



**Kontiki Growth Fund Limited**

**Annual Report  
2008**



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# KONTIKI GROWTH FUND

## REPORT FROM THE MANAGER

This report by the Manager highlights KGF's activities over the 2008 financial year.

### 1. General Review

#### Operating Environment

The global economy in 2008 took a battering with the worst financial crisis since the Great Depression in 1929 hitting markets worldwide. World economic growth slowed to 3.4% in 2008 from 5.2% in 2007. Although Fiji was not as severely affected as some of the other more developed economies, the pain of the crisis was still felt here.

The investment environment in Fiji which was lethargic since 2007 due to the volatile political environment continued its poor performance in 2008. Economic growth was a dismal 1.2%, 2.2% lower than the world growth rate. Inflation<sup>1</sup> was also up at 6.6%, 2.3% higher than in 2007.

During the year, the prices of natural resources particularly crude oil peaked at an all time high, increasing Fiji's import bill, draining its foreign reserves and increasing energy costs for all. The transport sector was severely affected. KGF's investee company, Bligh Water Shipping, saw its fuel costs rise by almost 22% during the year which had a direct effect on its profits. However, crude oil prices declined towards the end of the year providing some relief to the economy and the transport sector.

In addition, high interest rates throughout the year reflected the tight liquidity conditions which constrained the ability of businesses to fund investment and growth.

Investment for 2008 was expected to remain at around 15% of GDP, a similar level to 2007.

One bright light in all this was that the local stock market recorded a 23.8% increase in market capitalisation, making it one of the best performing markets in 2008 in light of the global financial crisis.

Nevertheless, 2008 was a difficult year for business and investment in general.

#### Performance

KGF's NAV per share and share price on the South Pacific Stock Exchange (SPSE) declined over the year. By the end of 2008, these had fallen 5.6% and 14% respectively, compared to the same period in 2007. The falls reflected significant write-downs in some investments which the Manager, after consultation with KGF's auditors, decided to make in KGF's books as a prudent measure. The results also reflected the mixed performance of KGF's investments in general and low investor confidence.

#### Looking Ahead

2009 promises to be a tough year not just for KGF and its investees, but for business generally in Fiji and of course, globally. The effects of the global financial crisis, the extensive flooding in early 2009 and the continued political and economic problems faced by Fiji are some of the main factors expected to continue affecting the business environment adversely.

Notwithstanding these issues, the Manager continues to look for outstanding investment opportunities, including situations where asset prices have been depressed or sold down in the current negative environment, and will continue to follow a structured approach to identifying, assessing, analysing and

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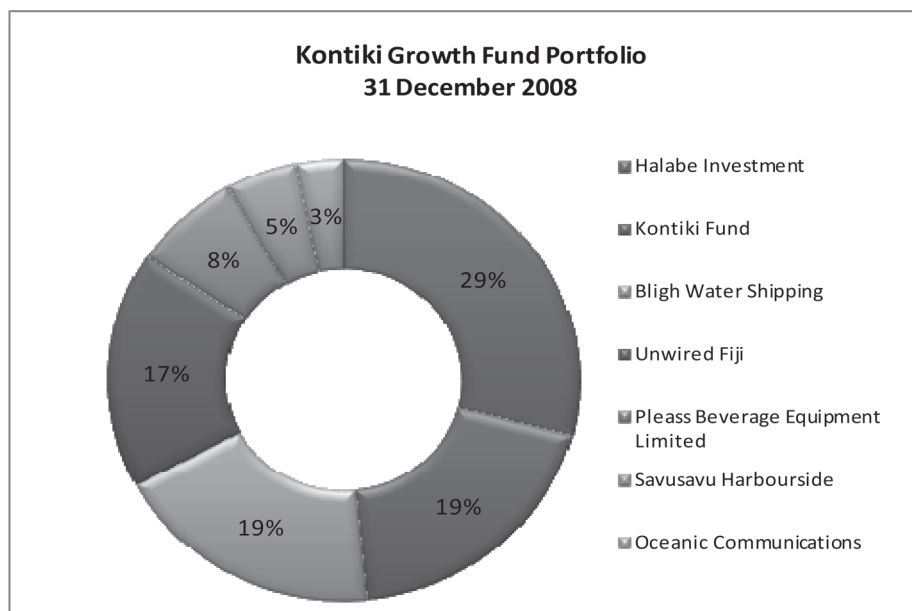
<sup>1</sup> December year-on-year

selecting investments. In addition a further challenge will be sourcing funds to make new investments, as KGF is currently fully invested.

## Portfolio Overview<sup>2</sup>

Since its establishment in late 2004, KGF has invested a total of \$3.37m in the Kontiki Fund (KF) and six private equity businesses. The table below summarises KGF's portfolio as at 31 December 2008.

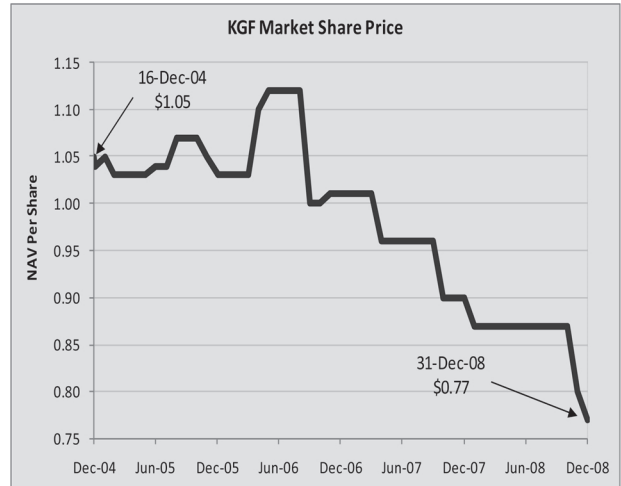
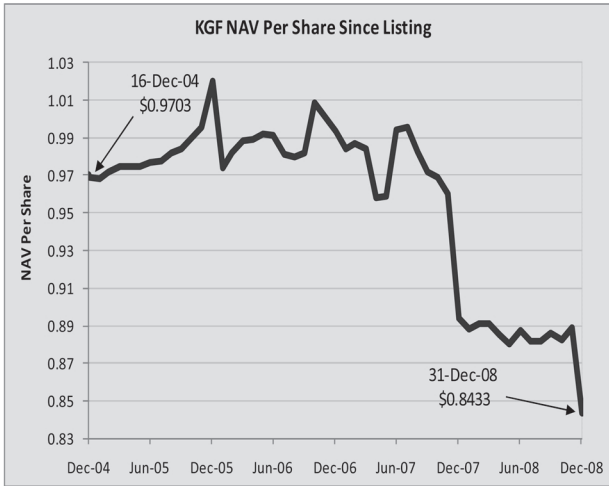
Shares	Company	Main Business	Cost	Market	% Net Assets
118,100	Kontiki Fund	Investment fund comprising mainly of SPSE companies	485,995	586,553	18.4%
250,000	Savusavu Harbourside	Tourism property development	250,000	150,000	4.7%
200,000	Oceanic Communications	Internet applications	200,000	100,000	3.1%
566,176	Unwired Fiji	Internet service provider	571,176	525,482	16.4%
138,254	Halabe Investment	Property investment	883,720	883,720	27.7%
162,823	Bligh Water Shipping	Shipping	455,029	569,852	17.8%
240,000	Pleass Beverage Equipment Limited	Water bottling and packaging	210,080	225,600	7.1%
<b>Total Equities</b>			<b>3,055,999</b>	<b>3,041,206</b>	
<b>Other Assets</b>					
	Oceanic Loan			97,517	
<b>Total Assets</b>				<b>3,138,723</b>	
NetDebt				154,457	4.8%
<b>Net Assets</b>				<b>3,195,663</b>	<b>100.0%</b>
% in Kontiki Fund					18.4%
% in Private Equity					76.8%



At the end of December 2008, KGF's net tangible asset value (NTA) per share was \$0.8894. The share price stood at \$0.77. These figures represent a decline of 5.6% in the NTA and 14% in the share price compared to 2007.

