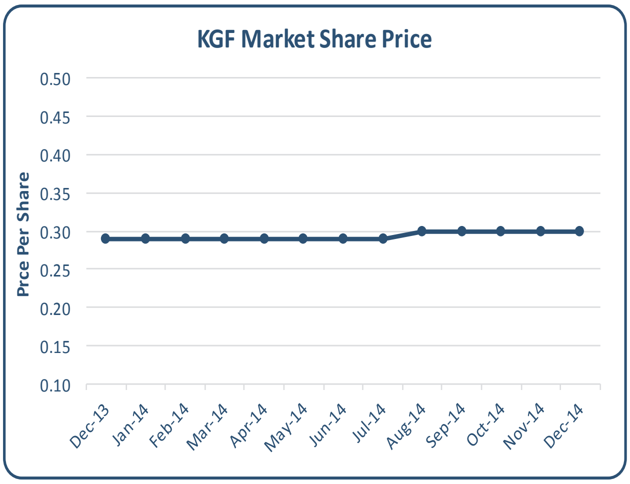
Units	Company	Main Business	Cost	Market	% Net Assets
138,254	Halabe Investment Ltd	Property investment	883,720	926,330	48.8%
	Oceanic Communications Ltd:	Advertising, marketing and new media agency			
234,256	*Preference shares*		150,000	176,742	9.3%
N/A	*Preference share dividends*			106,348	5.6%
258,266	Pleass Global Ltd	Packaging and Beverage	214,756	258,266	13.6%
12,028	Fiji Gas Ltd	Liquefied petroleum gas sales	120,280	164,784	8.7%
167,185	FijiCare Insurance Ltd	Insurance provider	88,461	105,327	5.5%
601,900	Unwired Fiji	Internet service provider	582,225	43,277	2.3%
13,124	VB Holdings Ltd	Fleet Management	38,934	41,472	2.2%
64,234	FMF Food Ltd	Manufacturer of whole meal and assoicated products	25,694	40,467	2.1%
6,775	Communications Fiji Ltd	Radio Broadcaster	14,973	27,778	1.5%
9,478	Atlantic Pacific Packaging Ltd	Manufacturer of packagaing material	6,729	6,635	0.3%
352	The Rice Company of Fiji Ltd	Importing and repacking rice	810	1,021	0.1%
	Total Assets		**2,126,582**	**1,898,445**	**100.0%**
	Net Debt			53,861	
	Net Assets			**1,844,583**	
	% in Private Equity			74.7%	
	% in Public Equity			25.3%	

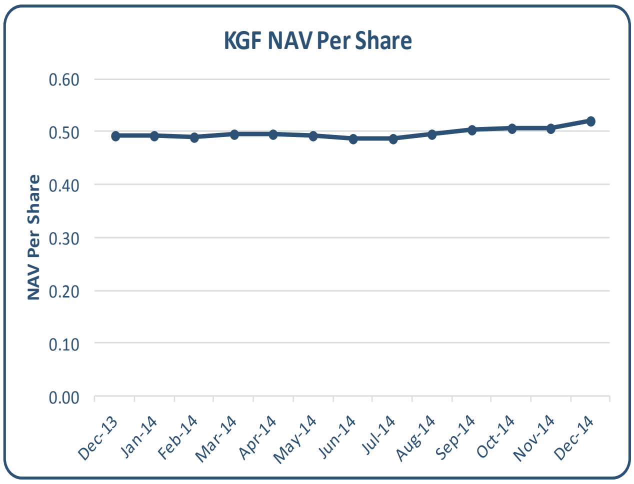
[1] For ease of reference, where the financial year differs from the calendar year, "financial year" or "FY" is used.

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









Listed Equity Portfolio

At the end of the year, KGF held shares in the following companies that are listed on the South Pacific Stock Exchange (SPSE):

- FMF Foods Ltd (FMF)
- The Rice Company of Fiji Ltd (RCF)
- FijiCare Insurance Ltd (FIL)
- Atlantic and Packaging Company Ltd (APP)
- Communications Fiji Ltd (CFM)
- VB Holdings Ltd (VBH)
- Pleass Global Ltd (PGL)

In 2014, KGF saw an increase in the value of its listed portfolio, recording unrealised gains of $0.11m from movements in share prices for FMF, PBP, FIL, CFM, RCF, and VBH. This was an increase of 12.8% over the year and compares with a 17.9% increase in the KSPX market index over the same period.

In addition, KGF received $0.03m in dividends from FMF, PBP, FIL, CFM, RCF, FGL and VBH. This was a 12.9% increase compared to FY2013.

Private Equity Portfolio

The manager, board, and its subcommittees select appropriate valuation techniques for private equity investments in consultation with the auditors and other advisors. For each private equity investment, this report discloses the basis of valuation. KGF advises shareholders and the public that different methods of valuation could result in changes to these valuations.

Halabe Investments

Halabe Investments (HIL) is a property development and investment company that owns prime residential real estate including:

- Viti Apartments in Tamavua – A luxury 7-apartment complex
- Viti Tower in Wailoku – A luxury 14-apartment complex
- A new villas development on its Krishna Street, Wailoku property; construction on this project has started

During the year, HIL again maintained high occupancy rates averaging 90%. According to the audited accounts for the year ended 30 September, 2014 (FY2014), HIL's rental income was $0.81m, an improvement of 0.2% over 2013. Other operating expenses declined to $0.13m from $0.14m.

The overall result for FY2014 was a profit of $0.16m, compared with a profit of $0.27m profit in FY2013. The year-over-year decrease in profit resulted from the large increase in HIL's carrying value of its properties during FY2013.

As a property developer and investor, HIL has significant mortgage debt and high depreciation and interest costs which affect its balance sheet and profits. The key is therefore cashflow to cover its financing and other needs. In this regard, HIL's EBITDA has continued to be positive with the FY2014 EBITDA standing at $0.46m.

