KONTIKI FINANCE

2018 Annual Report

Secure, Local, Innovative

About us

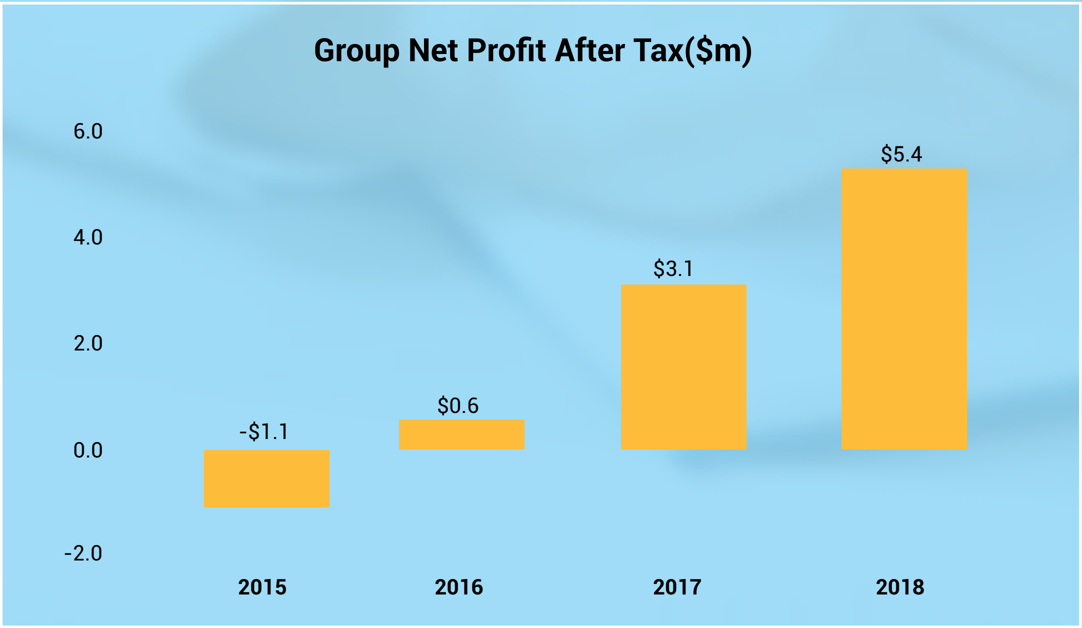
Kontiki Finance Limited is a Fijian majority owned company established in 2014 to provide Fijians with competitive and accessible financing for both consumers and small to medium size businesses. To support this, Kontiki Finance is open for business seven days a week and processes applications quickly, often the same day. When it comes to finance, Kontiki Finance is a leading alternative to the major banks and finance companies.

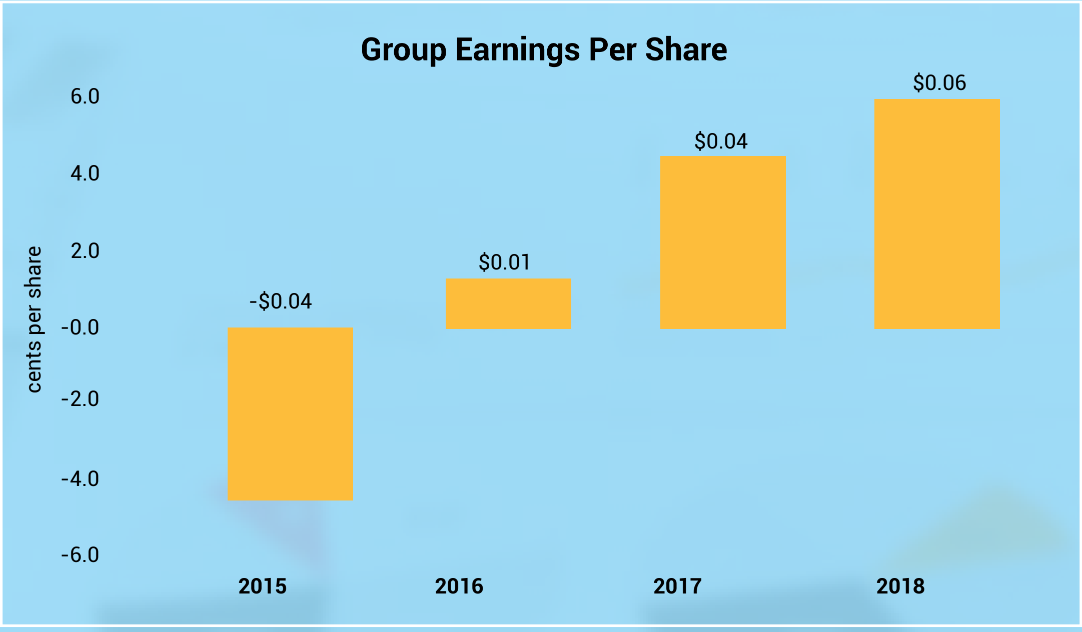
So whether you're purchasing a car or increasing the size of your vehicle fleet, organising a holiday or want to consolidate your debts using your motor vehicle as collateral, you can count on Kontiki Finance to work with you, and provide you with the solution that is right for you.

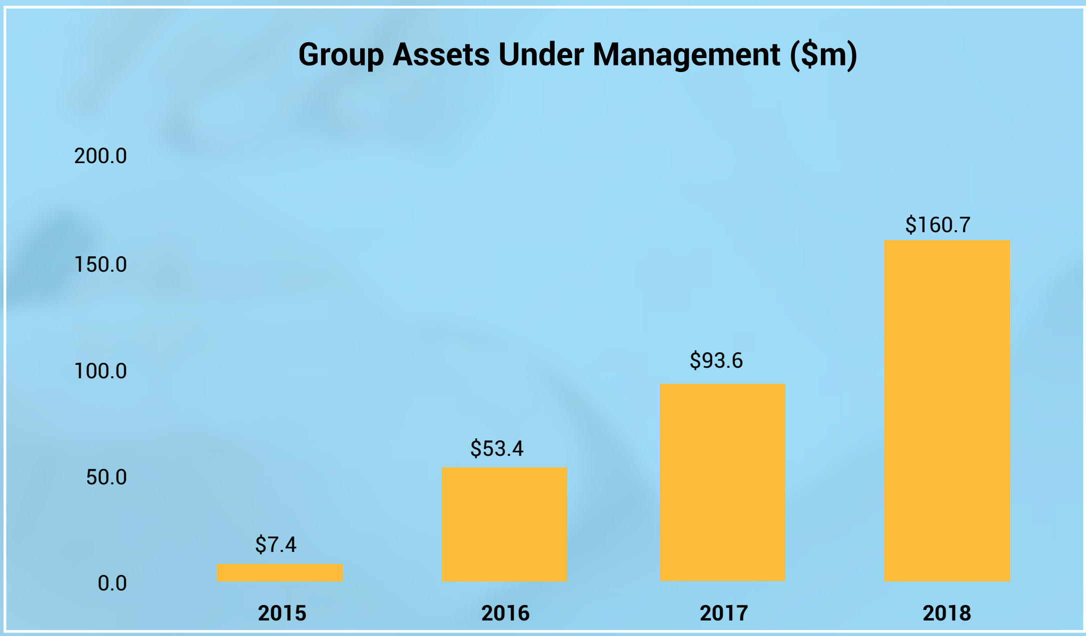
For our retail and motor vehicle dealer partners, Kontiki Finance is a full service provider of accessible and easy-to-understand financing solutions that allows it to better serve its client relationships by managing credit applications, credit authorisation, billing, remittance and customer service processing.