<sup>2</sup> For ease of reference, where the financial year differs from the calendar year, "financial year" or "FY" is used.

KGF's holding in the Kontiki Fund (KF) is priced monthly and is based on the Kontiki Fund's prevailing net asset value at that time.

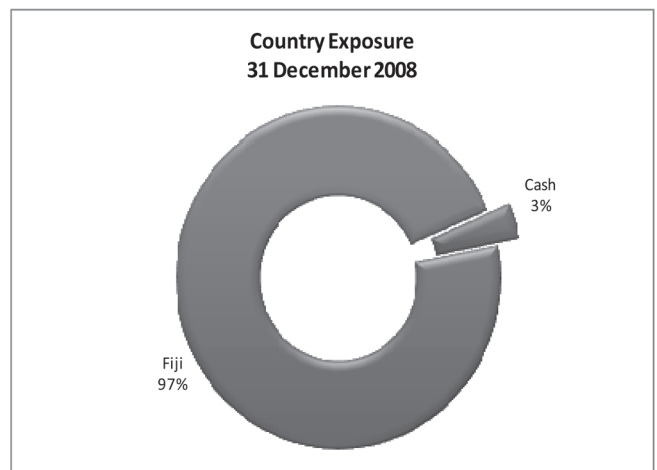
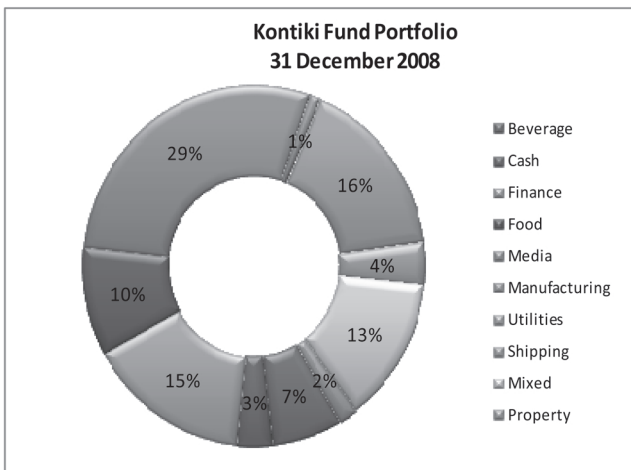


### Kontiki Fund

The Kontiki Fund is an open-ended US dollar-denominated fund that predominantly invests in SPSE-listed entities.

KGF had 182,248 shares in KF at the end of 2007. In 2008 KGF redeemed 64,148 KF shares representing 35% of its KF holding, making a gain of \$5,902. The market value of KGF's holding in KF at the end of December was \$589,484, an increase of 9% over the year.

Since KGF first invested in KF in December 2004, KF made an annualised return of 2.49% in its official currency, the US dollar and 4.48% in Fiji dollar terms. Since its establishment in 1998, KF has delivered an annualised return of 10.68% in US dollars, and 9.52% in Fiji dollars. KF's performance in 2008 has been encouraging with its NAV rising by 9.11% in Fiji dollar terms during the year. However its NAV in its official reporting currency (USD) fell 3.64% during this time, reflecting movements in the FJD/USD exchange rates during the year.



The table below summarises Kontiki Fund's returns since inception.

<b>Kontiki Fund Returns to 31 December 2008</b>	<b>USD</b>	<b>FJD</b>
<b>Quarter</b>	-4.58%	4.32%
<b>One year</b>	-3.64%	9.11%
<b>Three years</b>	-0.62%	-0.48%
<b>Five years</b>	7.44%	8.30%
<b>Since Inception (10.5 years)</b>	10.68%	9.52%
<b>NAV end of December 2008</b>	\$2.90	\$5.20
<b>NAV at inception (July 1 1998)</b>	\$1.00	\$2.00

*Past performance is no guarantee of future performance.*

While the Manager is confident that KF will bounce back in the long-term, KF's performance in the short-term will remain tied to the performance of the SPSE and Fiji business/investor confidence, as the Fund is predominantly invested in Fiji.

## Halabe Investments

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

- Viti Apartments – luxury apartment complex with 7 apartments valued at \$2.3m.
- Viti Tower – luxury apartment complex with 14 apartments valued at \$5.5m.
- Krishna St. Land – two undeveloped lots situated in a prime location (in front of Viti Tower) valued at \$0.4m.

HIL managed to maintain virtually 100% occupancy in 2008, with transitional tenancies accounting for the few vacancies. This has actually been the trend since the 2006 coup, an outstanding achievement given the prevailing economic and political conditions.

HIL's rental income for the financial year ended 30 September was \$0.82m, an increase of 2% over the same period last year. The overall result for FY2008 was a loss of \$0.16m compared to a loss of \$1.06m for the same period last year, a significant improvement by 85%. Please note that the results of the company are skewed by the high depreciation and interest cost which were \$0.38m and \$0.37m respectively for the year.

For HIL the Manager is mainly concerned with cashflow rather than accounting profits as the latter will for some time be distorted by high (non-cash) depreciation. In this context, HIL has remained cash flow positive, a trend it has maintained since commencing business.

HIL's EBITDA has continued to be positive since inception with the FY2008 EBITDA standing at around \$0.59. Its EBITDA has averaged \$0.60m in the past three years from its existing property portfolio. HIL's earnings before interest and tax (EBIT) for the FY2008 have also been exceptional at around \$0.21m, similar to FY2007. This also has been the trend since inception. Nevertheless, tight cashflows and the heavy debt service burden continue to be of concern.

## Pleass Beverage Equipment

Pleass Beverage Equipment Ltd (PBP) manufactures and distributes bottled water (filtered city water for use in coolers and bottled natural artesian water) and distributes food and beverage packaging materials. Packaging products account for almost 70% of revenue.

2008 was an eventful year for PBP. Not only did it have to endure the constrained business environment, it also had to go through the saga over the tax authority's attempt to introduce new water taxes which created a lot of commotion in the water bottling industry. Despite all this the company produced some impressive results for the 2008 financial year.

In 2008 PBP's sales were recorded at \$4.84m compared to \$4.05m for 2007 (up 20%). The company's EBITDA was recorded at \$0.82m, an increase of 38% over 2007. PBP's NPAT grew by an impressive 47% over 2007 to around \$0.40m for 2008.

The company is looking to expand by building a new water processing plant in Namosi. To finance this project the company successfully raised \$0.90m through the issue of 1.0m new shares to the general public via an IPO. Subsequently, PBP's long term plans to list on the South Pacific Stock Exchange came to life when it finally listed on the SPSE on the 4<sup>th</sup> of February in 2009.

## Bligh Water Shipping

Bligh Water Shipping (BWS) operates inter-island passenger and cargo transportation services between Suva, Savusavu, Taveuni, Natovi and Lautoka. The Group owns 2 roll-on-roll-off ferries, a fleet of trucks and other logistics equipment and an office complex.

In 2008 BWS as it struggled with several engine breakdowns on its vessels. During the year the company only had both ships running for about 4 months. This coupled with the impact of high fuel prices saw the company go through a tough year. Not surprisingly results for the year were disappointing.

For the financial year ended 31 March 2008 the company's sales increased to \$8.92m, up 11% over FY2007. However, with the high fuel prices and the untimely repairs and maintenance bill the company experienced an increase in cost from \$6.29m in FY2007 to \$9.07m in FY2008 (excluding Depreciation and Interest cost), an increase of 44%. EBITDA for FY2008 was negative \$0.15m (\$1.59 for 2007) with a loss of \$1.19m for the year compared to a profit of \$0.86m in FY2007.

In the nine months to 31 December 2008 the Group recorded sales of \$8.69m up 21% on the same period last year while its EBITDA was positive \$0.22m with a Net Loss of \$0.62m.