The valuation of HIL in KGF's books is on a modified equity basis. Under international accounting standards, HIL does not bring into account changes in value of undeveloped land or land in the process of being developed. As part of the previously disclosed updated valuation on all HIL properties, the company received an updated valuation of the Krishna Street land on which villa construction has started. To value this investment accurately, KGF's annual statements recognise a proportionate increase that reflects the land value reduced by the transaction costs that would be needed to realise such a gain.

Oceanic Communications

Oceanic Communications Ltd (OCL) is a full-service communications company, providing advertising, marketing and digital communications services. OCL's total revenue for the year ended 31 December, 2014 was $0.98m, down 39.2% over 2013. EBITDA was $0.09m (down 77.1%) while NPAT fell by 87.3% to $0.04m.

The main driver for the reductions was a decrease in revenue from two of OCL's largest customers, reflecting reduced spend across-the-board by one and an attempt to move some marketing activities in-house by the other. OCL's strategy to counter this is to develop new products for existing customers and build new and alternative revenue streams with new clients. On the expense side, OCL has maintained effective expense control.

In 2014, OCL made total repayments to KGF (for outstanding preference share dividends owed) of $0.03m, compared with total repayments in 2014 (for dividends owed as well repayment of loan) of $0.06. This difference resulted from OCL's 2013 success: more of its cashflow was diverted to pay Company Advance Tax (CAT). As required by tax regulations, CAT for 2014 had to be calculated based on NPAT for 2013. The high NPAT in 2013 meant OCL paid $0.08m in CAT over the course of 2014. On the plus side, the large CAT payment demonstrated that OCL was able to generate good cashflows and meant that at the end of 2014, OCL had income tax refunds due.

During 2014, OCL restated its 2013 comprehensive income on the basis of discrepancies relating to rebates payable to a major client being recognized as an expense in 2014 rather than in 2013 when the rebates were generated. As a result of its review, the KGF audit committee and auditor concluded that restating 2013 results provided a more accurate statement of OCL's performance.

There were no new developments in the previously disclosed litigation against OCL. A ruling on the dispute, which originated several years ago, is not expected anytime soon. In any case, the Company has plans in place to ensure that Oceanic will continue to operate successfully, regardless of the outcome.

KGF valued its investment in OCL using the equity method. OCL's profit in 2014 resulted in a slight increase in KGF's investment value. KGF recognizes a provision for minority interest in the profit and equity of OCL, despite the fact that KGF's preference shares have priority over the minority interest ordinary shares.

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

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

The most recent management accounts for Unwired were not available to the Manager of KGF at the time of writing. Based on information at hand, Unwired's total revenue for the seven month period ended 31 December, 2014 was $2.56m. EBITDA was $1.07m and the Net Loss was $0.18m. KGF values its Unwired investment on an equity basis.

Fiji Gas Company

Since its establishment in 1956, FGL has become a major player in Fiji and Tonga's energy sectors. The Company's core business involves importing Liquefied Petroleum Gas (LPG) and supplying this to households and commercial customers. In addition, FGL's business includes the sale of domestic cookers, commercial catering equipment, hydrocarbon-based refrigerants and industrial burners as well as the design, installation and maintenance of hot water systems, ranging from single point domestic units to large scale hotel systems and steam boilers.

The Company's total revenue for the financial year ended 30 June, 2014 was $52.39m, up 10.9% over 2013. EBITDA was $5.20m (2013: $5.99m) and a NPAT was $3.73m, a significant improvement over the $2.88m figure achieved in FY2013. KGF values its FGL investment based on the trading prices of FGL shares on the Kontiki Price Matching Service.

Summary of Private Equity Portfolio

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

Company	Revenue			EBITDA			NPAT		
	2013	2014	Precentage Change	2013	2014	Precentage Change	2013	2014	Pecentage Change
Oceanic Communications Ltd	1,606,855	976,645	(39.22%)	510,219	203,545	(60.11%)	366,080	171,203	(53.23%)
I-Pac Communications Ltd	3,304,422	4,840,009*	n/a	1,533,840	1,996,869*	n/a	223,504	(367,729)*	n/a
Halabe Investments Ltd	821,517	822,375	0.10%	594,126	460,933	(22.42%)	265,757	114,337	(56.98%)
Fiji Gas Ltd	47,358,889	52,387,615	10.62%	5,985,334	5,197,108	(13.17%)	2,878,547	3,728,371	29.52%

** Figures from Management Accounts from Apr14 to Jan15.*

3. Corporate Governance Statement

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

Management

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

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

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

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

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

Board

The work of KCL as Manager is overseen by the Board of Directors. The Board is currently made up of six directors, four of whom are independent directors. The policy is to have at least 50% of the board made up of directors not directly associated with the Kontiki Group. In addition 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 3 board members oversees audit-related issues in consultation with the auditors and an external accounting advisor.

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

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

Other

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

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

4. Conclusion

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

2014 has been a very encouraging year as KGF continued to make progress in pursuing the recovery and/or growth of its investments. The overall financial result at both Group and Holding Company levels, although diminished, remained positive. The Manager and the KGF board will continue to work closely with individual investees in the coming year.

Griffon Emose
Managing Director, Kontiki Capital Limited

Directors' report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the Consolidated Statement of Financial Position of the company and the group as at 31 December 2014, 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 on that date and report as follows:

Directors

Directors at the date of this report are:
Daryl Tarte
David Oliver
Erik Larson
Hari Punja
Jack Lowenstein
Philipp Thomas

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 company was involved with web-site development and support, advertising and marketing. There has been no change in this activity during the year.

Results

The operating group profit for the year attributable to members of the holding company was $165,599 (2013 restated: $321,858) after an income tax expense of $17,650 (2013 restated: $84,501). The operating profit for the holding company for the year was $143,153 (2013: $316,236).