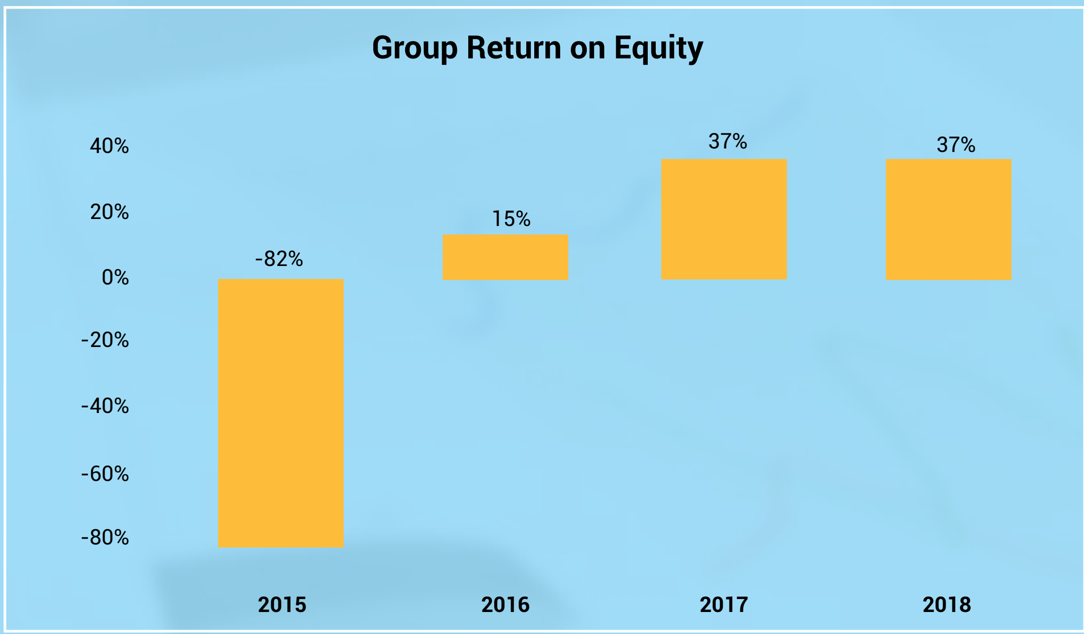
Contents

Snapshot


Group Net Profit After Tax($m)
6.0
4.0
2.0
0.0
-2.0
-$1.1
$0.6
$3.1
$5.4
2015
2016
2017
2018


Group Earnings Per Share
cents per share
6.0
4.0
2.0
-0.0
-2.0
-4.0
-6.0
-$0.04
$0.01
$0.04
$0.06
2015
2016
2017
2018


Group Assets Under Management ($m)
200.0
150.0
100.0
50.0
0.0
$7.4
$53.4
$93.6
$160.7
2015
2016
2017
2018


Group Return on Equity
40%
20%
0%
-20%
-40%
-60%
-80%
-82%
15%
37%
37%
2015
2016
2017
2018

Chairman's Report

An impressive performance, with more to come.

Dear Shareholders,

I am pleased to report that Kontiki Finance Limited produced a strong result for the financial year ending 30 June 2018.

Group Net Profit After Tax (NPAT) increased 72% to $5.365 million – making us one of the fastest growing listed companies in Fiji. This enabled us to return a maiden interim dividend to our shareholders of one cent per share in July 2018.

It is also pleasing to note that the Group achieved an impressive Return on Shareholders' Equity of 37% for a second consecutive year.

Other highlights

It has been a milestone year for the company in other areas too. Our listing on the South Pacific Stock Exchange on July 4th has enabled many more Fijians to be part of our growth story. The listing also lowers our company tax rate from to 10% (from 20%), a saving which directly benefit you, the shareholder.

Other highlights include the opening of service centres in Lautoka and Labasa, extending our presence to customers in the West and North of Fiji. Plus Kontiki Finance continues to form strong community partnerships in rugby, lawn bowls, surfing and child welfare.

Support from deposit holders remains strong, supporting our lending growth. Term deposits have grown by 67% over the year to over $135 million. Meanwhile our highly experienced management team remains stable. They have done an outstanding job ensuring we maintain the highest standards of customer service despite our fast growth. Our Board of Directors also remains unchanged.

A positive outlook for the year ahead

With strong foundations in place across key areas of funding, management, marketing and customer service – we expect our profit, and consequently our returns to shareholders, to build strongly in the coming year. It is important to note that our share of the consumer and small to medium enterprise lending market (excluding home loans) is approximately just 10% – leaving a long runway of potential growth ahead as we continue to build our brand and presence across Fiji. In the background is a consensus that growth in the Fijian economy will remain strong, with the RBF Economic Review forecasting that the Fiji economy will grow by 3.2% during 2018.

With this momentum behind us, we are confident that your involvement with Kontiki Finance will continue to be rewarding, and I thank you for the faith you have shown in our company.

Your sincerely,

Daryl Tarte, MF
Chairman

Business Overview

KFL is a full-service provider of accessible finance solutions targeted mainly at consumers and small to medium enterprises (SMEs). The Company commenced operations in October 2014 and opened its doors to customers in March 2015.

KFL is licensed by the Reserve Bank of Fiji as a "Credit Institution" under the Banking Act, 1995. Under its Credit Institution license, KFL is able to solicit term deposits from members of the public and to utilise the funds to make loans to clients.

The Company has a wholly-owned subsidiary company, Platinum Insurance Limited, which provides loan protection insurance to KFL's loan clients and is supervised by the Reserve Bank of Vanuatu.

KFL aims to offer innovative, flexible and accessible finance solutions to the consumer and SME segments of the market. KFL provides this through a highly experienced management team leveraging intellectual property and business intelligence proven by them in other markets.

Products and Services

The Company provides a range of finance solutions to its clients including loans, term deposits and related products and services. These are detailed below.

Loans

KFL provides personal loans, vehicle financing loans and other credit products to clients, using three main distribution channels:

- Dealer - Loan applications referred mainly by motor vehicle dealers whose customers wish to purchase new or used motor vehicles. Providing an accessible finance solution supports dealer sales and allows the motor vehicle dealer to focus on its core business of maximising unit sales.
- Retail Point-of-Sale (POS) - Loan applications from customers referred to KFL by merchants. Typically, such loans are used to finance white goods, brown goods, furniture and technology goods.
- Direct - Loan applications received directly from customers for personal financing, new purchases or re-financing of existing loans.

Critical to the provision of loans is KFL's rigorous credit analysis and approval systems that meet international best-practice, managed by a highly experienced team of local and expatriate staff. KFL's experienced team also provides customers with valuable advice on structuring their loan portfolios including refinancing and consolidation.

Term Deposits

Under its Credit Institution license, KFL is able to solicit and accept term deposits, which are the primary source of funding for KFL's loan book. Term Deposits are offered for fixed terms ranging from three months to ten years, and deposit rates paid by KFL are amongst the most competitive in the market.

Insurance

KFL offers a range of insurance products to support its credit business, including motor, chattel and loan protection insurance. These insurance products allow customers, with KFL's help, to tailor their loans and manage their risk exposure. These also reduce credit risk for KFL.

Loan protection insurance is provided through KFL's wholly-owned captive insurer, Platinum Insurance Limited.

Service Support

KFL's services are provided through a flexible and accessible system. The Company constantly strives to streamline and simplify its processes for credit application, credit authorisation, billing, remittance and customer service processing, in order to better serve clients.

- KFL currently operates at TappooCity in Suva, with service centres in Lautoka and Labasa. Customers visiting KFL's service centres can also speak directly to dedicated customer representatives in the Suva office using in-house teleconferencing facilities.
- Business can also be conducted by phone, on-line, via postal service, or by mobile manager, reducing the need for customers to visit KFL's offices.
- Customers have seven-day access to customer service representatives, including after normal business hours.

Community Engagement

As a locally owned business, it is a priority for Kontiki Finance to be heavily involved in enriching the the lives of the Fijian community through various sponsorship activities and Financial Literacy programs. In particular, we wish to ensure Fijians are better informed when making financial decisions, to assist the to secure a better financial future for themselves and their families.

In 2017, we took part in over 30 Financial Literacy discussions with various groups including private companies, Ministries, and village groups throughout Fiji. This resulted in Kontiki Finance having the largest Facebook following of any bank or Financial Institution in the country.