However the most significant development this year was the appointment of Abraham Simpson as the new CEO in late June. Under his leadership BWS has instituted a comprehensive reform programme with a view to ensuring breakdowns are stemmed and maximising efficiency and profitability. This has included preparation of comprehensive manuals for all key aspects of operations, the complete rebuilding of all engines on the two vessels, more stringent engineering monitoring including monitoring and a review of HR and operations carried out by outside consultants. The company also recently went through an extensive cost-cutting programme.

We believe that the company has gone through the worst and with the changes in place are confident that the company's prospects in the longer-term are very bright with plans to acquire a local shipping company and expand to other profitable routes in Fiji in the pipeline.

## Oceanic Communications Ltd

Oceanic Communications Ltd (OCL) is a full service communications company, providing advertising, marketing and technology-driven communications services to companies in Fiji and abroad.

2008 was a tough year for Fiji's advertising industry and OCL did not escape the slowdown. OCL's revenue for the 31 December 2008 financial year was recorded at \$0.53m, 28% down on the same period last year. However, with stringent cost controls in place the company managed to cut costs significantly, with cost of sales as percentage of sales reduced to 29% in 2008 compared to 47% in 2007. Its operating expenses also reduced by 2% in 2008. OCL's EBITDA in 2008 was recorded at negative \$9,982. This was a marked improvement of 72% over 2007. OCL's Net Loss for 2008 was \$51,259, an improvement of 21% over 2007.

In 2007 the Manager agreed to write down \$58,826 of KGF's investment in OCL. This represented KGF's proportionate share of OCL's deficiency in net assets at the end of 2007. Despite the improving results in 2008 the Manager, in consultation with auditors, Ernst and Young, decided to prudently take a further write-down of \$41,174 taking its investment value in OCL down from the initial \$200,000 to \$100,000.

Moving forward, OCL is focused very much on "weathering the storm" as far as their offline work in the advertising industry goes. In the online space, continuing to build upon it's very strong local client base as well as developing it's international expertise further is a core aim. With its reduced cost base, careful control of expenditure and aggressive marketing to potential clients, OCL appears well-placed to do this.

### **i-Pac Communications (trading as "Unwired Fiji")**

Unwired Fiji ("Unwired") is an internet service provider (ISP) that began operations in mid-2005. Unwired's network covers the Suva CBD and a large part of the greater Suva /Nasinu area.

Unwired's financial performance for 2008 has been encouraging with sales increasing by 11% to \$1.91m over 2007. Importantly Unwired is close to being cash flow positive with its EBITDA improving to negative \$18,498 from negative \$383,906 in 2007, an improvement of 95%. Its net loss also improved to \$0.57m, (\$0.22m or 28% improvement on the previous year).

Nevertheless in recognition of the difficult business environment and in consultation with auditors, Ernst & Young, the Manager decided to write down \$45,684 of KGF's investment value in Unwired, bringing the book value of KGF's investment to \$525,482 compared to its initial investment of \$571,176.

### **Savusavu Harbourside Ltd**

Savusavu Harbourside (SHL) is the holding company for a commercial property development in Savusavu town. SHL's current project involves the development of an upmarket mixed-use complex (the "Harbourside Complex") consisting of apartments, offices and shops.

SHL was the hardest hit of all KGF's investments in 2008. Shareholders will recall that following the last coup, the Company lost all of its apartment presales and construction stalled following breach of contract by the builder. An independent detailed review of the project was then commissioned which concluded that the project was potentially viable with aggressive marketing to lessees/tenants, tight control of construction and flexible financing terms. Unfortunately there has been little progress in negotiations with contractors, financiers and other stakeholders.

In 2007 the Manager wrote-down KGF's investment in SHL from \$250,000 to \$215,364. This was KGF's proportionate share of the written down Net Realisable Value (NRV) of the project as calculated by Ernst & Young. In 2008, the Manager agreed to a further write-down of its investment by \$65,364. At the end of 2008 KGF's investment value in SHL stood at \$150,000 compared to the initial investment of \$250,000 and the \$215,354 in 2007.

The outlook for SHL remains uncertain. Much will depend on the outcome of work being done to address the various issues including construction, marketing and financing. The Manager is keeping in close contact with the developers and consultants in this regard.

Company	Revenue			EBITDA			NPAT		
	2007	2008	Percentage Change	2007	2008	Percentage Change	2007	2008	Percentage Change
Oceanic Communications Limited	728,197	527,837	-28%	(35,898)	(9,982)	-72%	(65,020)	(51,259)	-21%
i-Pac Communications Limited	1,799,217	1,989,952	11%	(383,906)	(18,498)	-95%	(785,978)	(568,614)	-28%
Halabe Investments Limited	806,364	819,147	2%	590,365	585,604	-1%	(1,059,092)	(156,607)	-85%
Bligh Water Shipping Limited	8,045,238	8,923,655	11%	1,599,298	(149,440)	N/A	856,368	(1,189,612)	N/A
Pleass Beverage Equipment Ltd	4,045,905	4,837,424	20%	589,252	815,152	38%	271,013	398,584	47%
Savusavu Harbourside	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## 2. Financial Results

The following table summarises KGF's financial performance in 2008. The results include consolidation of Oceanic under "Group".

	Holding Company		Group	
	2007	2008	2007	2008
	\$	\$	\$	\$
Income	36,899	93,410	742,303	550,172
Profit after Tax	(214,717)	(293,146)	(207,908)	(292,161)
Proposed Dividend	-	-	-	-
Dividend per Share (cents)	-	-	-	-
Earnings per Share (cents)	(6.0)	(8.0)	(6.0)	(8.0)

The financial year ended 31 December 2008 saw the Group achieving revenue of \$0.55m, a reduction of 26% over the previous year. However, due to the stringent cost controls put in place by the manager, the cost of sales reduced by \$224,838 or 67% over 2007. This helped increase KGF's gross profit for the year to \$438,553, an increase of 8% over the previous year. Despite the partial write-downs of OCL, Unwired and SHL, the group's Net Loss before Tax for 2008 improved by 33% over 2007 to \$191,819 in 2008. However, due to the write-off of accumulated future income tax benefit of \$111,413, the group's Net Loss after Tax came to \$292,161, an increase of 41% over 2007.

## 3. Other Matters

In April 2008, KGF farewelled it's Chairman, Mr. Jesoni Vitusagavulu, who had held the post since the Fund's inception.

In August 2008, KGF welcomed Mr. Michael Makasiale as a director, filling one of the vacant independent director seats.

Subsequent to balance date, Mr. John Courtney resigned as a director in January 2009 and was replaced by Mr. David Oliver, an executive director of the Manager, Kontiki Capital Ltd.

The board wishes to record its sincere appreciation of the contribution by Mr. Vitusagavulu and Mr. Courtney and wish them every success in their endeavours abroad.

## 4. Conclusion

The Manager would like to thank the independent directors of the KGF for their important contributions and support in spite of their extremely busy personal schedules.

The Manager also wishes to thank the SPSE Central Share Registry, the Capital Markets Development Authority, the South Pacific Stock Exchange and Ernst Young for their support throughout the year.

Finally, the Manager thanks KGF's shareholders, for patience and support in some of the most challenging times for investment, not just in Fiji but worldwide. We hope to have improved news to report over the course of the year. Finally we wish you every success in the coming year.



Jack Lowenstein  
**Chairman, Kontiki Capital**

KONTIKI CAPITAL  
March 2009

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**DIRECTORS' REPORT**

In accordance with a resolution of the Board of Directors, the directors herewith submit the balance sheet of the company and the subsidiary company as at 31 December 2008, the related income statements, statement of changes in equity and 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:

Jack Lowenstein, George Niumataiwalu, Hari Punja, Jesoni Vitusagavulu (resigned on 24 April 2008), Michael Makasiale (appointed on 4 August 2008), David Oliver (appointed on 26 January 2009) and John Courtney (resigned on 26 January 2009).

**PRINCIPAL ACTIVITY**

The principal activity of the company is to invest shareholders' funds in private equity projects and shares in the Kontiki Fund 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. There has been no change in these activities during the year.