Dividends

A dividend of 1 cent per share was approved at the Annual General Meeting on 20 May 2014 and subsequently paid. (2013 - Nil).

Reserves

The Directors recommend that no transfers be made to reserves within the meaning of the Seventh Schedule of the Fiji Companies Act, 1983.

Bad and doubtful debts

Prior to the completion of the company and the group's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and the provision for doubtful debts. In the opinion of the Directors, adequate provision has been made for doubtful debts.

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 provision for doubtful debts in the company and the group, inadequate to any substantial extent.

Non-current assets

Prior to the completion of the financial statements of the company and the group, the Directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the group. Where necessary these assets have been written down or adequate provision 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 non-current assets in the company and the group's financial statements misleading.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and the payment of liabilities in the normal course of business.

Unusual transactions

In the opinion of the Directors, the results of the operations of the company and the group during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the company and the group in the current financial year, other than those reflected in the financial statements.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company and the group, the results of those operations, or the state of affairs of the company and the group for the year ended 31 December 2014.

Other circumstances

As at the date of this report :

(i) no charge on the assets of the company and the group has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the company and the group could become liable; and

(iii) no contingent liabilities or other liabilities of the company and the group have become or are likely to become enforceable within the year after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company and the group to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company and the group's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the group misleading or inappropriate.

Directors' benefits

Jack Lowenstein and David Oliver are also directors of Kontiki Capital Limited and its wholly owned subsidiary company, Kontiki Portfolio Services Limited. Kontiki Capital Limited is the Manager of the company while Kontiki Portfolio Services Limited earns fees as the Administrator of Kontiki Growth Fund Limited.

Directors and senior management's interests

Particulars of directors' and senior management's interests in the ordinary shares of the company are as follows:

	Direct interest	Indirect Interest
Daryl Tarte	Nil	10,667
David Oliver	8,100	Nil
Jack Lowenstein	Nil	50,862
Erik Larson	36,815	50,000
Philipp Thomas	Nil	494,177
Hari Punja	Nil	194,150
Griffon Emose	13,868	Nil

Signed for and on behalf of the Board of Directors in accordance with a resolution of the Directors.

Dated this 31st day of March 2015.

....
Director

....
Director

In accordance with a resolution of the Board of Directors, we state that in our opinion:

(i) the accompanying consolidated statement of comprehensive income of the company and the group is drawn up so as to give a true and fair view of the results of the company and the group for the year ended 31 December 2014;

(ii) the accompanying consolidated statement of changes in equity of the company and the group is drawn up so as to give a true and fair view of the changes in equity of the company and the group for the year ended 31 December 2014;

(iii) the accompanying consolidated statement of financial position of the company and the group is drawn up so as to give a true and fair view of the state of affairs of the company and the group as at 31 December 2014;

(iv) the accompanying consolidated statement of cash flows of the company and the group is drawn up so as to give a true and fair view of the cash flows of the company and the group for the year ended 31 December 2014;

(v) at the date of this statement there are reasonable grounds to believe the company and the group will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the company and the group.

Signed for and on behalf of the Board of Directors in accordance with a resolution of the Directors.

Dated this 31st day of March 2015.

.... Director

.... Director

Building a better
working world

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

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

INDEPENDENT AUDIT REPORT

To the members of KONTIKI GROWTH FUND LIMITED

We have audited the accompanying Financial Statements of Kontiki Growth Fund Limited and its subsidiary ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year ended and a summary of significant accounting policies and other explanatory notes.

Directors' and Management's Responsibility for the Financial Statements

The directors and management are responsible for the preparation and fair presentation of the consolidated Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Fiji Companies Act, 1983. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company and the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion,

a) proper books of account have been kept by the company and the group, so far as it appears from our examination of those books; and

b) the accompanying consolidated Financial Statements which have been prepared in accordance with International Financial Reporting Standards:

   i) are in agreement with the books of account; and

   ii) to the best of our information and according to the explanations given to us:

      a) give a true and fair view of the state of affairs of the company and the group as at 31 December 2014 and of its financial performance, changes in equity and its cash flows for the year ended on that date; and

      b) give the information required by the Fiji Companies Act, 1983 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Ernst & Young

Suva, Fiji
31 March 2015

Ernst & Young
Chartered Accountants

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Group		Company	
		2014 $	2013 $ Restated*	2014 $	2013 $
Continuing operations					
Rendering of services		920,130	1,305,236	-	-
Cost of sales		(290,966)	(471,579)	-	-
Gross profit		629,164	833,657	-	-
Other operating income	3(a)	219,011	397,524	205,046	294,513
Depreciation and amortisation		(9,115)	(12,782)	-	-
Employee benefits expense	3(c)	(379,426)	(265,050)	-	-
Other operating expenses	3(b)	(265,204)	(455,912)	(56,316)	34,764
Earnings before interest and tax		194,430	497,437	148,730	329,277
Finance income	3(d)	1,824	-	1,824	2,671
Finance costs	3(e)	(7,401)	(46,856)	(7,401)	(15,712)
Profit before income tax		188,853	450,581	143,153	316,236
Income tax expense	4(a)	(17,650)	(84,501)	-	-
Profit from continuing operations		171,203	366,080	143,153	316,236
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		171,203	366,080	143,153	316,236
Attributable to:					
Equity holders of the company		165,599	321,858	143,153	316,236
Non-controlling interest		5,604	44,222	-	-
		171,203	366,080	143,153	316,236
Earnings per share			* Refer note 26		
• Basic, for profit of the year attributable to ordinary equity holders of the parent	15	0.05	0.09		
• Diluted, for profit of the year attributable to ordinary equity holders of the parent	15	0.05	0.09		