We were also rated the best employer in the country in 2017 due to the quality of our hard-working staff to ensure premium customer care.
Some of the sponsorship activities and groups we have been heavily involved in over the last financial year are below:

- Police Sukuna Bowl and Police Women's Volleyball to acknowledge the hard work the Police force does to help and support the communities of Fiji
- Sponsorship of the HSBC Rugby Sevens on Fiji One

KFL Netball Team

Queen Victoria Old Boys Rugby Sponsorship

Charity Ambrose Golf Tournament

Kontiki Finance Fiji Police Inter-district Soccer Tournament

- Sponsorship of the Rugby 15's on FBC TV
- Financial literacy education through various media platforms
- 350.org (a youth group focussed on climate change)
- Red Cross charitable events
- Queen Victoria Old Boys Rugby (QVSOB)
- Underwear sponsorship for women who cannot afford the simple necessities in life
- WOWS Cancer for children
- Rugby show on Fiji One
- Various financial literacy education segments on the news
- Fiji Charitable Golf events throughout the year
- Suva and Nadi Bowls tournaments to support the oldest clubs in Fiji

Kontiki Finance National Triples Lawn Bowls

Our Services

Debt Consolidation Loans

Finance all your existing loans into one easy Kontiki Loan, making life that much easier for you.

Term Deposits

KFL has the best term deposit rates in the country since we started helping you grow your wealth to make living more comfortable and enjoyable. This investment is also capital guaranteed.

Equity Release

This product allows you to obtain a loan by using the capital value of your motor vehicle as security, even if you have an existing loan on the vehicle we can assess your application with that in mind.

Loan Protection Insurance

At KFL, we offer loan protection insurance (LPI) which can protect you in times of involuntary unemployment, sickness, accident and death. This is another comprehensive service we have to make sure that you are looked after properly.

Car Loans

At KFL, we can help you access your new or used vehicle and workout a repayment to sit your budget, including lending out for longer, leaving you with more cash in your pocket at the end of the month.

Board of Directors

Daryl Tarte | Chairman
MF

A Fiji citizen and Member of the Order of Fiji, Daryl has worked in executive, advisory and governance roles over many years. He joined the sugar industry in 1968 and served as the Secretary of the Sugar Board & Advisory Council, then as Executive Vice Chairman. Other roles in the industry include being the first Industrial Commissioner of the Sugar Industry Tribunal.

Daryl is a director of Namale Plantations Resorts. Daryl previously chaired the Capital Markets Development Authority, Kontiki Growth Fund and MIOT Private Hospitals, and was the director of Air Terminal Services. He was the long-serving Manager of the Sugar Cane Growers Fund Authority and recently retired as a director of Telecom Fiji.

Daryl is also an author, having written several successful novels as well as the Biography of Ratu Sir Penaia Ganilau.

Daryl is an independent director of KFL.

Francis Chung | Director
BCom, CA (NZ) – Retired, CA (Fiji)

Francis is a Fiji citizen and brings many years of experience in accounting, taxation and management. After joining the then Ernst & Whinney in 1986, he became the sole Partner of the firm from 1988 to 1999, with a specialisation in tax. Following the firm's international transition to Ernst & Young, he served as Managing Partner from 2000 until his retirement in 2011.

He is currently the Financial Advisor to the Damodar Group of Companies and is a director of several other companies including Capital Insurance and Solander Pacific. He is currently the honorary Treasurer of the Fiji Red Cross Society and Champagnat Marist Education.

Francis graduated from the University of Canterbury, New Zealand with a Bachelor of Commerce in 1974 and completed his Fiji accountancy qualification in 1986. He is a current member of the Fiji Institute of Accountants and recently retired from Chartered Accountants Australia & New Zealand.

Francis is an independent director of KFL.

Glen Craig | Director

Glen is a Vanuatu citizen. He is the Managing Partner of the specialist South Pacific corporate advisory firm, Pacific Advisory. He is a Licensed Securities Dealer and holds a CSP Licence from the Vanuatu Securities Commission.

Glen has an extensive private sector background in the tourism, finance and property industries with practical hands-on knowledge of the intricacies of the region and consults regularly to government and financial institutions in the region. He has resided in Vanuatu for the last 13 years and has served on numerous private and public sector boards.
Glen is passionate about driving development in the South Pacific through direct investment in developing sustainable industries using the region's natural resources.

Griffon Emose | Director
BCom, Grad Dip App Fin & Inv., CFA

A Fiji citizen, Griffon is the Managing Director of Kontiki Capital. He was previously the Manager Public Awareness & Investor Education at the Capital Markets Development Authority and an economist at the Ministry of Finance where he served with the Economic Policy Analysis Unit and the Financial Management Reform Project. He is licensed by the RBF as an Investment Adviser Representative and serves on several other boards.

Past directorships include for the South Pacific Stock Exchange, Fiji Gas and Pleass Global. Griffon graduated with a Bachelor of Commerce from the University of Auckland, New Zealand and completed the Graduate Diploma in Applied Finance & Investment through the Securities Institute of Australia (now the Financial Services Institute of Australasia). He is a member of the CFA Institute and earned the CFA Charter in 2005.

Litia Niumataiwalu | Director ***MCom, BBus, DipBank***

Litia is a Fiji citizen, with over 18 years of experience in the banking and finance sector in Fiji with National Bank of Fiji / Colonial. Since leaving the banking industry, she has managed various family business interests whilst undertaking financial and business consulting work.

Litia has previously served in an advisory capacity for good governance, financial and risk management in various civil societies namely, The Fiji Young Women's Christian Association, Fiji Council of Social Services, Pacific Association of Non-Governmental Organizations (PIANGO), and Fiji Cancer Society.

Litia graduated with a Master of Commerce (Banking & Finance) and Bachelor of Business (Banking & Finance) from the University of Sydney and the University of South Australia respectively, in Australia. She also completed a Diploma in Banking from the University of the South Pacific in Fiji.

Litia is an independent director of KFL

Senior Management Team

Gregory Cathcart | Group Chief Executive Officer, Head of Credit
DipBus (Finance), F Fin

Greg is a Fiji citizen with over 36 years' experience as a finance executive in several geographies including Australia, New Zealand, Fiji, Papua New Guinea, Indonesia, Kuwait, and Bahrain. He has a record of successfully delivering performance outcomes, onboarding and managing large multi-partnered deals, launching and managing retail deposit and loan products, and negotiating and managing wholesale funding facilities.

Greg has previously held senior and executive positions with listed entities and major corporates abroad. These include Executive Director and Chief Executive Officer of Pacific Retail Finance Group (division of NZX-listed PRG, later sold to NYSE-listed GE), Head of Business Development & Support at Australian Guarantee Corporation (division of ASX-listed Westpac) and Group Credit Manager at NZX-listed Fisher & Paykel Finance (later sold to ASX-listed FXL).

Greg has a Post Graduate Diploma in Business with a Finance major from the Business School at Auckland University, New Zealand and is a Fellow of the Financial Services Institute of Australasia (FINSIA). He was elected Chairman of the Finance Companies Association, the professional industry body for Licensed Credit Institutions in Fiji, in 2016. He also served previously on the Accounting, Law and Finance Committee at Unitec in Auckland, New Zealand for seven years until 2006.

David Oliver | Group Chief Financial Officer, Head of Treasury, Head of Risk, Company Secretary
BA (Hons) Econ, Grad Dip App Fin & Inv., F Fin, FRM

David is a Fiji citizen with over 25 years of investment banking experience in New Zealand, Fiji, and the Pacific. He is highly experienced in financial risk management, evaluating business feasibility, acquisition, divestiture, valuation, due diligence and financing transactions.

David was previously Manager, Corporate Advisory at Macquarie Bank in New Zealand. Prior to that, he managed the Department of Public Enterprises in Fiji, where he oversaw the development and implementation of Fiji's public enterprise reform programme. He has extensive experience as a business and economic analyst, having previously filled this role at Telecom New Zealand, New Zealand Treasury and Shell Oil (NZ).