**RESULTS**

The operating group loss for the year was \$302,232 (2007: \$220,912) after an income tax expense of \$111,413 (2007: income tax credit \$67,180). The operating loss for the parent company for the year was \$293,146 (2007: \$214,717) after an income tax expense of \$115,508 (2007: income tax credit \$67,180).

**DIVIDENDS**

The directors propose that no dividends be paid for the year by the holding company (2007: \$70,504)

**RESERVES**

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

**BAD AND DOUBTFUL DEBTS**

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of 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 subsidiary company, inadequate to any substantial extent.

**NON CURRENT ASSETS**

Prior to the completion of the financial statements of the company and of the subsidiary company, 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 company. 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's and the subsidiary company'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.

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**DIRECTORS' REPORT (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**UNUSUAL TRANSACTIONS**

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the directors, the results of the operations of the company and of the subsidiary 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 subsidiary company 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 subsidiary company, the results of those operations, or the state of affairs of the company and the subsidiary company in future financial years.

**OTHER CIRCUMSTANCES**

As at the date of this report :

- (i) no charge on the assets of the company and the subsidiary company 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 subsidiary company could become liable; and
- (iii) no contingent liabilities or other liabilities of the company and the subsidiary company has become or is likely to become enforceable within the year of twelve months 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 subsidiary company 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's and the subsidiary company's financial statements, which would make adherence to the existence method of valuation of assets or liabilities of the company misleading or inappropriate.

DIRECTORS' BENEFITS

Jack Lowenstein, George Niumataiwalu, David Oliver and John Courtney (resigned on 28 December 2008), are directors and shareholders of Kontiki Capital Limited (KCL), which is the Manager of Kontiki Growth Fund Limited (KGF) and advises the Kontiki Fund (KF), in which KGF has a significant investment. It earns fees for these services.

Jack Lowenstein, David Oliver and John Courtney (resigned on 28 December 2008) are also directors of KCL's wholly owned subsidiary company, Kontiki Portfolio Services Limited (KPS). KPS earns fees as the Administrator of both KGF and KF. Jack Lowenstein, David Oliver (appointed on 26 January 2009) and John Courtney (resigned on 26 January 2009) are also directors of KGF and KF.

In addition, Jack Lowenstein, David Oliver and John Courtney (resigned on 31 December 2008) are directors of Kontiki Capital Management Limited (KCML), which is the Manager of KF. KCML is eligible to earn performance fees for this service.

DIRECTORS' INTERESTS

Particulars of directors' interests in the ordinary shares of the company are as follows:

	Direct Interest	Indirect Interest
John Courtney (until 26 January 2009)	51,588	52,988
David Oliver (appointed on 26 January 2009)	5,100	Nil
Jack Lowenstein	Nil	50,862
Jesoni Vitusagavulu (until 24 April 2008)	Nil	10,000
Michael Makasiale (appointed on 4 August 2008)	Nil	10,000
George Niumataiwalu	Nil	106,678
Hari Punja	Nil	50,000

Signed on behalf of the board of directors in accordance with a resolution of the directors this

30th day of March 2009

.....  
Director

  
.....  
Director

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**STATEMENT BY DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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In accordance with a resolution of the Board of Directors of Kontiki Growth Fund Limited, we state that in the opinion of the directors:

- (i) the accompanying income statement of the company and the subsidiary company is drawn up so as to give a true and fair view of the results of the group for the year ended 31 December 2008;
- (ii) the accompanying statement of changes in equity of the company and the subsidiary company is drawn up so as to give a true and fair view of the changes in equity of the group for the year ended 31 December 2008;
- (iii) the accompanying balance sheet of the company and the subsidiary is drawn up so as to give a true and fair view of the state of affairs of the group as at 31 December 2008;
- (iv) the accompanying statement of cash flows of the company and the subsidiary is drawn up so as to give a true and fair view of the cash flows of the group for the year ended 31 December 2008;
- (v) at the date of this statement there are reasonable grounds to believe the company and the subsidiary 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 subsidiary.

Signed on behalf of the board of directors in accordance with a resolution of the directors this

30th day of March 2009.



.....  
Director

  
.....  
Director

## INDEPENDENT AUDIT REPORT

To the members of Kontiki Growth Fund Limited

### Scope

We have audited the Financial Statements of Kontiki Growth Fund Limited and subsidiary company for the year ended 31 December 2008 as set out on pages 12 to 29. The company's directors are responsible for the preparation and presentation of the Financial Statements and the information they contain. We have conducted an independent audit of these Financial Statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with the International Standards on Auditing to provide reasonable assurance as to whether the Financial Statements are free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the Financial Statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the Financial Statements are presented fairly in accordance with International Financial Reporting Standards and statutory requirements so as to present a view which is consistent with our understanding of the company's and the group's financial position, the results of its operations, changes in equity and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### Audit Opinion

In our opinion

- a) proper books of account have been kept by the company and subsidiary company, so far as it appears from our examination of those books, and
- b) the accompanying Financial Statements which have been prepared in accordance with International Financial Reporting Standards:
  - i) are in agreement with the books of account;
  - 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 of the group as at 31 December 2008 and of the results, cash flows and changes in equity of the company and of the group 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.

Suva, Fiji  
30 March 2009



Ernst & Young  
Chartered Accountants

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	Group		Holding Company	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>Revenue</b>					
Rendering of services		550,172	742,303	-	-
Cost of sales		(111,619)	(336,457)	-	-
<b>Gross Profit</b>		<b>438,553</b>	<b>405,846</b>	<b>-</b>	<b>-</b>
Other income	3	78,462	16,281	78,462	16,281
Depreciation and amortisation		(30,427)	(29,122)	-	-
Staff and employee benefits	3	(299,657)	(308,666)	-	-
Other expenses	3	(345,042)	(340,624)	(237,337)	(284,673)
Operating loss		(158,111)	(256,285)	(158,875)	(268,392)
Finance income	3	-	2,316	14,948	20,618
Finance costs	3	(33,708)	(34,123)	(33,711)	(34,123)
<b>Net loss before income tax</b>		<b>(191,819)</b>	<b>(288,092)</b>	<b>(177,638)</b>	<b>(281,897)</b>
Income tax (expense)/credit	4	(111,413)	67,180	(115,508)	67,180
Operating loss after income tax		(303,232)	(220,912)	(293,146)	(214,717)
Minority interest after tax		11,071	13,004	-	-
<b>Net loss for the year attributable to members of the holding company</b>		<b>(292,161)</b>	<b>(207,908)</b>	<b>(293,146)</b>	<b>(214,717)</b>
<b>Earnings per share</b>					
• basic, for loss of the year attributable to ordinary equity holders of the parent	16	(0.08)	(0.06)	(0.08)	(0.06)
• diluted, for loss of the year attributable to ordinary equity holders of the parent	16	(0.08)	(0.06)	(0.08)	(0.06)

*The Income statement is to be read in conjunction with the notes to the Financial Statements set out on pages 16 to 29.*

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	Group		Holding Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>Accumulated Losses</b>					
Balance at the beginning of the year		(464,297)	(185,885)	(264,297)	20,924
Operating loss		(292,161)	(207,908)	(293,146)	(214,717)
Dividends paid	17	-	(70,504)	-	(70,504)
Balance at the end of the year		<u>(756,458)</u>	<u>(464,297)</u>	<u>(557,443)</u>	<u>(264,297)</u>
<b>Minority interests</b>					
Balance at the beginning of the year		(14,706)	(1,702)	-	-
Movement for the year		(11,071)	(13,004)	-	-
Balance at the end of the year		<u>(25,777)</u>	<u>(14,706)</u>	<u>-</u>	<u>-</u>
<b>Share capital</b>					
Balance at the beginning of the year		3,540,664	3,527,514	3,540,664	3,527,514
Reinvestment of dividend		-	13,150	-	13,150
Balance at the end of the year	15	<u>3,540,664</u>	<u>3,540,664</u>	<u>3,540,664</u>	<u>3,540,664</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>2,758,429</u></b>	<b><u>3,061,661</u></b>	<b><u>2,983,221</u></b>	<b><u>3,276,367</u></b>