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

KONTIKI GROWTH FUND LIMITED and Subsidiary
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
Accumulated losses			Restated*		
At 1 January		(1,831,285)	(2,153,143)	(1,808,839)	(2,125,075)
Total comprehensive income/(expense)		165,599	321,858	143,153	316,236
Dividend paid		(35,384)	-	(35,384)	-
At 31 December		(1,701,070)	(1,831,285)	(1,701,070)	(1,808,839)
Non-controlling interest					
At 1 January		25,585	(18,637)	-	-
Total comprehensive income		5,604	44,222	-	-
At 31 December		31,189	25,585	-	-
Share capital					
At 1 January		3,540,664	3,540,664	3,540,664	3,540,664
Movement during the year		-	-	-	-
At 31 December	14	3,540,664	3,540,664	3,540,664	3,540,664
Total shareholders' equity		1,870,783	1,734,964	1,839,594	1,731,825

* Refer note 26

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

KONTIKI GROWTH FUND LIMITED and Subsidiary
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
			Restated*		
Assets					
Current assets					
Cash and cash equivalents	5	147,513	194,820	36,908	18,667
Trade and other receivables	6	191,038	327,352	106,349	108,922
Income tax refundable	7	84,325	-	-	-
		422,876	522,172	143,257	127,589
Non-current assets					
Deferred tax assets	4(c)	1,072	9,159	-	-
Investment in subsidiary	8	-	-	176,742	167,429
Financial assets	9	1,615,354	1,600,364	1,615,354	1,600,364
Property, plant and equipment	10	21,712	19,680	-	-
		1,638,138	1,629,203	1,792,096	1,767,793
Total assets		2,061,014	2,151,375	1,935,353	1,895,382
Current liabilities					
Trade and other payables	11	94,049	175,852	4,989	13,195
Income tax liability		-	78,558	-	-
Interest bearing borrowings	12	63,270	-	63,270	-
Employee benefit liability	13	3,857	10,310	-	-
		161,176	264,720	68,259	13,195
Non-current liabilities					
Deferred tax liabilities	4(c)	1,555	1,329	-	-
Interest bearing borrowings	12	27,500	150,362	27,500	150,362
		29,055	151,691	27,500	150,362
Total liabilities		190,231	416,411	95,759	163,557
Net assets		1,870,783	1,734,964	1,839,594	1,731,825
Shareholders' equity					
Share capital	14	3,540,664	3,540,664	3,540,664	3,540,664
Accumulated losses		(1,701,070)	(1,831,285)	(1,701,070)	(1,808,839)
		1,839,594	1,709,379	1,839,594	1,731,825
Non-controlling interest		31,189	25,585	-	-
Total shareholders' equity		1,870,783	1,734,964	1,839,594	1,731,825

* Refer note 26

Signed for and on behalf of the board and in accordance with a resolution of the directors.

....
Director

....
Director

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
			Restated*		
Operating activities					
Operating profit		171,203	366,080	143,153	316,236
Adjustments for non-cash items					
Depreciation of plant and equipment		9,115	12,782	-	-
Discount received on loan repayment		-	-	-	(10,000)
Realised loss on disposal of financial assets		9,594		9,594	-
Unrealised gain on financial assets		(129,604)	(56,764)	(129,604)	(56,764)
Interest on loan		7,401	-	7,401	13,041
Provision for doubtful debts		(33,984)	93	-	-
Employee benefits utilised during the year		(6,453)	(10,485)	-	-
Unrealised loss on financial assets		1,091	6,613	1,091	6,613
Reversal of provision for impairment loss		-	-	(9,313)	(167,429)
		28,363	318,319	22,322	101,697
Changes in assets and liabilities:					
(Increase) in trade receivable and other receivables		85,973	(30,299)	2,573	(98,112)
Decrease/(Increase) in deferred tax asset		8,087	3,652	-	-
Increase in deferred tax liability		226	388	-	-
(Decrease)/increase in trade and other payables		(81,803)	(185,102)	(8,206)	804
Increase/(decrease) in income tax payable		(78,558)	80,461	-	-
Cash flows (used in)/from Operating Activities		(37,712)	187,419	16,689	4,389
Investing activities					
Payments for plant and equipment		(11,147)	(9,502)	-	-
Proceeds from disposal of financial assets		103,929	-	103,929	-
Cash flows from/(used in) Investing Activities		92,782	(9,502)	103,929	-
Financing activities					
Loan repayment from subsidiary company		-	-	-	52,461
Net repayments of interest bearing borrowings		(66,993)	(43,368)	(66,993)	(49,080)
Payment of dividends		(35,384)	-	(35,384)	-
Net cash flows (used in)/from Financing Activities		(102,377)	(43,368)	(102,377)	3,381
Net (decrease)/increase in cash and cash equivalents		(47,307)	134,549	18,241	7,770
Cash and cash equivalents at 1 January		194,820	60,271	18,667	10,897
Cash and cash equivalents at 31 December	5	147,513	194,820	36,908	18,667

* Refer note 26

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

1. Corporate information

These consolidated financial statements of Kontiki Growth Fund Limited ("the company") for the year ended 31 December 2014 were authorised for issue with a resolution of the directors on 31 March 2015.

Kontiki 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 is outlined in Note 25.

1.1 Basis of preparation

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

Statement of compliance

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

Basis of consolidation

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

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

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

1.2 Changes in accounting policy and disclosures

The following standards, amendments and interpretations to existing standards were published and are mandatory for the annual periods beginning on or after 1 January 2014 or later periods:

Reference	Title	Application date of standard	Impact on financial report
IAS 27	Separate Financial Statements	1 January 2014	No impact
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014	No impact
IFRS 10	Consolidated Financial Statements	1 January 2014	No impact
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014	No impact
Amendments to IFRS 3	Related party disclosures	1 July 2014	No impact
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016	Not applicable yet.
IFRS 9	Financial Instruments	1 January 2018	Not applicable yet.
IFRS 15	Revenue from contracts with customers	1 January 2017	Not applicable yet.