David holds a Bachelor of Arts (First Class Honours) in Economics from Victoria University of Wellington, New Zealand and is a Fellow of the Financial Services Institute of Australasia (FINSIA), having completed the Graduate Diploma in Applied Finance & Investment. He is a member of the Global Association of Risk Professionals (GARP) and is certified with the Financial Risk Manager (FRM) designation. He is licensed by the RBF as an Investment Adviser and Broker Dealer Representative.

Phillip Lacey | Head of Products and Distribution

A New Zealand citizen, Phillip has over 30 years of financial services experience, specialising in relationship-managed sales in direct and intermediary channels. He was previously General Manager of NYSE-listed GE Capital's NZ Mortgage business and ran credit, collections and loss-recoveries functions for Pacific Retail Finance. He also served as Head of Collections for AGC Finance (owned by Westpac Bank) managing a human resource of 60 employees.

Phillip assisted with establishing Simply Insurance for Pacific Retail Finance, which achieved a maiden NPBT of NZ$8.9m in its first full year of operations. At PRF, he conducted risk analysis of Direct Channel products and processes and detailed process approval of all distribution collateral including TV campaigns, radio, direct mail and print media. He also ran and owned a three-branch Wizard Home Loans franchise, writing loans of NZ$96m and won Wizard Home Loans performance awards in multiple years.

Corporate Governance Statement

KFL is committed to developing and maintaining corporate governance policies that are consistent with industry best-practice. To this end, the Company supports the Reserve Bank of Fiji's Corporate Governance Code for the Capital Markets. The Code's principles, and how these are implemented within KFL, are detailed below.

Principle 1 - Establish Clear Responsibilities for Board Oversight

The Company's Corporate Governance Policy clearly defines the role of the Board and its committees, namely the Audit Committee and the Asset and Liability Committee (ALCO). The Board has overall responsibility for the company, including approving and overseeing the implementation of its business objectives, risk strategy, financial soundness, corporate governance and corporate values.

The Board is also guided by the Board Charter which includes, amongst other things:

- a commitment to ensure compliance of the Company's legal and regulatory obligations to respective stakeholders;
- the roles, functions, obligations, rights, responsibilities and powers of the Board;
- the policies, practices and procedures the Board must follow in carrying out its duties, functions and responsibilities; and
- a commitment to review, ratify, monitor and implement systems of risk management and internal control, as well as corporate governance.

Principle 2 - Constitute an Effective Board

Candidates for directorship may be nominated by shareholders in a general meeting or appointed by the Board on a temporary basis. Directors appointed by the Board may only hold the position until the next Annual General Meeting.

The Board Charter sets the guidelines that directors should meet. In particular:

- Proposed Board members must meet the fit and proper criteria as defined by the RBF Banking Supervision Policy Statement No 10: Fit and Proper Requirements for Licensed Financial Institutions in Fiji.
- Directors should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgement about the affairs of KFL.
- The Board should possess, both as individuals and collectively, appropriate experience, competencies and personal qualities, including professionalism and personal integrity.
- The Board should have an adequate mix of core competencies in finance, accounting, financial services, business or management experience, industry knowledge, legal, strategic planning and risk management.
- The Board Charter also requires that the Company must have policies and practices for the selection, approval, renewal and succession of directors. New directors must also be provided sufficient time to familiarise themselves with KFL's business and risk profile, risk management, governance practices and internal controls. In practice, this includes the provision of an information pack containing all relevant documents upon appointment and briefings by senior management.
- The Board reviews and reassesses the adequacy of the Board Charter regularly.

DIRECTOR ATTENDANCE at Board Meetings	Board Meeting		Audit Committee	
	Held	Attended	Held	Attended
Daryl Tarte	6	6	4	3
Francis Chung	6	6	4	4
Glen Craig	6	5	N/A	N/A
Griffon Emose	6	6	4	4
Litia Niumataiwalu	6	6	N/A	N/A

Principle 3 - Appointment of Chief Executive Officer

The Corporate Governance Policy clearly defines the roles and responsibilities of the CEO. The CEO's contract of employment also details the duties, functions and responsibilities of the position.

The Board is responsible for selecting the CEO and having in place an appropriate succession plan. The Board also provides oversight of the CEO, in particular:

- monitoring to ensure the CEO's actions are consistent with the strategy and policies approved by the Board;
- setting formal performance standards consistent with the long-term objectives, strategy and financial soundness of the Company, and monitoring performance against these standards; and
- ensuring that the CEO's knowledge and expertise remain appropriate given the nature of the business and the institution's risk profile.
- The Board ensures that the Company's organisational structure facilitates effective decision making and good governance.

Principle 4 - Appointment of Board and Company Secretary

The Shareholders are responsible for selecting the Board. The Board is responsible for appointing a competent Company Secretary who is the administrative link between the Board and management. The Company Secretary also monitors statutory requirements and board policies and procedures and ensures that they are followed in a timely manner.

Principle 5 - Timely and Balanced Disclosure

The Company has a policy of informing shareholders promptly of any events that might significantly affect the value of the Company. This is a requirement under the SPSE Listing Rules, which KFL is required to follow as a listed company.

In addition, annual reports are provided to shareholders and annual general meetings are held annually to provide shareholders the opportunity to have their queries answered and be updated on the Company's performance and plans.

The Company also welcomes contact with shareholders at any time should they have pressing concerns or queries.

Principle 6 - Promote Ethical and Responsible Decision-Making

The Corporate Governance Policy is designed to promote sound corporate governance practices within KFL. The Policy promotes principles of transparency, accountability, responsibility and relevant disclosure. It also emphasises the separate responsibilities of directors and Senior Management and has been written considering all relevant legislative and regulatory requirements.

Other policies and procedures have been put in place to cascade the core corporate governance principles contained in the Policy down to all aspects of the Company's operations.

Net Profit After Tax (NPAT) increased 72% to $5.4 million – making us one of the fastest growing listed companies in Fiji.

Principle 7 - Register of Interests

The Corporate Governance Policy sets out principles governing conflicts of interest of employees. In particular, employees are required to declare any position or interest outside KFL that could lead to a conflict of interest, as well as communicate any potential conflicts of interest to the CEO for proper management of the conflict.

Similarly, the Board Charter sets out principles governing conflicts of interest for directors. The minutes of board meetings reflect any declarations of conflicts of interest and how the conflict was managed. A register of interests for directors is also maintained.

Principle 8 - Respect Rights of Shareholders

All shareholder queries may be directed to the Company Secretary who is responsible for replying to and addressing them. Aside from attendance at the AGM, shareholders are able to submit written questions for the AGM via the Company Secretary.

KFL also has a website which is regularly updated with significant events that may be of interest to shareholders.

Principle 9 - Accountability and Audit

The Company has an external auditor to serve as an independent evaluator of the Company's financial reporting.

This function is supported by an Internal Audit function involving an independent party.
The Company has an Audit Committee in place that meets quarterly, or more often as needs dictate. The committee, amongst other things, is tasked with overseeing the external and internal audit functions.

Principle 10 - Recognise and Manage Risk

The Company has a comprehensive risk management framework of policies and procedures. The Audit Committee oversees the risk function.

CONSOLIDATED FINANCIAL STATEMENTS

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORS' REPORT

In accordance with a resolution of the Board, the Directors present their report on the consolidated entity consisting of Kontiki Finance Limited ("the Holding Company") and its subsidiary (collectively "the Group") as at 30 June 2018. The historical financial information included in this Directors' Report has been extracted from the Audited Financial Statements accompanying this Directors' Report.

Information in this Directors' Report is provided to enable shareholders to make an informed assessment of the operations, financial position, performance and other aspects of the Holding Company and the Group, and whether the Holding Company and the Group are a going concern.

Principal Activities

The principal activities of the Holding Company during the year were that of receiving deposits and extending of credit and related services. There was no significant change in the nature of this activity during the financial year.

The Holding Company has a subsidiary company incorporated in Vanuatu, Platinum Insurance Limited. The principal activity of the subsidiary is to act as a captive insurer underwriting loan protection insurance for its parent company, Kontiki Finance Limited, based in the Republic of Fiji.