*The Statement of Changes in Equity is to be read in conjunction with the notes to the Financial Statements set out on pages 16 to 29.*

**KONTIKI GROWTH FUND LIMITED and subsidiary**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	Notes	Group		Holding Company	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>CURRENT ASSETS</b>					
Cash and short term deposits	5	16,258	33,872	6,358	15,394
Trade and other receivables	6	72,649	91,026	-	-
Financial assets	7	-	-	95,445	82,000
Prepayments	8	6,983	7,360	-	3,500
<b>TOTAL CURRENT ASSETS</b>		<b>95,890</b>	<b>132,258</b>	<b>101,803</b>	<b>100,894</b>
<b>NON CURRENT ASSETS</b>					
Deferred tax asset	4	4,095	115,508	-	115,508
Investment in subsidiary	9	-	-	100,000	141,174
Financial assets	10	2,928,622	3,281,777	2,928,622	3,281,777
Property, plant and equipment	11	68,213	97,855	-	-
<b>TOTAL NON CURRENT ASSETS</b>		<b>3,000,930</b>	<b>3,495,140</b>	<b>3,028,622</b>	<b>3,538,459</b>
<b>TOTAL ASSETS</b>		<b>3,096,820</b>	<b>3,627,398</b>	<b>3,130,425</b>	<b>3,639,353</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	12	212,535	213,191	35,472	20,750
Interest bearing borrowings	13	111,732	82,000	111,732	82,000
Provisions	14	14,124	10,310	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>338,391</b>	<b>305,501</b>	<b>147,204</b>	<b>102,750</b>
<b>NON CURRENT LIABILITIES</b>					
Interest bearing borrowings	13	-	260,236	-	260,236
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>-</b>	<b>260,236</b>	<b>-</b>	<b>260,236</b>
<b>TOTAL LIABILITIES</b>		<b>338,391</b>	<b>565,737</b>	<b>147,204</b>	<b>362,986</b>
<b>NET ASSETS</b>		<b>2,758,429</b>	<b>3,061,661</b>	<b>2,983,221</b>	<b>3,276,367</b>
<b>SHAREHOLDERS' FUNDS</b>					
Share capital	15	3,540,664	3,540,664	3,540,664	3,540,664
Accumulated losses		(756,458)	(464,297)	(557,443)	(264,297)
		2,784,206	3,076,367	2,983,221	3,276,367
Minority interests		(25,777)	(14,706)	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,758,429</b>	<b>3,061,661</b>	<b>2,983,221</b>	<b>3,276,367</b>

The Balance Sheet is to be read in conjunction with the notes to the Financial Statements set out on pages 16 to 29.

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



Director



Director

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	Group		Holding Company	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>Operating activities</b>					
Loss before income tax		(191,819)	(288,092)	(177,638)	(281,897)
Adjustment to reconcile loss before income tax to net cash flows					
Non-cash:					
Depreciation		30,427	29,122	-	-
Unrealised (gain)/loss on investments		(71,910)	105,376	(71,910)	105,376
Impairment loss		111,058	34,636	152,231	93,462
Movement in provision for doubtful debts		(7,900)	7,900	-	7,900
Movement in provision for employee entitlements		3,814	(15,161)	-	-
Working capital adjustments:					
Decrease/(increase) in other receivables		18,754	(54,356)	3,500	(4,827)
Increase in other liabilities and accruals		35,050	90,388	(4,625)	13,815
<b>Net cash flows (used in) Operating Activities</b>		<b>(72,527)</b>	<b>(90,187)</b>	<b>(98,442)</b>	<b>(66,171)</b>
<b>Investing Activities</b>					
Purchase of financial assets		-	(30,002)	-	(30,002)
Payment for property, plant and equipment		(785)	(29,525)	-	-
Proceeds from disposal of financial assets		55,698	-	89,406	-
Interest received		-	-	-	20,618
<b>Net cash flows from/(used in) Investing Activities</b>		<b>54,913</b>	<b>(59,527)</b>	<b>89,406</b>	<b>(9,384)</b>
<b>Financing activities</b>					
Payment of dividends		-	(70,504)	-	(70,504)
Loans received from related parties		-	112,000	-	112,000
Loan advanced to subsidiary		-	-	-	(82,000)
Proceeds from issue of shares		-	13,150	-	13,150
Net interest paid		-	-	-	(12,300)
<b>Net cash flows provided by/(used in) Financing Activities</b>		<b>-</b>	<b>54,646</b>	<b>-</b>	<b>(39,654)</b>
Net (decrease) in cash held		(17,614)	(95,068)	(9,036)	(115,209)
Cash and cash equivalents at 1 January		33,872	128,940	15,394	130,603
Cash and cash equivalents at 31 December	5	16,258	33,872	6,358	15,394

*The Statement of Cash Flows is to be read in conjunction with the notes to the Financial Statements set out on pages 16 to 29.*

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**1. Corporate information**

The consolidated financial statements of Kontiki Growth Fund Limited ("the company") for the year ended 31 December 2008 were authorised for issue with a resolution of the directors on 30 March 2009. 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.

**1.1 Basis of preparation**

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments 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).

**Basis of consolidation**

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

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary 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.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority 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 accounting policies adopted are consistent with those of the previous financial year.

**1.3 Significant accounting judgments, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of 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 the balance sheet 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.

*Deferred Tax Assets*

Deferred tax assets are recognized 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 that amount deferred tax assets that can be recognized, 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 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 organisation.

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**1.4 Summary of significant accounting policies (continued)**

***Trade and other receivables***

Trade receivables are recognised at original invoice amount (inclusive of 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 or loss, loans and receivables, or available-for-sale financial assets, as appropriate. When financial assets are recognized 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 regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

***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 recognized in profit or loss when the loans and receivables are derecognized 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 and 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.

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

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. 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.

***Property, plant and equipment***

Property, plant and equipment are stated at deemed 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 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 income statement.

**1.4 Summary of significant accounting policies (continued)**

***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 recognized 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 profit or loss 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 sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from goodwill amortisation 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 reverse in the foreseeable future.

Deferred income 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 income 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 recognised 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 utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet 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 sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. 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.

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**1.4 Summary of significant accounting policies (continued)**

**Revenue recognition**

Revenue is recognised 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 recognised:

*Rendering of services*

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

*Interest income*

Revenue is recognised 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.

*Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

**Comparatives**

Where necessary, amounts relating to 2008 have been reclassified and restated to conform with presentation in the current year.

**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.

**3. OPERATING LOSS**

Operating loss before income tax has been determined after crediting/charging:

	Group		Holding Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
<u>Other income</u>				
Dividend income	650	16,281	650	16,281
Unrealised gain on financial assets	71,910	-	71,910	-
Other income	5,902	-	5,902	-
	78,462	16,281	78,462	16,281