1.2 Changes in accounting policy and disclosures *continued*

The mandatory amendments had no impact to the Group.

1.3 Significant accounting judgments, estimates and assumptions

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

Estimates and assumptions

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

Valuation of unquoted financial assets

The company records financial assets at fair value including unquoted equities. Fair values are determined using valuation techniques for which significant judgement and estimation is involved.

Impairment of accounts receivables

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level, all debtors in the 120 days plus category (excluding those covered by a specific impairment provision and those covered by security) are estimated to have been impaired and are accordingly provided for.

Deferred tax asset

Deferred tax assets are recognised for all 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 judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

1.4 Summary of significant accounting policies

Cash and cash equivalents

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

Investment in associates

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

Trade and other receivables

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

Investments and other financial assets

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

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

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

Loans and receivables

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

Financial assets at fair value through profit or loss

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

1.4 Summary of significant accounting policies *continued*

Financial assets at fair value through profit or loss continued

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

The fair value of any unquoted instruments which management believe can be objectively determined is valued based on the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics. Available for sale financial assets which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost. These are reviewed annually for any indication of impairment.

Property, plant and equipment

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

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

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

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

Trade and other payables

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

Financial liabilities

Interest bearing loans and borrowings

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

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

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Deferred income tax

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

- except where the deferred tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

1.4 Summary of significant accounting policies *continued*

Deferred income tax continued

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

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

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

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

Foreign currency translations

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

Employee benefits

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

Revenue recognition

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

Rendering of services

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

Interest income

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

Dividends

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

Comparatives

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

1.4 Summary of significant accounting policies *continued*

Earnings per share

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

2. EXPENSES

Administration fees

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

Management fees

Management fees are payable to Kontiki Capital Limited and is calculated at 1.5% of the Net Asset Value (NAV) of the fund. For the financial year 2013, Kontiki Capital Limited agreed to waive management fees payable by the fund. For the year ended 31 December 2014, the fund agreed to pay the Manager management fees at the rate of 1.25% of the NAV from the month of May 2014.

			Group		Company	
3.	OPERATING PROFIT		2014	2013	2014	2013
			$	$	$	$
	Operating profit before income tax has been determined after crediting/charging:					
(a)	Other income					
	Dividends		32,892	29,141	32,892	29,141
	Unrealised gain on financial assets		129,604	56,764	129,604	56,764
	Reversal of provision for impairment loss		-	-	9,313	167,429
	Other income		56,515	311,619	33,237	41,179
			219,011	397,524	205,046	294,513
(b)	Other expenses					
	Administration fees		8,625	8,625	8,625	8,625
	Auditors remuneration	- audit services	9,936	15,342	4,423	3,675
		- other services	1,313	1,313	1,313	1,313
	Bank charges		120	180	120	180
	Directors fees		6,667	11,042	6,667	11,042
	Doubtful debts		(33,984)	27,620	-	(77,539)
	Listing and share registry fees		6,455	6,042	6,455	6,042
	Management fees		18,783	-	18,783	-
	Operating lease expense		29,158	26,936	-	-
	Unrealised loss on financial assets		1,091	6,613	1,091	6,613
	Realised loss on financial assets		9,594	-	9,594	-
	Other expenses		207,446	352,199	(755)	5,265
			265,204	455,912	56,316	(34,784)
(c)	Employee benefits expenses:					
	Staff costs		379,426	265,050	-	-
			379,426	265,050	-	-
(d)	Finance income:					
	Interest income		1,824	-	1,824	2,671
(e)	Finance costs:					
	Interest on borrowings		7,401	46,856	7,401	15,712

	Group		Company	
	2014	2013	2014	2013
4. INCOME TAX	$	$	$	$

a) A reconciliation between tax benefit and the product of accounting profit/(loss) multiplied by the tax rate for the years ended 31 December 2014 and 2013 is as follows:

	Group 2014	Group 2013	Company 2014	Company 2013
Accounting profit before income tax	188,853	392,486	143,153	316,236
Prima facie tax expense/(benefit) thereon at 10% (2013 -18.5%)	18,885	72,610	14,315	58,504
Differential in tax rate for subsidiary	5,501	5,690	-	-
Non-assessable items	(13,384)	(13,268)	(14,315)	(13,268)
Non-deductible items	6,648	6,733	-	-
Tax losses not recognised	-	(2,608)	-	(2,005)
Tax losses utilised	-	-	-	(42,578)
Other	-	15,344	-	(653)
Income tax expense	17,650	84,501	-	-

b) *Current income tax:*

	Group 2014	Group 2013	Company 2014	Company 2013
Current income tax expense/(benefit)	9,337	81,461	-	-
Deferred tax:				
Relating to origination reversal of temporary differences and losses	8,313	3,040	-	-
Income tax expense reported in the statement of comprehensive income	17,650	84,501	-	-

c) *Deferred tax*

Deferred income tax at 31 December relates to the following:

	Group 2014	Group 2013	Company 2014	Company 2013
Deferred tax assets/(tax liabilities)				
Provision for doubtful debts	300	7,097	-	-
Employee entitlements	772	2,062	-	-
Tax losses recognised	-	-	-	-
Accelerated depreciation for tax purposes	(1,555)	(1,329)	-	-
	(483)	7,830	-	-
Disclosed in the statement of financial position:				
Deferred tax assets	1,072	9,159	-	-
Deferred tax liabilities	(1,555)	(1,329)	-	-
Net deferred tax assets	(483)	7,830	-	-

5. CASH AND CASH EQUIVALENTS	$	$	$	$
Cash at bank	110,916	176,524	311	371
Kontiki Portfolio Trust	36,597	18,296	36,597	18,296
	147,513	194,820	36,908	18,667

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

6. TRADE AND OTHER RECEIVABLES	$	$	$	$
Trade receivables	192,538	355,909	-	-
Less: provision for doubtful debts	(1,500)	(35,484)	-	-
	191,038	320,425	-	-
Other receivables	-	6,927		10,810
Receivable from subsidiary company	-	-	106,349	98,112
	191,038	327,352	106,349	108,922

	Group 2014	Group 2013	Company 2014	Company 2013
6. TRADE AND OTHER RECEIVABLES *continued*	$	$	$	$

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. At 31 December, trade receivables for the group of an initial value of $1,500 (2013: $35,484) were impaired and fully provided for. Trade receivables for the company was nil (2013: nil).

