



28 August, 2019

For Public Release

### **KGF AGM Resolutions and Manager's Presentation**

Kinetic Growth Fund Limited (KGF) today held the Annual General Meeting of shareholders at the Suva Business Centre, Victoria Parade, Suva.

At the AGM, the representative of KGF's Manager, Kontiki Capital Ltd (KCL), presented on KGF's FY2018 performance and outlined KGF's strategic priorities for the intermediate term.

Resolutions passed by the shareholders were as follows:

#### **Item 1 - Financial statements for the year ended 31 December, 2018**

The audited financial statements together with the report of the directors and auditors for the financial year ended 31 December, 2018 was adopted.

A motion was moved by Mr. Bob Niranjana and seconded by Mr. Josua Satavu. By show of hands, the motion was passed unanimously by the shareholders.

#### **Item 2 - Election of Directors.**

Mr. Jack Lowenstein retired by rotation in accordance with Article 107 of KGF's Articles of Association, and being eligible, offered himself for re-election. Mr. Lowenstein was re-elected.

A motion was moved by Mr. Bob Niranjana and seconded by Mr. Josua Satavu. By show of hands, the motion was passed unanimously by the shareholders.

#### **Item 3 - Appointment of Auditors**

The Board proposal to re-appointment Messrs. Ernst & Young as Auditors for the next financial year was approved.

A motion was moved by Mr. Bob Niranjana and seconded by Ms. Esita Rokoyawa. By show of hands, the motion was passed unanimously by the shareholders.

Yours sincerely,

Jack Lowenstein  
**Director**

Griffon Emose  
**Company Secretary**

# KINETIC GROWTH FUND



Annual General Meeting  
28 August, 2019

# **2018 Review**

# Financial Performance

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## ■ Holding Company

■ Revenue	\$1,041,130	▼ 34.6%
■ NPAT	(\$1,019)	2018: \$1.4m
[Underlying NPAT	\$0.25m]	

## ■ Group

■ Revenue	\$2,051,901	▼ 8.2%
■ NPAT	\$71,307	▼ 94.5%
[Underlying NPAT	\$0.33m]	

Key: ▼ Declined ▲ Improved

# Key Factors to Performance

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## ■ Holding Company

■ Dividends received	\$407,510	▲ 78.3%
■ Realised gains	\$1,427	▼ 51.9%
■ Unrealised gains	\$630,985	▼ 97.2%
■ Performance fee	\$255,827	2017: \$161,325

## ■ Group

■ OCL revenues	\$720,903	▲ 13.8%
■ OCL net profit	\$145,379	▲ 71.0%
■ DSF revenues	\$255,194	2017: \$37,779
■ DSF net loss	(\$64,528)	2017: (\$121,216)

Key: ▼ Declined ▲ Improved

# Shareholders' Equity

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- NAV per Share

■ 31 <sup>st</sup> December 2015	\$0.53	▲ 1.9%
■ 31 <sup>st</sup> December 2016	\$0.62	▲ 17.0%
■ 31 <sup>st</sup> December 2017	\$1.01	▲ 62.9%
■ 31 <sup>st</sup> December 2018	\$1.04	▲ 3.3%

- Over the last 3 years, shareholders equity grew by 73.5%
- Interim dividend of 2 cents per share totaling \$71.6k paid out in 2018
- 5,665 shares repurchased via buy-back programme for total consideration of \$3.5k

Key: ▼ Declined ▲ Improved

# Share Price

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- Share price

■ 31 <sup>st</sup> December 2015	\$0.45	▲ 50.0%
■ 31 <sup>st</sup> December 2016	\$0.45	0.0%
■ 31 <sup>st</sup> December 2017	\$0.53	▲ 17.8%
■ 31 <sup>st</sup> December 2018	\$1.02	▲ 92.5%

- KGF shares traded at a 2.0% premium to NAV per share as at 31<sup>st</sup> December 2018.

Key: ▼ Declined ▲ Improved

# Share Buy-Back Programme

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- Share buy-back programme since 2017 has had a positive effect
  - 78,231 shares repurchased for a total consideration of \$40,043
  - Average acquisition price of 50.3 cents per share
  - Generated new buying interest other than KGF
  - Improved liquidity for all shareholders



# KGF Price vs NAV / Share



# Equity Portfolio - 31 December 2018

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

\* Preference share dividends receivable

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

# Listed Portfolio

# Listed shares

Shares	Company		Cost (\$)	Market (\$)	% Net Assets
229,000	Pleass Global Ltd	SPX: PBP	176,407	561,050	15.8%
94,234	FMF Foods Ltd	SPX: FMF	48,194	197,891	5.6%
593,797	Kontiki Finance Ltd	SPX: KFL	189,786	575,983	16.2%
1,393,750	Fiji Kava Ltd	ASX: FIJ	371,328	240,578	6.8%
<b>Total Financial Assets</b>			<b>2,243,413</b>	<b>3,548,108</b>	<b>100.0%</b>

# Performance

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## ■ Dividends

- FY2016 \$0.06m ▼ 16.8%
- FY2017 \$0.23m ▲ 259.5%
- FY2018 \$0.03m ▼ 85.8%
- Paid by PBP, KFL, FGL and FMF

## ■ Unrealised capital gains

- FY2016 \$0.23m ▲ 34.4%
- FY2017 \$1.31m ▲ 465.2%
- FY2018 \$0.63m ▼ 51.3%

Key: ▼ Declined ▲ Improved

# **Private Equity Portfolio**

# Halabe Investments

# Performance

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- Total Operating income      \$1,358,182      ▼ 65.5%

**HIL in 2018 sold 6 of 14 in Viti Towers and has completed the sale of all Viti Villas**

- EBITDA      \$1,093,454

- NPAT      \$ 817,073

- Occupancy rate virtually 100.0%

- Rent freeze remains in place

- KGF received \$375,000 dividend

Key: ▼ Declined ▲ Improved



# 2019 Update

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- Strategy of selling off assets to realise value to continue
- Dividends from further sales of property assets anticipated

**Oceanic Communications Ltd**

# Performance

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- Revenues \$720,903 ▲ 13.8%
- NPAT \$145,379 ▲ 71.0%
- Factors to performance:
  - Won back work from key former clients e.g. Vodafone
  - Resourcing issues finally resolved
- \$60k in preference share dividends paid to KGF over the year

Key: ▼ Declined ▲ Improved

# 2019 Update

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- \$35k preference share dividends received to-date in 2019
- Preference share dividends in arrears cleared in full
- Difficult market currently
- Reform programme continuing with focus on:
  - Upskilling of staff
  - New client acquisition
  - Cost control

# Drone Services

# Performance

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■ Total Operating income	\$255,194	▲ 575.5%
■ NPAT	(\$64,528)	▲ 46.8%

Key: ▼ Declined ▲ Improved

# 2019 Update

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- Issues with very first audit led to significant delays in KGF audit
  - Accounting issues now resolved
- New large contracts with international clients
- Focus on new business and cost control

**2019 and Beyond**



# Review

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- Current position
  - Gap between Share Price and NAV/Share now eliminated
  - Zero debt
  - Share price now \$1.12
  - Improved cashflow

Key: ▼ Declined ▲ Improved

# Focus for 2019

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- Continue to grow NTA per Share
- Renew investment portfolio with profitable opportunities
  - Discussions with various potential investments underway
  - Announcements to be made in future
- Continue to work closely with subsidiary companies to enhance value

**Thank You**