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Group		Holding Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>3. OPERATING LOSS</b>				
Operating loss before income tax has been determined after crediting/charging:				
<u>Other expenses</u>				
Administration fees	8,203	7,500	8,203	7,500
Auditors remuneration	7,127	10,549	4,827	7,576
Bank charges	2,783	2,242	188	299
Directors fees	7,000	9,333	7,000	9,333
Bad and doubtful debts	806	7,900	806	7,900
Impairment loss on financial assets	111,058	34,636	152,231	93,462
Unrealised loss on financial assets	-	105,376	-	105,376
Listing and share registry fees	7,125	9,522	7,125	9,522
Management fees - Kontiki Capital Limited	37,670	38,265	37,670	38,265
Operating lease expense	24,864	24,864	-	-
Other expenses	138,406	90,437	19,287	5,440
Total other expenses	<u>345,042</u>	<u>340,624</u>	<u>237,337</u>	<u>284,673</u>
Included in staff and employment benefits are the following:				
Wages and salaries	281,887	310,047	-	-
Superannuation costs	13,956	16,255	-	-
Leave entitlements	3,814	(17,636)	-	-
	<u>299,657</u>	<u>308,666</u>	<u>-</u>	<u>-</u>
Finance income:				
Interest income	<u>-</u>	<u>2,316</u>	<u>14,948</u>	<u>20,618</u>
Finance costs:				
Interest on borrowings	<u>33,708</u>	<u>34,123</u>	<u>33,711</u>	<u>34,123</u>
<b>4. INCOME TAX</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
a) A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2008 and 2007 is as follows:				
Accounting loss before income tax	(191,819)	(288,092)	(177,638)	(281,897)
Prima facie tax benefit thereon at 31%	(59,464)	(89,308)	(55,068)	(87,388)
Tax effect of exempt income	(202)	50,474	-	48,554
Tax loss not recognised/(recognised)	<u>171,079</u>	<u>(28,346)</u>	<u>170,576</u>	<u>(28,346)</u>
Income tax expense/(credit)	<u>111,413</u>	<u>(67,180)</u>	<u>115,508</u>	<u>(67,180)</u>
b) <i>Current income tax:</i>				
Current income tax credit	(59,464)	(89,308)	(55,068)	(87,388)
<i>Deferred income tax:</i>				
Relating to origination and reversal of temporary differences	<u>170,877</u>	<u>22,128</u>	<u>170,576</u>	<u>20,208</u>
Income tax expense/(benefit) reported in the income statement	<u>111,413</u>	<u>(67,180)</u>	<u>115,508</u>	<u>(67,180)</u>

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Group		Holding Company	
	2008	2007	2008	2007
<b>4. INCOME TAX (continued)</b>	\$	\$	\$	\$
c) <i>Deferred income tax</i>				
Deferred income tax at 31 December relates to the following:				
<i>Deferred tax assets</i>				
Provisions	4,095	2,449	-	2,449
Losses available to offset against future taxable income	-	113,059	-	113,059
Net deferred tax asset	<u>4,095</u>	<u>115,508</u>	<u>-</u>	<u>115,508</u>

The Group has tax losses which arose that are available for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized/derecognised in respect of those losses where realisation has been assessed as not probable.

<b>5. CASH AND SHORT TERM DEPOSITS</b>	\$	\$	\$	\$
Operating accounts	10,571	19,270	671	792
Trust account	5,687	602	5,687	602
11am Account - Westpac	-	14,000	-	14,000
Cash and short term deposits	<u>16,258</u>	<u>33,872</u>	<u>6,358</u>	<u>15,394</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash at banks for the group is \$16,258 (2007: \$33,872). For the purposes of the consolidated cashflows statement, cash and cash equivalents are the same.

<b>6. TRADE AND OTHER RECEIVABLES</b>	\$	\$	\$	\$
Trade receivables	57,015	66,432	-	-
Other receivables	15,634	24,594	-	-
VAT receivable	-	7,900	-	7,900
Provision for doubtful debts	-	(7,900)	-	(7,900)
	<u>72,649</u>	<u>91,026</u>	<u>-</u>	<u>-</u>

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms.

<b>7. FINANCIAL ASSETS (current)</b>	\$	\$	\$	\$
Loan to subsidiary	<u>-</u>	<u>-</u>	<u>95,445</u>	<u>82,000</u>

The loan to subsidiary of \$82,000 bears interest rate at a 17% per annum, payable over 2 years and is secured over the subsidiary's assets and property.

<b>8. PREPAYMENTS</b>	\$	\$	\$	\$
Prepayments	<u>6,983</u>	<u>7,360</u>	<u>-</u>	<u>3,500</u>

<b>9. INVESTMENT IN SUBSIDIARY</b>	\$	\$	\$	\$
Oceanic Communications Limited	-	-	200,000	200,000
Provision for impairment	-	-	(100,000)	(58,826)
	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>141,174</u>

Kontiki Growth Fund Limited holds 50% ordinary shares and 100% of the preference shares of the Oceanic Communications Ltd. Actual control over the subsidiary amounts to 80% of the issued capital of Oceanic Communications Limited. The results of Oceanic Communications Limited have been consolidated in these financial statements.

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

10. FINANCIAL ASSETS (Non-current)	Group		Holding Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>Unquoted</i>				
Kontiki Fund Limited	589,488	831,585	589,488	831,585
i-Pac Communications Limited	525,482	571,176	525,482	571,176
Halabe Investments Limited	883,720	883,720	883,720	883,720
Savusavu Harbourside Limited	150,000	215,364	150,000	215,364
Bligh Water Shipping Limited	569,839	569,839	569,839	569,839
Suliven Shipping Limited	13	13	13	13
Pleass Beverage Equipment Ltd	210,080	210,080	210,080	210,080
Total investments	<u>2,928,622</u>	<u>3,281,777</u>	<u>2,928,622</u>	<u>3,281,777</u>

These 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 has been recognised in the income statement. Movement in fair value charged to the income statement for the year included an unrealised gain of \$71,910 (2007: Nil) and an impairment loss of \$152,231 (2007: 93,462). Financial assets valued at \$272,834 were redeemed during the year.

*Details of financial assets (unquoted)*

	<u>Place of incorporation</u>	<u>Ownership interest</u>
Oceanic Communications Limited	Fiji	50% Ordinary and 100% preference shares
Kontiki Fund Limited	Cook Islands	15.99%
i-Pac Communications Limited	Fiji	16.80%
Halabe Investments Limited	Fiji	25.00%
Savusavu Harbourside Limited	Fiji	16.61%
Bligh Water Shipping Limited	Fiji	4.23%
Suliven Shipping Limited	Fiji	13.00%
Pleass Beverage Equipment Ltd	Fiji	5.00%

**11. PROPERTY, PLANT AND EQUIPMENT**

	\$	\$	\$	\$
<u>Consolidated</u>	<u>Furniture &amp; Fittings</u>	<u>Office equipment</u>	<u>Motor vehicle</u>	<u>Total</u>
<b>Cost:</b>				
At 1 January 2008	49,517	97,418	17,778	164,713
Additions	-	785	-	785
<b>At 31 December 2008</b>	<u>49,517</u>	<u>98,203</u>	<u>17,778</u>	<u>165,498</u>
<b>Depreciation and impairment:</b>				
At 1 January 2008	12,823	44,703	9,332	66,858
Depreciation charge for the year	5,961	21,269	3,197	30,427
<b>At 31 December 2008</b>	<u>18,784</u>	<u>65,972</u>	<u>12,529</u>	<u>97,285</u>
Net written down value:				
<b>At 31 December 2008</b>	<u>30,733</u>	<u>32,231</u>	<u>5,249</u>	<u>68,213</u>
<b>At 1 January 2008</b>	<u>36,694</u>	<u>52,715</u>	<u>8,446</u>	<u>97,855</u>

**12. TRADE AND OTHER PAYABLES**

	\$	\$	\$	\$
Trade and other payables	183,941	199,441	6,878	7,000
Owing to related parties	28,594	13,750	28,594	13,750
	<u>212,535</u>	<u>213,191</u>	<u>35,472</u>	<u>20,750</u>

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 18.

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

13. INTEREST BEARING BORROWINGS	Effective interest rate %	Maturity		Group		Holding Company	
				2008	2007	2008	2007
				\$	\$	\$	\$
<b>Current</b>							
Kontiki Capital Limited	12%	2009	a)	79,473	82,000	79,473	82,000
Kontiki Capital Limited	12%	2009	b)	32,259	-	32,259	-
				<u>111,732</u>	<u>82,000</u>	<u>111,732</u>	<u>82,000</u>
<b>Non-current</b>							
Kontiki Capital Limited	12%	2009	b)	-	30,000	-	30,000
Kontiki Fund Limited	10%	2009		-	230,236	-	230,236
				<u>-</u>	<u>260,236</u>	<u>-</u>	<u>260,236</u>

Details of interest bearing borrowings are:

- This loan bears an interest rate of 12% per annum for 2 years secured over the company's assets and property issued by Kontiki Capital Limited. However, if mutually agreed by the parties, the loan may be extended on the same terms and conditions.
- This loan bears an interest rate of 12% per annum for 2 years secured over the company's assets and property issued by Kontiki Capital Limited. However, if mutually agreed by the parties, the loan may be extended on the same terms and conditions.