The Holding Company was listed on the South Pacific Stock Exchange on 04 July 2018.

Review and Results of Operations

The operating Group profit for the year was $5,365,448 (2017: $3,119,565) after allowing for an income tax expense of $1,502,101 (2017: $939,958). The operating profit of the Holding Company for the year was $5,749,437 (2017: $3,590,301) after taking into account an income tax expense of $1,502,101 (2017: $939,958).

Our Values

The core values of our business are:

- Accountability
- Innovation
- Integrity
- People

Our Strategy

Our strategy is focused on driving shareholder value by providing innovative, flexible and accessible finance solutions to the consumer and small and medium enterprise segments of the market. The Group provides this through a highly experienced management team leveraging intellectual property and business intelligence proven by them in other markets.

Our Priorities This Year

The key priority of the Group for the 2018 financial year was to build its loan portfolio and to list on the South Pacific Stock Exchange ("SPSE").

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

Key Statistics

Key statistics as at 30 June 2018		
	Group	**Holding Company**
Total number of employees	104	104
Total funds under management	$162,798,468	$157,371,610
Total operating income	$24,642,697	$23,535,590
Net profit after tax	$5,365,448	$5,749,437
Earnings per share	$0.06	$0.06

The Future

By the end of the 2019 financial year, the Group plans to have total assets under management of around $225m. The development of new products and enhancements to existing products will continue to allow the Group to sell bundled products, win new business and/or reduce risk.

A further source of growth in the medium to long term could come from expansion into the region, replicating the business model established in Fiji.

Dividends

No dividend has been paid or recommended to be paid by the Directors during the financial year (2017 : Nil)

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the period ended 30 June 2018

Events occurring after the end of the financial period

On 13 July 2018, the Holding Company declared an interim dividend of $0.01 per share which was paid on 3 August 2018. Apart from this, 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 Holding Company and the Group, the results of those operations or the state of affairs of the Holding Company and the Group in the subsequent financial years.

Details of Directors and executives

The Directors of the Company during the financial period and up to the date of this report were:

Daryl Tarte (Chairman)

Francis Chung

Glen Craig

Griffon Emose

Litia Niumataiwalu

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

Auditor Independence

The Directors have obtained an Independence Declaration from the Group's Auditor, Ernst & Young. A copy of the Auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of Kontiki Finance Limited on page 28.

Dated this 14th day of September 2018.

Daryl Tarte

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Chairman

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORS' DECLARATION

This Directors' Declaration is required by the Companies Act 2015.

The Directors of Kontiki Finance Limited ("the Holding Company") and its subsidiary (collectively "the Group") have made a resolution that declared:

a) in the Directors' opinion, the financial statements and notes of the Holding Company and the Group for the financial period ended 30 June 2018

   i) give a true and fair view of the financial position of the Holding Company and the Group as at 30 June 2018 and of the performance of the Holding Company and the Group for the period ended 30 June 2018.

   ii) have been made out in accordance with the Holding Company and the Group of Companies Act 2015.

b) they have received declarations as required by section 395 of the Companies Act 2015.

c) at the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Holding Company and the Group will be able to pay its debts as and when they become due and payable.

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

Dated this 14th day of September 2018.

Daryl Tarte

....

Chairman

EY
Building a better working world

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PO Box 1359 Suva Fiji

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Fax: +679 330 0612
ey.com

Auditor's Independence Declaration to the Directors of Kontiki Finance Limited

As lead auditor for the audit of Kontiki Finance Limited ("the Holding Company") and its subsidiary (collectively "the Group") for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kontiki Finance Limited and the entities it controlled during the financial year.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji
14 September 2018

Building a better working world

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INDEPENDENT AUDIT REPORT

To the Members of Kontiki Finance Limited

Report on the Audit of the Company and the Group Financial Statements

Opinion

We have audited the financial statements of Kontiki Finance Limited ("the Company") including its subsidiary company (collectively "the Group"), which comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 30 June 2018, of its financial performance, of its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) , and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Other than the provision of assurance services in our capacity as auditor, we have no relationship with, or interest in, the Company and the Group. Partners and employees of our firm deal with the Company and the Group on normal terms within the ordinary course of trading activities of the business of the Company and the Group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description on how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to the key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

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Independent Audit Report (continued)
Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
Provision for credit loss As at 30 June 2018, gross advances to customers recorded by the Holding Company amounted to $102,074,076, representing 65% of total assets and the impairment allowance for advances to customers amounted to $2,556,243. The assessment of impairment for advances to customers involved significant management judgement and estimate of the losses incurred within the loan portfolios at the reporting date. As described in Notes 2 Principal Accounting Policies (2) (d) Impairment of financial assets, (7) Receivable fromcustomers and (22) Financial risk management, the provision for doubtful debts are determined under the application of IAS 39 Financial Instruments. The Holding Company adopted an individual impairment assessment approach in respect of individually significant loans or impaired loans; and a collective impairment assessment approach in respect of loans not individually significant or not individually impaired. The Holding Company exercises significant judgment using collateral subjective assumptions when determining both the timing and the amounts of the impairment provision for loans and advances. As loans and advances form major portion of the Group's assets and due to the significance of judgment used in estimating both the specific and collective provisions for loans and advances, this audit area is considered a key audit risk.	In obtaining sufficient audit evidence we: - Obtained an understanding of the Holding Company's credit policy and evaluated and tested the design and the operating effectiveness of the key controls over the processes of credit assessment, loan classification and loan impairment assessment. We also performed tests of controls over the rating system adopted by the Holding Company. - Tested a sample of loans and advances for individually calculated impairment to assess whether an event of impairment has been identified timely. - Formed an independent view on the classification of the loans and the level of provisions recognised by the Holding Company. - Considered the impairment indicators, uncertainties and assumptions made by management in their assessment of the recoverability of the exposure for specific impairments raised. For a sample of impaired loans, we have independently recalculated the impairment losses based on our assessment of the expected cash flows and recoverability of collateral. We inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral. - Obtained an understanding of the methodology used by the Holding Company to determine the collective provisions, assessed the reasonableness of underlying assumptions and sufficiency of the dataused by management such as specific industry trends, loss ratio over different loan types and arrears analysis for the collective impairment provision recorded. - Assessed whether the financial statement disclosures appropriatelyreflect the Holding Company's exposure to credit risk.

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Independent Audit Report (continued)

Other Information

The directors and management are responsible for other information. The other information comprises the information in the Company and the Group's Annual Report for the year ended 30 June 2018, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and management for the Company and the Group's Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management and the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management and the Directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management and the Directors either intend to liquidate the Company and the Group to cease operations, or have no realistic alternative but to do so.

The Directors and management are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Company and the Group's Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Independent Audit Report (continued)

Auditor's Responsibilities for the Audit of the Company and the Group's Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Directors.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and the Directors.
- Conclude on the appropriateness of management and the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with management and the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Directors and management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors and management, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Banking Act 1995 and the Companies Act 2015 in all material respects, and:

i) we have been given all information, explanations and assistance necessary for the conduct of the audit; and
ii) the Company and the Group has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji
14 September 2018

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Group		Holding Company	
		2018	2017	2018	2017
		$	$	$	$
Revenue					
Operating income	3.1	24,642,697	14,015,013	23,535,590	13,339,477
Interest expense	4.1	(6,235,399)	(3,231,331)	(6,217,719)	(3,298,603)
Net interest income		18,407,298	10,783,682	17,317,871	10,040,874
Other income	3.2	245,929	220,462	991,328	1,131,118
Total revenue		18,653,227	11,004,144	18,309,199	11,171,992
Less: expenses					
Movement in allowance for impairment losses	4.2	(2,005,858)	(1,313,155)	(2,005,858)	(1,313,155)
Depreciation of property, plant and equipment		(417,324)	(247,916)	(417,324)	(247,916)
Amortisation of intangible assets		(170,522)	(123,079)	(170,522)	(123,079)
Other operating expenses	4.3	(9,191,973)	(5,260,471)	(8,463,957)	(4,957,583)
Total operating expenses		(11,785,678)	(6,944,621)	(11,057,661)	(6,641,733)
Operating profit before tax		6,867,549	4,059,523	7,251,538	4,530,259
Income tax expense	5	(1,502,101)	(939,958)	(1,502,101)	(939,958)
Net profit after tax		5,365,448	3,119,565	5,749,437	3,590,301
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		5,365,448	3,119,565	5,749,437	3,590,301
Earnings per share		$ 0.06	$ 0.04	$ 0.06	$ 0.05