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

	Group 2014	Group 2013	Company 2014	Company 2013
At 1 January	35,484	35,391	-	-
Charge for the year	(33,984)	93	-	-
At 31 December	1,500	35,484	-	-

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
	$	$	$	$	$
2014	192,538	74,582	39,956	12,056	65,944
2013	355,909	128,319	51,952	18,464	157,174

	Group 2014	Group 2013	Company 2014	Company 2013
7. INCOME TAX REFUNDABLE	$	$	$	$
Income tax refundable	84,325	-	-	-

8. INVESTMENT IN SUBSIDIARY

Kontiki Growth Fund Limited holds 50% ordinary shares and 100% preference shares of Oceanic Communications Limited. Actual control over the subsidiary amounts to 85% of the issued capital of Oceanic Communications Limited.

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

	Group 2014	Group 2013	Company 2014	Company 2013
	$	$	$	$
Oceanic Communications Limited	-	-	284,256	284,256
Provision for impairment	-	-	(107,514)	(116,827)
	-	-	176,742	167,429

	Group 2014	Group 2013	Company 2014	Company 2013
9. FINANCIAL ASSETS	$	$	$	$
Quoted				
Atlantic and Pacific Packaging Limited	6,634	6,634	6,634	6,634
Communications Fiji Limited	27,778	19,919	27,778	19,919
Fiji Television Limited	-	69,063	-	69,063
Fiji Care Insurance Limited	105,326	86,937	105,326	86,937
FMF Foods Limited	40,468	28,263	40,468	28,263
Paradise Beverages Limited	-	46,089	-	46,089
Pleass Global Limited	258,266	229,857	258,266	229,857
Rice Company of Fiji Limited	1,021	810	1,021	810
VB Holdings Limited	41,471	33,683	41,471	33,683
Unquoted				
Fiji Gas Limited	164,783	141,930	164,783	141,930
i-Pac Communications Limited	43,277	43,277	43,277	43,277
Halabe Investments Limited	926,330	883,720	926,330	883,720
Savusavu Harbourside Limited	-	-	-	-
Yatu Lau Company Limited	-	10,182	-	10,182
Total investments	1,615,354	1,600,364	1,615,354	1,600,364

Quoted shares

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

Unquoted shares

Unquoted investments have been designated as fair value through profit and loss where fair value can be objectively assessed. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models. Movements in fair value during the year have been recognised in the Statement of Comprehensive Income. Movement in fair value charged to the Statement of Comprehensive Income for the year included an unrealised loss of $1,091 (2013: $6,613) and an unrealised gain of $129,604 (2013:56,674).

Details of financial assets	Place of incorporation	Ownership interest
Oceanic Communications Limited	Fiji	50% ordinary and 100% preference shares
Atlantic & Pacific Packaging	Fiji	0.12%
Communications Fiji Limited	Fiji	0.19%
Fiji Care Insurance Limited	Fiji	2.58%
Fiji Gas Limited	Fiji	0.46%
FMF Foods	Fiji	0.04%
Halabe Investments Limited	Fiji	25.00%
i-Pac Communications Limited	Fiji	0.91%
Pleass Global Limited	Fiji	4.30%
Rice Company of Fiji	Fiji	0.01%
Savusavu Harbourside Limited	Fiji	16.61%
VB Holdings Ltd	Fiji	0.74%

The investment in Bligh Water Shipping was disposed and settled fully during the year.

10. PROPERTY, PLANT AND EQUIPMENT

	$	$	$	$
Group	Furniture and fittings	Office equipment	Motor vehicles	Total
Cost:				
At 1 January 2014	51,037	124,054	-	175,091
Additions	2,013	9,134	-	11,147
Disposals	-	-	-	-
At 31 December 2014	53,050	133,188	-	186,238

10. PROPERTY, PLANT AND EQUIPMENT *continued*

Group	Furniture and fittings $	Office equipment $	Motor vehicles $	Total $
Depreciation and impairment:				
At 1 January 2014	48,682	106,729	-	155,411
Depreciation charge for the year	1,401	7,714	-	9,115
Disposals	-	-	-	-
At 31 December 2014	50,083	114,443	-	164,526
Net written down value:				
At 31 December 2014	2,967	18,745	-	21,712
At 31 December 2013	2,355	17,325	-	19,680

The holding company does not own any property, plant and equipment at 31 December 2014 and 2013.