14. PROVISIONS	\$	\$	\$	\$
<i>Provision for leave entitlements</i>				
Balance at 1 January	10,310	25,471	-	-
Arising during the year	15,145	3,007	-	-
Utilised	(11,331)	(18,168)	-	-
Balance at 31 December	<u>14,124</u>	<u>10,310</u>	<u>-</u>	<u>-</u>

Employee entitlements

A provision is recognised for employee entitlements in accordance with the summary of significant accounting policies in 1.4.

15. SHARE CAPITAL	\$	\$	\$	\$
<u>Authorised Capital</u>				
100,000,000 ordinary shares of \$1 each	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
<u>Issued and Paid up Capital</u>				
3,500,000 ordinary shares of \$1 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
	<u>3,540,664</u>	<u>3,540,664</u>	<u>3,540,664</u>	<u>3,540,664</u>

**KONTIKI GROWTH FUND LIMITED and Subsidiary**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Group		Holding Company	
	2008	2007	2008	2007
16. EARNINGS PER SHARE	\$	\$	\$	\$
Operating loss after income tax	(292,161)	(207,908)	(293,146)	(214,717)
Number of shares outstanding	3,538,355	3,538,355	3,538,355	3,538,355
Basic earnings per share	(0.08)	(0.06)	(0.08)	(0.06)

Basic earnings per share amounts are calculated by dividing net profit 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 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.

17. DIVIDENDS PAID AND PROPOSED	\$	\$	\$	\$
<i>Declared and paid during the year:</i>				
Equity dividends on ordinary shares:				
Final dividend for 2007: 2 cents	-	70,504	-	70,504
	-	70,504	-	70,504
<i>Proposed for approval at AGM (not recognised as a liability at 31 December):</i>				
Equity dividends on ordinary shares:				
Final dividend for 2008: nil (2007: nil)	-	70,504	-	70,504
	-	70,504	-	70,504

The subsidiary has not provided for cumulative annual dividends of 10% applicable to preference shares at 31 December 2008 totalling \$45,000. This shall only be payable when the company has profits available to declare dividends. Kontiki Growth Fund Limited holds 100% of the preference shares in the subsidiary.

**18. RELATED PARTY TRANSACTIONS**

**Transactions with other related parties**

Kontiki Capital Limited (KCL) provides management services to the company and Kontiki Portfolio Services Limited (KPSL) also provides administrative services to the company. Transactions with these entities have taken place at arms length and 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:

	\$	\$	\$	\$
Administration fees - KPSL	(8,203)	(7,500)	(8,203)	(7,500)
Management fees - KCL	(37,670)	(38,265)	(37,670)	(38,265)
Interest on loan from KCL	(33,711)	(12,300)	(33,711)	(12,300)
Interest on loan to Oceanic Communications Fiji Limited	-	-	14,298	15,302
Facility fee - KCL	-	(3,000)	-	(3,000)
Facility fee - Oceanic Communications Fiji Limited	-	3,000	-	3,000

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

The loan from Kontiki Capital Ltd is interest bearing. The details and balance at 31 December is outlined in Note 13.

**Compensation of key management personnel of the Group**

Short term employee benefits	97,586	107,100	-	-
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**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Group		Holding Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>18. RELATED PARTY TRANSACTIONS (continued)</b>				
<b>Owing to related parties</b>				
The amounts receivable and payable as at 31 December to the following related parties are as follows:				
Loan to Oceanic Communications Fiji Limited	-	-	95,445	82,000
Administration fees - KPS	2,109	2,109	2,109	2,109
Management fees - KCL	19,372	10,804	19,372	10,804
Other - KCL	7,113	838	7,113	838
	<u>28,594</u>	<u>13,751</u>	<u>124,039</u>	<u>95,751</u>
Disclosed in the financials as:				
Loan to subsidiary	-	-	95,445	82,000
Owing to related parties	<u>28,594</u>	<u>13,751</u>	<u>28,594</u>	<u>13,751</u>
	<u>28,594</u>	<u>13,751</u>	<u>124,039</u>	<u>95,751</u>

**Directors**

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

- |  |   |
|--|---|
| i) John Courtney (resigned on 26 January 2009) | iii) George Niumataiwalu                        |
| ii) Jack Lowenstein                            | iv) David Oliver (appointed on 26 January 2009) |

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

- |  |  |
|--|--|
| i) John Courtney (resigned on 26 January 2009) | iii) David Oliver (appointed on 26 January 2009) |
| ii) Jack Lowenstein                            |  |

**19. 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 company's operations. The Group has various financial assets such as trade receivables 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 2 yearly terms. At 31 December 2008, interest bearing borrowings were payable to a related entity.

**Foreign currency risk**

As a result of a significant investment in the Kontiki Fund Limited which is denominated in United States dollars, the group's balance sheet can be affected by movements in the United States dollar and Fiji currency. The group seeks to mitigate this risk by investing the ongoing 75% of its portfolio in Fiji dollars so that movements in United States dollars will be minimised compared to the impacts of the total portfolio of available-for-sale investments.

**Credit risk**

The Group trades only with recognized, 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, available-for-sale financial 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.

**Liquidity risk**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. The tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans. The Group's policy is that 25% of its related party borrowings should not mature in the next 12 month period. 24% of the Group's debt will mature in less than one year at 31 December 2008 which is matched to a loan note receivable.

KONTIKI GROWTH FUND LIMITED and Subsidiary  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 31 DECEMBER 2008

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2008 based on contractual undiscounted payments.

Year ended 31 December 2008	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
<b>Group</b>						
Interest bearing borrowings	-	-	111,732	-	-	111,732
Trade and other payables	-	212,535	-	-	-	212,535
	-	212,535	111,732	-	-	324,267
<b>Holding Company</b>						
Interest bearing borrowings	-	-	111,732	-	-	111,732
Trade and other payables	-	35,472	-	-	-	35,472
	-	35,472	111,732	-	-	147,204
<b>Year ended 31 December 2007</b>						
Year ended 31 December 2007	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
<b>Group</b>						
Interest bearing borrowings	-	-	82,000	260,236	-	342,236
Trade and other payables	-	213,191	-	-	-	213,191
	-	213,191	82,000	260,236	-	555,427
<b>Holding Company</b>						
Interest bearing borrowings	-	-	82,000	260,236	-	342,236
Trade and other payables	-	20,750	-	-	-	20,750
	-	20,750	82,000	260,236	-	362,986

Capital management

The primary objective of the Group's capital management is to ensure that it maintain a strong credit rating and healthy ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ending 31 December 2008 and 31 December 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 20%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	Group	
	2008	2007
Interest bearing borrowings	111,732	342,236
Trade and other payables	212,535	213,194
Less cash and short term deposits	(16,258)	(33,872)
Net debt	308,009	521,558
Equity	2,784,206	3,276,367
Total capital	2,784,206	3,276,367
Capital and net debt	3,092,215	3,797,925
Gearing ratio	10%	14%

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**20. FINANCIAL INSTRUMENTS**

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements:

	Carrying amount		Fair value	
	2008	2007	2008	2007
<i>Financial assets</i>	\$	\$	\$	\$
Cash	16,258	33,872	16,258	33,872
Financial assets	<u>2,928,622</u>	<u>3,281,777</u>	<u>2,928,622</u>	<u>3,281,777</u>
<i>Financial liabilities</i>				
Interest bearing loans and borrowings:				
Fixed rate borrowings	<u>111,732</u>	<u>342,236</u>	<u>111,732</u>	<u>342,236</u>

Market values have been used to determine the fair value of listed financial assets. The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loan notes and other financial assets have been calculated using market interest rates. For the valuation of unlisted investments see Note 10.