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

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group		Holding Company	
		2018	2017	2018	2017
		$	$	$	$
Issued capital					
Balance at the beginning of the year		7,900,186	6,065,534	7,900,186	6,065,534
Movement during the year		2,984,586	1,834,652	2,984,586	1,834,652
Balance at the end of the year	19	10,884,772	7,900,186	10,884,772	7,900,186
Retained earnings					
Balance at the beginning of the year		2,617,226	(502,339)	3,385,495	(204,806)
Net profit for the year		5,365,448	3,119,565	5,749,437	3,590,301
Balance at the end of the year		7,982,674	2,617,226	9,134,932	3,385,495
Total equity		18,867,446	10,517,412	20,019,704	11,285,681

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

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	Group		Holding Company	
		2018	2017	2018	2017
		$	$	$	$
Assets					
Cash and cash equivalents	6	9,714,205	3,367,721	9,663,674	3,311,705
Receivable from customers	7	101,021,486	62,663,345	99,081,282	62,536,860
Financial investments - held to maturity	8	46,141,154	24,900,000	43,405,154	24,700,000
Prepayments and other assets	10	2,301,527	1,071,533	2,294,334	1,262,426
Investment in subsidiary	11	-	-	215,000	215,000
Investment at Fair Value through Profit & loss	9	907,930	-	-	-
Plant and equipment	13	1,562,521	802,123	1,562,521	802,123
Intangible assets	14	580,185	491,461	580,185	491,461
Deferred income tax asset	5	569,460	312,574	569,460	312,574
Total assets		162,798,468	93,608,757	157,371,610	93,632,149
Equity and liabilities					
Due to customers	12	135,422,529	78,655,456	135,422,529	81,089,456
Trade and other payables	15	1,625,738	984,636	1,635,100	1,165,685
Unearned premium	16	6,233,513	3,313,993	-	-
Provisions	17	354,965	45,933	-	-
Employee benefit liability	18	115,118	68,097	115,118	68,097
Current tax liability		179,159	23,230	179,159	23,230
Total liabilities		143,931,022	83,091,345	137,351,906	82,346,468
Shareholders equity					
Issued capital	19	10,884,772	7,900,186	10,884,772	7,900,186
Retained earnings		7,982,674	2,617,226	9,134,932	3,385,495
Total equity		18,867,446	10,517,412	20,019,704	11,285,681
Total equity and liabilities		162,798,468	93,608,757	157,371,610	93,632,149

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

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group		Holding Company	
		2018 Inflows/ Outflows	2017 Inflows/ Outflows	2018 Inflows/ Outflows	2017 Inflows/ Outflows
		$	$	$	$
Operating activities					
Interest received		23,650,584	13,774,003	23,535,590	13,339,477
Interest paid		(6,235,399)	(3,231,331)	(6,217,719)	(3,298,603)
Non interest income received		1,238,043	220,462	991,328	771,118
Payments to suppliers and employees		(7,114,938)	(3,163,532)	(9,789,072)	(5,211,139)
Net customer loans granted		(39,726,043)	(29,737,606)	(37,912,324)	(30,586,904)
Term deposits received		56,767,073	34,092,954	54,333,072	36,526,954
Income taxes paid		(1,603,058)	(1,089,887)	(1,603,058)	(1,089,887)
Net cash flows from Operating Activities		26,976,263	10,865,063	23,337,817	10,451,016
Investing activities					
Acquisition of plant and equipment		(1,206,034)	(375,034)	(1,206,034)	(375,034)
Acquisition of intangible asset		(259,246)	(329,692)	(259,246)	(329,692)
Acquisition of investment securities		(21,241,154)	(10,500,000)	(18,705,154)	(10,300,000)
Acquisition of investment through Profit & Loss		(907,930)	-	-	-
Dividend received		-	-	200,000	160,000
Net cash flows (used in) Investing Activities		(23,614,364)	(11,204,726)	(19,970,434)	(10,844,726)
Financing activities					
Capital contribution from shareholders		2,984,586	969,799	2,984,586	969,799
Net cash flows from Financing Activities		2,984,586	969,799	2,984,586	969,799
Net increase in cash and cash equivalents		6,346,484	630,136	6,351,969	576,089
Cash and cash equivalents at 1 July		3,367,721	2,737,585	3,311,705	2,735,616
Cash and cash equivalents at 30 June	6	9,714,205	3,367,721	9,663,674	3,311,705

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

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

The consolidated Financial Statements of Kontiki Finance Limited ('the company') and its subsidiary (collectively 'the group') for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 14 September 2018.

Kontiki Finance Limited is a limited liability company incorporated and domiciled in the Republic of Fiji. The principal activities of the company are described in Note 26.

The subsidiary, Platinum Insurance Limited is a limited liability company incorporated and domiciled in the Republic of Vanuatu. The principal activities of the company are described in Note 26.

The holding company was listed on the South Pacific Stock Exchange on 04 July 2018.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared primarily on the basis of historical costs and except where specifically stated, do not take into account current valuations of non-current assets. The financial statements are presented in Fijian dollars (FJD).

Statement of compliance

The consolidated financial statements of the Group have been drawn up in accordance with the provisions of the Banking Act 1995, Fiji Companies Act 2015 and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Basis of consolidation

The consolidated Financial Statements comprise the financial statements of Kontiki Finance Limited ('the company') and its subsidiary as at 30 June.

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 is 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.

On consolidation, the subsidiary's assets and liabilities have been translated at the rate of exchange ruling at the balance date. Profit and loss accounts have been translated using the average of the exchange rates ruling at the end of each month during the current financial year.

Going concern

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

2.1. Significant accounting judgments, estimates and assumptions

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

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant task of causing a material adjustments to the carrying amount of assets and liabilities within the next financial period are discussed below:

Impairment losses on loans and advances

The Holding Company and the Group reviews its problem loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the income statement. In particular, judgment by management is required in the estimation of the amount and timing of the impairment provision for loans and advances. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant loans and advances, the company and the group also makes collective impairment allowances against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as the historical loss experience of loans with similar credit risk characteristics, specific industry trends, loss ratio over different loan types and arrears analysis.

2.2. Summary of significant accounting policies

a) Foreign currencies

The financial statements are presented in Fiji dollars (FJD), which is the Company and the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance date.

All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates when the fair value is determined.

On consolidation, the assets and liabilities of foreign operations are translated at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

2.2. Summary of significant accounting policies (continued)

b) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs includes the cost of replacing part of the plant and equipment when that cost in incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

	Rate
Office equipment	20%
Furniture & fittings	20%
Motor vehicles	20%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

c) Financial instruments - initial recognition and subsequent measurement

Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit and loss, any directly attributable incremental costs of acquisition or issue.

Held to maturity financial investments

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the company and the group has the intention and the ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Amortisation is included as 'Interest income' in the income statement. The losses arising from impairment of such investment are recognised in the income statement line 'Impairment losses on financial investments'.

Due from banks and loans and advances to customers

Due from banks' and 'Loans and advances to customers' are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short term resale and are not classified as 'Financial assets held for trading', designated as 'Financial investment - available for sale' or 'Financial assets designated at fair value through profit and loss'.

2.2. Financial instruments - initial recognition and subsequent measurement (continued)

Due from banks and loans and advances to customers (continued)

After initial measurement, amounts due from banks and loans and advances to customers are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in 'Interest income' in the income statement. The losses arising from impairment are recognised in the income statement in 'Bad and doubtful debts expense'.

