



28 June, 2019

For Public Release

Kinetic Growth Fund: Update on Progress on Audited Financial Statements and Scheduling of Annual General Meeting

The Manager and Board of Kinetic Growth Fund Ltd (KGF) wish to provide an update on the KGF 2018 audit.

During the audit quality review, the following issues emerged:

1. Updating the notes to the financial statements, particularly focusing on the impact of IFRS 9 (disclosure of how KGF and subsidiary companies recognize financial assets, debt instruments, equity instruments, hedge accounting, and impairment) and IFRS 15 (disclosure of policies of recognition of revenue from customers); and
2. Partitioning expenses and revenues in subsidiary, Drone Services Fiji (DSF), between those that happened prior to KGF's investment in late 2018 and those after KGF's investment, so that KGF's consolidated statements reflect the non-controlling (minority) interest in DSF accurately.

Due to the complexity of the issues and to avoid further delays, the Manager is working with a consulting accountant to address these immediate issues and to develop systems for reporting the material going forward.

Once the consulting accountant finishes addressing the issues above, KGF will forward its updated consolidated accounts to its auditor. The auditor will then review these revised statements. If there are no additional matters requiring further clarification, the auditor will forward the accounts for external quality review. The Manager of KGF continues to communicate to all parties involved the urgency of the matter and importance of finalising and releasing the audited statements as soon as possible.

KGF wishes to emphasize that even with the above changes, there has not been any substantive change to either the net profit after tax or net asset backing per share in the previous and current draft of the audited financial statements. The primary changes have been in disclosing the details of accounting policies and in how DSF's audited statements report non-controlling interests.

In addition to the audit update, KGF wishes to advise shareholders and the market that it has applied for and received an extension of the time to hold its Annual General Meeting. Once KGF has received copies of its audited statements, it will schedule and announce the timing of its AGM.

Although the lengthy delays of the audit process have consumed significant time and attention, the Board and Manager continue to follow through on our strategies for KGF, working with investee companies and developing new opportunities for investment.

Pending the finalization and release of KGF's audited financial statements and Annual Report for the year ending 31 December 2018, the voluntary suspension of trading in KGF shares on the SPX will continue.

Yours sincerely,



Erik Larson
Board Chairman



Griffon Emose
Company Secretary