	Group		Company	
	2014	2013	2014	2013
11. TRADE AND OTHER PAYABLES	$	$	$	$
Trade and other payables	94,049	174,302	4,988	11,645
Owing to related parties	-	1,550	-	1,550
	94,049	175,852	4,988	13,195

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

12. INTEREST BEARING BORROWINGS	Interest rate %	Maturity	$	$	$	$
Current						
FijiCare Insurance Limited	6%	2016	63,270	-	63,269	-
			63,270	-	63,269	-
Non-current						
FijiCare Insurance Limited	6%	2016	27,500	150,362	27,500	150,362
			27,500	150,362	27,500	150,362

Details of interest bearing borrowings are as follows:

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

13. EMPLOYEE BENEFIT LIABILITY	$	$	$	$
Balance at 1 January	10,310	20,795	-	-
Net movement during the year	(6,453)	(10,485)	-	-
Balance at 31 December	3,857	10,310	-	-

	Group		Company	
	2014	2013	2014	2013
14. SHARE CAPITAL	$	$	$	$
Authorised Capital				
100,000,000 ordinary shares of $1.00 each	100,000,000	100,000,000	100,000,000	100,000,000
Issued and Paid up Capital				
3,500,000 ordinary shares of $1.00 each	3,500,000	3,500,000	3,500,000	3,500,000
25,205 ordinary shares at $1.09 each	27,514	27,514	27,514	27,514
13,150 ordinary shares at $1.00 each	13,150	13,150	13,150	13,150
	3,540,664	3,540,664	3,540,664	3,540,664

15. EARNINGS PER SHARE	$	$
Operating profit after income tax	165,599	321,858
Number of shares outstanding	3,538,355	3,538,355
Basic earnings per share	0.05	0.09

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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

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

16. RELATED PARTY TRANSACTIONS

The consolidated financial statements of the Group include:

Name	Country of incorporation	% equity interest 2014	% equity interest 2013
Oceanic Communications Limited	Fiji	85%	85%

a) Transactions with related parties

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

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

Expenses	*Related parties*	$	$
Administration fees	Kontiki Portfolio Services Limited	8,625	8,625
Interest on loan	Kontiki Capital Limited	-	9,905
Loan	FijiCare Insurance Limited	90,769	150,362
Interest on preference shares	Oceanic Communications Limited	33,237	31,179
Interest on loan	Oceanic Communications Limited	-	2,671
Interest on loan	FijiCare Insurance Limited	7,401	5,807

16. RELATED PARTY TRANSACTIONS *continued*

a) Transactions with related parties *continued*

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

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
b) Compensation of key management personnel				
Short term employee benefits	93,174	79,000	-	-

c) Owing to related parties

The amounts payable/(receivable) as at 31 December to the following related parties are as follows:

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Loan from FijiCare Insurance Limited	90,770	150,362	90,770	150,362
Administration fees - Kontiki Portfolio Services Limited	-	1,550	-	1,550
	90,770	151,912	90,770	151,912
Disclosed in the financials as:				
Owing to related parties (Note 11)	-	1,550	-	1,550
Owing to related parties (Note 12)	90,770	150,362	90,770	150,362
	90,770	151,912	90,770	151,912

d) Directors

Common directors of Kontiki Growth Fund Limited and Kontiki Capital Limited during the year were:

Jack Lowenstein
David Oliver

Common directors of Kontiki Growth Fund Limited, Kontiki Stockbroking Limited, Kontiki Fund Limited and Kontiki Portfolio Services Limited during the year were:

Jack Lowenstein
David Oliver

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Interest rate risk

The Group's exposure to the risk in changes in market interest rates has been mitigated by borrowing at fixed interest rates for six monthly to two yearly terms. At 31 December 2014, interest bearing borrowings were payable to a related entity. The terms can be extended or rate fixed upon mutual agreement between the parties.

Credit risk

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

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

18. FINANCIAL INSTRUMENTS

Fair value

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

	Carrying amount		Fair value	
Financial assets	2014	2013	2014	2013
	$	$	$	$
Cash	147,513	194,820	147,513	194,820
Financial assets	1,615,354	1,600,364	1,615,354	1,600,364
Financial liabilities				
Interest bearing loans and borrowings:				
Fixed rate borrowings	90,770	150,362	90,770	150,362

19. CAPITAL COMMITMENTS

Capital commitments at balance date amounted to Nil (2012: Nil).

20. OPERATING LEASE COMMITMENTS

Operating lease commitments not provided for in the financial statements and payable for the next twelve months are as follows:

	Group	
	2014	2013
	$	$
Not later than one year	28,596	28,596

Operating lease commitment for the group relates to the leasing of office space of the subsidiary. There are no operating lease commitments for the company.

21. CONTINGENT LIABILITIES

At 31 December 2014, the subsidiary company was involved in a court case against Webmedia (Fiji) Limited for defamation. The solicitors have estimated a liability and costs from this case to be significant, up to a maximum of $100,000.

22. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company and the group, the results of those operations, or the state of affairs of the company and the group for the year ended 31 December 2014.

23. SEGMENT INFORMATION

(i) Business Segments

2014	Investment KGF $	Information Technology OCL $	Eliminations $	Consolidated $
Total revenue	-	920,130	-	920,130
Other operating income	206,870	56,515	(42,550)	220,835
Profit before tax and non-controlling interest	143,153	55,013	(9,313)	188,853
Total assets	1,935,353	408,752	(283,091)	2,061,014
Total liabilities	95,759	200,820	(106,348)	190,231

23. SEGMENT INFORMATION *continued*

2013	Investment KGF $	Information Technology OCL $ Restated	Eliminations $	Consolidated $
Total revenue	-	1,305,236	-	1,305,236
Other operating income	297,184	301,619	(201,279)	397,524
(Loss)/profit before tax and non-controlling interest	316,236	294,813	(160,468)	450,581
Total assets	1,895,382	521,534	(265,541)	2,151,375
Total liabilities	163,557	350,965	(98,111)	416,411

24. COMPANY DETAILS

Company incorporation

The company is a public company, incorporated in Fiji under the Fiji Companies Act, 1983 and domiciled in the 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.

25. 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 company was involved with web-site development and support, advertising and marketing. There has been no change in this activity during the year.

26 RESTATEMENT OF 2013 FINANCIAL STATEMENTS

The consolidated statement of comprehensive income for 2013 was restated as rebates totalling $33,007 payable by the subsidiary company to a customer in respect of that year were identified and settled during the current year. The effects of this restatement are summarised below.