Debt issued/dues to customers and other borrowed funds

Issued financial instruments or their components, which are not designated at fair value through profit or loss, are classified as liabilities under 'debt issued and other borrowed funds' or 'dues to customers', where the substance of the contractual arrangement results in the company and group having an obligation either to deliver cash or another financial asset for a fixed number of own equity shares. The components of compound financial instruments, that contain both liability and equity elements, are accounted for separately, with the equity component being assigned the residual amount after deducting from the instruments as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial recognition, debt issued and other borrowings are subsequently measured at amortised cost using the effective interest rate method.

d) Impairment of financial assets

The company and the group assesses at each statement of financial position whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Due from banks and loans and advances to customers

For amounts due from banks and loans and advances to customers carried at amortised cost, the Company and the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company and the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, to include the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.2. Impairment of financial assets (continued)

Due from banks and loans and advances to customers (continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the 'Bad and doubtful debts expense'.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collaterialised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company and the Group's internal credit grading system that considers credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the periods on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from period to period (such as changes in unemployment rates, property prices, commodity prices, payments status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Held -to- maturity financial investments

For held to maturity investments the Company and the Group assesses individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, any amounts formerly charged are credited to the 'Impairment losses on financial investments'.

e) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash in banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

2.2. Summary of significant accounting policies (continued)

f) Financial liabilities

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated as at fair value through the statement of comprehensive income.

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through the statement of comprehensive income includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the statement of comprehensive income.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised on the statement of comprehensive income.

g) Prepayments and other assets

Prepayments and other assets include interest receivable on loans and investments, commission income receivable from Tower Insurance and subsidiary company, advance payments and deposits and dividend receivable from the subsidiary company.

In the consolidation process, related party receivables from the subsidiary such as insurance commission and dividends recorded in the Holding Company's book of accounts are eliminated against corresponding payables recorded in the subsidiary company's general ledger.

h) Employee entitlements

Provision is made for annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

i) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

2.2. Summary of significant accounting policies (continued)

Company as a lessee (continued)

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected on the statement of comprehensive income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Operating lease commitments

The Company and the Group has entered into commercial property leases. The Company and the Group has determined based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant risks and rewards of ownership of the property and so accounts for the contracts as operating leases.

j) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Provision for claims payable and claims incurred but not reported (IBNR)

Outstanding claims are assessed by reviewing individual claims and making allowance for claims incurred but not reported, foreseeable events, past experience and industry trends. They are stated in the balance sheet net of any reinsurance or other recoveries.

Provision is also made for claims IBNR based on foreseeable events, past experience and industry trends. In the current year this allowance was calculated by reviewing the total company exposure on all policies written by the company, by the company's Actuary. The IBNR is determined independently by the Company's Actuary Peter Davies B.Bus.Sc., FIA, FNZSA.

k) Unearned premiums

Premium revenue comprises amounts charged to policyholders and excludes taxes collected on behalf of statutory parties. The earned portion of premium received and receivable is recognised as revenue. Premium revenue is recognised as earned from the date of attachment of risk, over the period related to the insurance contract in accordance with the pattern of the risk expected under the contract. The unearned portion or premiums not earned at the reporting date is recognised in the statement of financial position as unearned premium. The provision for unearned premium is verified by the Company's Actuary Peter Davies B.Bus.Sc., FIA, FNZSA.

2.2. Summary of significant accounting policies (continued)

l) Deferred Acquistion Cost and commissions income

The Holding Company earns commission for bringing in insurance business for the Subsidiary Company. The commission earned by the Holding Company is recognized as income in its book of accounts. However, the related brokerage costs (costs associated with obtaining and recording insurance business) incurred by the Subsidiary are capitalized and amortized, consistent with the earning pattern of the related insurance premium for that business. In the consolidation process, the commission income recorded in the Holding Company's books are eliminated against the related asset recorded in the Subsidiary Company's books. Consequently, the financial result of the Group recorded a lower profit balance compared to the Holding Company in the statement of comprehensive income despite the Subsidiary and Holding Companies recording net profit for the period ended.

m) Income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred 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 not 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 a gainst which the temporary difference can be utilised.

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

2.2. Income tax (continued)

Income tax for subsidiary company

In the Republic of Vanuatu, no income taxes of any kind are payable.

n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets for the company are assessed to be finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is renewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption in future economic benefits embodied in the asset is accounted by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

o) Trade and other payables

Liabilities for trade creditors 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. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial period.

p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income and expense

For all financial instruments measured at amortised cost, interest income and expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instruments and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the company revised its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

2.2. Summary of significant accounting policies (continued)

p) Revenue recognition (continued)

Interest income and expense (continued)

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Fee income

Fees earned for the provision of services over a period of time are accrued over that period.

Insurance administrative fees

Insurance administrative fee is brought to account on an earned basis.

Underwriting activities

Revenue from underwriting activities includes revenue derived from premiums and commissions received. Revenue from underwriting activities is recognised on completion of each month's activities.

q) Impairment of non-financials assets

The Company and the Group assesses at each reporting date or more frequently if events or changes and circumstances indicate that the carrying value may be impaired, whether there is an indication that a non financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company and the group makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount.

For assets an assignment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company and the group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

r) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current year.

s) Earnings per share

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

t) Dividends

Dividends are recorded in the Group's consolidated financial statements in the year in which the directors approve them.

2.2. Summary of significant accounting policies (continued)

u) Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment.

Industry segment

The Company and the Group operates predominantly in the financial services industry.

Geographical segment

The Company operates predominantly in Fiji and the subsidiary operates in Vanuatu, therefore two geographical areas for reporting purposes.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

		Notes	Group 2018	Group 2017	Holding Company 2018	Holding Company 2017
			$	$	$	$
3.	**REVENUE**					
3.1	Operating income					
	Investment securities		1,401,108	517,493	1,342,453	506,169
	Loans and advances		22,193,137	12,833,308	22,193,137	12,833,308
	Premium income		992,113	664,212	-	-
	Unrealised gain on financial assets		56,339	-	-	-
			24,642,697	14,015,013	23,535,590	13,339,477
3.2	Other income					
	Dividend income		25,282	-	-	360,000
	Fees and charges		175,612	83,651	175,612	83,651
	Recoveries		45,035	3,690	45,035	3,690
	Insurance commission		-	133,121	770,681	683,777
			245,929	220,462	991,328	1,131,118
4.	**EXPENSES**					
	Included in expenses are:					
4.1	Interest expense					
	Term deposits		6,235,399	3,231,331	6,217,719	3,298,603
4.2	Movement in allowance for impairment losses					
	Allowance for impairment losses on financial assets		2,005,858	1,313,155	2,005,858	1,313,155
4.3	Other operating expenses					
	Accounting fees		77,680	56,141	73,720	56,141
	Auditors remuneration		48,680	32,551	35,480	15,451
	Bank charges		20,618	23,208	20,009	22,362
	Directors fees and allowances		180,408	117,500	180,408	117,500
	Employee costs		5,806,297	3,600,451	5,806,297	3,600,451
	Office lease rental		315,681	170,442	315,681	170,442
	Other operating expenses		2,742,611	1,260,178	2,032,362	975,236
			9,191,973	5,260,471	8,463,957	4,957,583

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Group		Holding Company	
		2018	2017	2018	2017
		$	$	$	$

5. INCOME TAX EXPENSE

A reconciliation between income tax expense and the product of accounting profit multiplied by the tax rate for the periods ended 30 June are as follows:

	Group 2018 $	Group 2017 $	Holding Company 2018 $	Holding Company 2017 $
Accounting profit before income tax	6,867,549	4,059,523	7,251,538	4,530,259
Prima facie income tax thereon the Fiji rate of 20% on the operating profit *	1,373,510	811,905	1,450,308	906,052
Interest Income Exempted	(7,730)	(4,728)	(7,730)	(4,728)
Other Non-deductible expense	136,321	134,730	59,523	40,583
Over-provision from prior year	3	(5,683)	3	(5,683)
Dividend taxes	-	7,762	-	7,762
Others	(3)	(4,028)	(3)	(4,028)
Income tax expense reported in the statement of comprehensive income	1,502,101	939,958	1,502,101	939,958

* The Group prima facie income tax was calculated at 20% of Holding Company's operating profit due to income tax not being applicable to the subsidiary company.