**21. CAPITAL COMMITMENTS**

Capital commitments at balance date amounted to Nil (2007:Nil).

**22. OPERATING LEASE COMMITMENT**

Operating lease commitments for the group amounts to \$2,072 plus VAT per month for leasing of office space of the subsidiary. There are no operating lease commitments for the holding company.

**23. CONTINGENT LIABILITIES**

At 31 December 2008, the group was involved in a court case against a customer for breach of contract. The estimated costs associated with this is likely to be no greater than \$50,000.

**24. SUBSEQUENT EVENTS**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company or the group, the results of those operations or the state of affairs of the company and the group in the subsequent financial year.

**25. SEGMENT INFORMATION**

**Business Segments**

2008	Investment	Information Technology	Eliminations	Consolidated
	\$	\$	\$	\$
Total revenue	93,410	550,172	(14,948)	628,634
(Loss)/profit before tax before minority interests	(177,638)	(55,354)	41,173	(191,819)
Total assets	3,130,425	157,745	(191,350)	3,096,820
Total liabilities	147,204	286,632	(95,445)	338,391

2007	Investment	Information Technology	Eliminations	Consolidated
	\$	\$	\$	\$
Operating revenue	36,899	742,303	(36,899)	760,900
(Loss)/profit before tax before minority interests	(281,897)	(65,020)	23,452	(288,092)
Total assets	3,639,353	211,219	(188,044)	3,627,398
Total liabilities	362,986	284,752	-	565,737

The information technology business segment was acquired on 29 March 2006.

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**25. SEGMENT INFORMATION (continued)**

**Geographical Segment**

The group operates in Fiji and is therefore one geographical area for reporting purposes.

**26. COMPANY DETAILS**

**Company Incorporation**

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

**Registered office**

The company's registered office is located at Level 4, Provident Plaza One, Ellery Street, Suva.

**27. PRINCIPAL ACTIVITY**

The principal activity of the company is to invest shareholders' funds in private equity projects and shares in the Kontiki Fund 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. There has been no change in these activities during the year.

**28. SOUTH PACIFIC STOCK EXCHANGE LISTING REQUIREMENTS**

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

Statement of interest of each Director in the share capital of the company or in a related Corporation as at 31 December 2008 in compliance with Listing Requirements:

Mr David Oliver (Direct Interest) - 5,100 shares in Kontiki Growth Fund Limited. Mr Oliver was appointed on 26 January 2009.

Mr John Courtney (Direct interest) - 51,588 shares in Kontiki Growth Fund Limited; (Indirect interest: Immediate family) - 52,988 shares in Kontiki Growth Fund Limited. Mr Courtney resigned as a director on 26 January 2009.

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

Mr Jesoni Vitusagavulu (Indirect interest: V2 Limited t/a as Top Tier Management) - 6,000 shares and 4,000 shares as trustee in Kontiki Growth Fund Limited. Mr Vitusagavulu resigned on 24 April 2008.

Mr George Niumataivalu (Indirect interest: Nambawan Investments Limited) - 106,678 shares in Kontiki Growth Fund Limited.

Mr Hari Punja (Indirect interest: Hari Punja & Sons Limited) - 50,000 shares in Kontiki Growth Fund Limited.

Mr Michael Makasiale (Indirect Interest) - 10,000 shares in Kontiki Growth Fund Limited. Mr Makasiale was appointed on 4 August 2008.

**Distribution of Share Holding**

<b>Holding</b>	<b>No. of holders</b>	<b>% Holding</b>
Less than 500 Shares	1	0.01%
501 to 5,000 Shares	88	6.18%
5,001 to 10,000 Shares	25	5.33%
10,001 to 20,000 Shares	17	6.15%
20,001 to 30,000 Shares	3	2.26%
30,001 to 40,000 Shares	1	0.99%
40,001 to 50,000 Shares	6	8.27%
50,001 to 100,000 Shares	9	16.88%
100,001 to 1,000,000 Shares	5	25.05%
Over 1,000,000 Shares	1	28.88%
	<u>156</u>	<u>100.00%</u>

**Share Register**

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

**KONTIKI GROWTH FUND LIMITED and Subsidiary**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**28. SOUTH PACIFIC STOCK EXCHANGE LISTING REQUIREMENTS (Continued)**

Disclosure under section 7(4)

	Kontiki Growth Fund Limited	Oceanic Communications Ltd
	\$	\$
Turnover	-	550,172
Other income	93,410	-
	<u>93,410</u>	<u>550,172</u>
Depreciation	-	(30,427)
Other expenses	(271,048)	(575,099)
Income tax (expense)/credit	(115,508)	-
	<u>(386,556)</u>	<u>(605,526)</u>
Loss after tax	<u>(293,146)</u>	<u>(55,354)</u>

**KONTIKI GROWTH FUND LIMITED  
DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**Disclaimer on additional Financial Information**

The additional financial information, being the attached detailed Income statement has been compiled by the management of Kontiki Growth Fund Limited.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than Kontiki Growth Fund Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

**KONTIKI GROWTH FUND LIMITED**  
**DETAILED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008	2007
	\$	\$
<b>INCOME</b>		
Dividends	650	16,281
Realised gain on investment	5,902	-
Interest income	14,948	20,618
Unrealised gain on investment	71,910	-
	<u>93,410</u>	<u>36,899</u>
<b>OPERATING EXPENSES</b>		
Administration fees - KPS	8,203	7,500
Advertising	350	325
Audit fees	4,827	7,576
Bank charges	188	299
Directors' fee	7,000	9,333
Donations	-	-
Doubtful debts	806	7,900
Entertainment	450	250
Facility fee	-	3,000
General expenses	9	222
Impairment loss	152,231	93,462
Interest expense	33,711	34,123
Listing and share registry fee	7,125	9,522
Management fees - KCL	37,670	38,265
Postage, printing and stationery	1,400	1,643
Unrealised loss on investment	-	105,376
VAT expense	17,078	-
	<u>271,048</u>	<u>318,796</u>
<b>OPERATING LOSS before income tax</b>	<u>(177,638)</u>	<u>(281,897)</u>



# Directory

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## The Kontiki Growth Fund

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**Manager:** Kontiki Capital Ltd  
Level 4, Plaza 1  
FNPF Boulevard  
33 Ellery Street  
SUVA  
Tel: 330 7284 Fax: 330 7241  
Web: [www.kontikicapital.com](http://www.kontikicapital.com)

**Board of Directors:**  
Jesoni Vitusagavulu (resigned on 24/04/08)  
Hari Punja  
Jack Lowenstein  
John Courtney (resigned on 26/01/09)  
George Niumataiwalu  
Michael Makasiale (appointed on 4/08/08)  
David Oliver (appointed on 26/01/09)

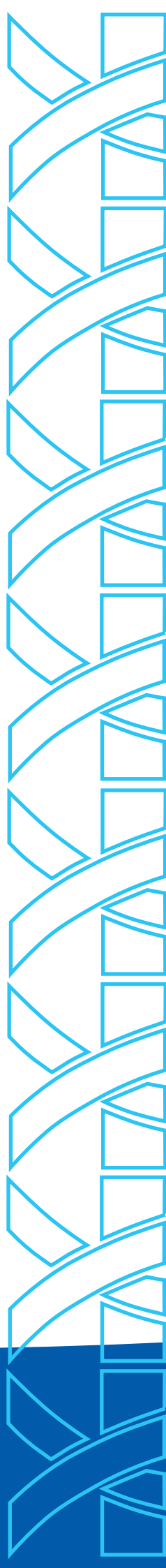
**Securities Exchange:**  
South Pacific Stock Exchange  
Level 2, Plaza 1  
FNPF Boulevard  
33 Ellery Street  
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Tel: 330 4130 Fax: 330 4145  
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