	2013 Increase $	2013 Decrease $
Statement of Comprehensive Income		
Other expenses	33,007	
Income tax expense		6,601
Net profit after tax		26,406
Statement of Financial Position		
Total equity		26,406
Current and total liabilities	26,406	

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

(a) Statement of interest of each Director and Senior Management in the share capital of the company or in a related Corporation as at 31 December 2014 in compliance with Listing Requirements:

Mr David Oliver (Direct Interest) - 8,100 shares in Kontiki Growth Fund Limited.

Mr Jack Lowenstein (Indirect interest: Ludwigson Holdings Pty Limited) - 50,862 shares in Kontiki Growth Fund Limited.

Mr Hari Punja (Indirect interest: Hari Punja & Sons Limited) - 194,150 shares in Kontiki Growth Fund Limited.

Mr Daryl Tarte (Indirect Interest: Sandra Tarte) - 10,667 shares in Kontiki Growth Fund Limited.

Mr Erik Larson (Direct Interest) - 36,815 shares and (Indirect interest: Amy Lynn Bergquist) - 50,000 shares in Kontiki Growth Fund Limited.

Mr Philipp Thomas (Indirect Interest: Aequi-Libria Associates Insurance Broker Ltd and FijiCare Insurance Ltd) - 494,177 shares in Kontiki Growth Fund Limited.

Mr Griffon Emose (Direct Interest) - 13,868 shares in Kontiki Growth Fund Limited.

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

Shareholders	No of shares
FNPF Investments Limited	1,021,700
Aequi-Libria Associates Insurance Broker Ltd	443,177
BSP Life (Fiji) Limited	281,800
FHL Media Limited	200,000
Hari Punja & Sons Limited	194,150
Carlisle (Fiji) Limited	144,150
Kontiki Stockbroking Limited	104,576
Jimaima T Schultz	86,459
Uma Investments Limited	61,000
Ken Kung	52,293
Fijicare Insurance Limited	51,000
Ludwigson Holdings Pty Limited	50,862
Amy Lynn Bergquist	50,000
NS Niranjans Holdings Limited	50,000
Graham Eden	42,671
Timothy Raju Fong	35,204
Tutanakei Investments Limited	28,950
Erik Larson and Amy Lynn Bergquist	26,615
Nina Patel	25,000
Reddy's Enterprises Limited	25,000

(c) Board meetings

Directors	Number of meetings entitled to attend	Number of meetings attended	Apologies
Daryl Tarte (Chairman)	3	3	-
Jack Lowenstein (Director)	3	3	-
David Oliver (Director)	3	3	-
Hari Punja (Independent Director)	3	-	3
Erik Larson (Independent Director)	3	3	-
Philipp Thomas (Independent Director)	3	2	1
Griffon Emose (Alternate Director)	3	3	-

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

(d) Distribution of Share Holding

Holding	No. of holders	% Holding
Less than 500 Shares	1	0.00%
501 to 5,000 Shares	86	5.98%
5,001 to 10,000 Shares	21	4.53%
10,001 to 20,000 Shares	13	4.81%
20,001 to 30,000 Shares	5	3.59%
30,001 to 40,000 Shares	1	0.99%
40,001 to 50,000 Shares	3	4.03%
50,001 to 100,000 Shares	5	8.52%
100,001 to 1,000,000 Shares	6	38.66%
Over 1,000,000 Shares	1	28.87%
	142	100%

(e) Share Register

SPSE Central Share Registry
Level 2, Provident Plaza 1
SUVA, Fiji.

(f) Disclosure under section 6.31 (viii)

	Kontiki Growth Fund Limited 2014 $	Oceanic Communications Limited 2014 $
Turnover	-	920,130
Other income	206,870	56,515
	206,870	976,645
Depreciation	-	(9,115)
Other expenses	(63,717)	(912,517)
Income tax expense	-	(17,650)
	(63,717)	(939,282)
Profit after tax	143,153	37,363
Total assets	1,883,430	408,752
Total liabilities	95,759	200,820
Shareholders' equity/(deficiency) in shareholders' equity	1,787,671	207,932

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

(g) Financial performance for six years

	2014	2013	2012	2011	2010	2009
Net profit after tax	171,203	366,080	38,101	(422,620)	(616,024)	(392,307)
Current assets	422,876	522,172	359,320	1 97,383	1 23,599	66,884
Non-current assets	1,638,138	1,629,203	1,585,984	1,642,568	2,070,864	2,560,170
Total assets	2,061,014	2,151,375	1,945,304	1,839,951	2,194,463	2,627,054
Current liabilities	161,176	264,720	575,479	5 08,895	4 40,192	2 69,066
Non-current liabilities	29,055	151,691	941	273	830	2,662
Total liabilities	190,231	416,411	576,420	5 09,168	4 41,022	2 71,728
Shareholder's equity	1,870,783	1,734,964	1,368,884	1,330,783	1,753,441	2,355,326
Dividend per share	0.01	-	-	-	-	-
Earnings per share	0.05	0.09	0.01	(0.12)	(0.17)	(0.11)
Net tangible assets per share	0.52	0.49	0.39	0.38	0.50	0.67
Highest market price	0.30	0.29	0.29	0.49	0.50	
Lowest market price	0.29	0.29	0.25	0.29	0.45	0.50
Year end market price	0.30	0.29	0.29	0.29	0.45	0.50

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

DIRECTORY

The Kontiki Growth Fund

Board of Directors:
Daryl Tarte
Hari Punja
Philipp Thomas
Erik Larson
Jack Lowenstein
David Oliver

Company Secretary: Griffon Emose
Siale Yee

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

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

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

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

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

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

Kontiki Growth Fund Limited

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