	Group 2018 $	Group 2017 $	Holding Company 2018 $	Holding Company 2017 $
Deferred income tax asset at 30 June relates to the following:				
Provision for doubtful debts	511,248	280,892	511,248	280,892
Accelerated depreciation for book purposes	35,188	18,063	35,188	18,063
Employee benefit liability	23,024	13,619	23,024	13,619
	569,460	312,574	569,460	312,574

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Group		Holding Company	
		2018	2017	2018	2017
		$	$	$	$

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and at bank. Cash and cash equivalents included in the Statements of Cash Flows comprise the following amounts on the Statement of Financial Position:

Cash on hand	3,468	1,200	3,468	1,200
Cash at bank	2,877,808	1,023,214	2,866,118	993,194
Demand deposits	6,832,929	2,343,307	6,794,088	2,317,311
	9,714,205	3,367,721	9,663,674	3,311,705

7. RECEIVABLE FROM CUSTOMERS

Credit contract	85,517,356	47,952,275	85,517,356	47,952,275
Hire purchase	16,556,720	16,209,477	16,556,720	16,209,477
Insurance premium	1,940,204	126,485	-	-
	104,014,280	64,288,237	102,074,076	64,161,752
Less: allowance for impairment losses	(2,556,243)	(1,404,457)	(2,556,243)	(1,404,457)
Less: interest suspense	(436,551)	(220,435)	(436,551)	(220,435)
	101,021,486	62,663,345	99,081,282	62,536,860

Maturity analysis

Not longer than 3 months	4,956,057	2,197,392	3,015,853	2,070,907
Longer than 3 months but not longer than 12 months	9,965,616	6,892,847	9,965,616	6,892,847
Longer than 12 months but not longer than 5 years	75,618,863	48,424,541	75,618,863	48,424,541
Longer than 5 years	13,473,744	6,773,457	13,473,744	6,773,457
	104,014,280	64,288,237	102,074,076	64,161,752

Impairment allowance for loans and advances to customers

As at 30 June 2018, trade receivables of an initial value of $2,556,243 (2017:$1,404,457) were impaired and provided for. See below for the movements in the provision for impairment of receivables.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

7. RECEIVABLE FROM CUSTOMERS continued

A reconciliation of the allowance for impairment losses for loans and advances are as follows:

	Specific provision	Collective impairment	Total	Reconciliation of note 4.2
	$	$	$	$
Opening balance	664,068	740,389	1,404,457	-
Increase in provisions	1,465,076	588,615	2,053,691	2,053,691
Write-off within the provision	(874,815)	-	(874,815)	-
Write back	(27,090)	-	(27,090)	(27,090)
Direct write-off	-	-	-	(20,743)
Closing balance	1,227,238	1,329,004	2,556,243	2,005,858

Collateral held as security for loans and advances are mainly motor vehicles.

See note 22 on credit risk of loans and advances, which explains how the company manages and measures credit quality of loans and advances that are neither past due nor impaired.

	Group		Holding Company	
	2018	2017	2018	2017
	$	$	$	$
8. FINANCIAL ASSETS HELD TO MATURITY				
Term deposits	34,022,154	24,000,000	32,622,154	24,000,000
Government debt securities - bonds & bills	12,119,000	900,000	10,783,000	700,000
	46,141,154	24,900,000	43,405,154	24,700,000
9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS				
Quoted equity shares	907,930	-	-	-

The Subsidiary Company has investments in listed equity. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

10. PREPAYMENTS AND OTHER ASSETS

	Group 2018 $	Group 2017 $	Holding Company 2018 $	Holding Company 2017 $
Other debtors	1,969,049	928,761	1,933,276	926,261
Prepayments	332,478	142,772	332,477	136,165
Receivable from related party (note 21)	-	-	28,581	200,000
	2,301,527	1,071,533	2,294,334	1,262,426

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Group		Holding Company	
		2018	2017	2018	2017
		$	$	$	$

11. INVESTMENT IN SUBSIDIARY

Shares in Subsidiary Company:					
Plantium Insurance Limited		-	-	215,000	215,000

The Company holds 100% of the ordinary shares of Platinum Insurance Limited (PIL). The results of PIL have been consolidated in these financial statements

12. DUE TO CUSTOMERS

As at year end, due to customers are as follows:					
Term deposits		135,422,529	78,655,456	135,422,529	81,089,456
Concentration of the deposits:					
Individual		84,285,021	46,476,803	84,285,021	46,476,803
Private sector business		17,450,239	13,538,965	17,450,239	13,538,965
Public enterprises		10,804,749	6,990,643	10,804,749	6,990,643
Non-profit institution		5,874,009	5,660,599	5,874,009	5,660,599
Non-bank financial institutions		14,547,123	4,988,446	14,547,123	4,988,446
Non-residents		2,461,388	1,000,000	2,461,388	3,434,000
		135,422,529	78,655,456	135,422,529	81,089,456

As at year end, maturity analysis of loans and advances are as follows:					
Not longer than 3 months		17,441,139	13,466,401	17,441,139	13,466,401
Longer than 3 months and not longer than 12 months		51,587,063	25,157,666	51,587,063	25,157,666
Longer than 12 months and not longer than 5 years		61,994,921	37,044,688	61,994,921	37,044,688
Longer than 5 years		4,399,406	2,986,701	4,399,406	5,420,701
		135,422,529	78,655,456	135,422,529	81,089,456

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Group		Holding Company	
		2018	2017	2018	2017
		$	$	$	$
13. PLANT AND EQUIPMENT					
Furniture & fittings					
Cost:					
At 1 July		315,708	227,749	315,708	227,749
Additions		389,419	91,339	389,419	91,339
Disposals		(7,044)	(3,380)	(7,044)	(3,380)
At 30 June		698,083	315,708	698,083	315,708
Depreciation:					
At 1 July		122,219	52,387	122,219	52,387
Depreciation charge for the year		114,613	70,902	114,613	70,902
Disposal		(5,022)	(1,070)	(5,022)	(1,070)
At 30 June		231,810	122,219	231,810	122,219
Net written down value		466,273	193,489	466,273	193,489
Office equipment					
Cost:					
At 1 July		589,306	397,071	589,306	397,071
Additions		493,615	203,065	493,615	203,065
Disposal		(17,276)	(8,893)	(17,276)	(8,893)
Transfer		-	(1,937)	-	(1,937)
At 30 June		1,065,645	589,306	1,065,645	589,306
Depreciation:					
At 1 July		193,127	82,472	193,127	82,472
Depreciation charge for the year		188,226	114,154	188,226	114,154
Disposal		(7,119)	(3,499)	(7,119)	(3,499)
At 30 June		374,234	193,127	374,234	193,127
Net written down value		691,411	396,179	691,411	396,179
Motor vehicles					
Cost:					
At 1 July		328,676	248,046	328,676	248,046
Additions		323,000	80,630	323,000	80,630
Disposal		(22,000)	-	(22,000)	-
At 30 June		629,676	328,676	629,676	328,676

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Group		Holding Company	
		2018	2017	2018	2017
		$	$	$	$
13. PLANT AND EQUIPMENT continued					
Motor vehicles (continued)					
Depreciation:					
At 1 July		116,221	53,361	116,221	53,361
Depreciation charge for the year		114,485	62,860	114,485	62,860
Disposal		(5,867)	-	(5,867)	-
At 30 June		224,839	116,221	224,839	116,221
Net written down value		404,837	212,455	404,837	212,455
Net book value as at 30 June		1,562,521	802,123	1,562,521	802,123
14. INTANGIBLE ASSETS					
Software costs					
Cost:					
At 1 July		662,738	331,109	662,738	331,109
Additions		259,246	329,692	259,246	329,692
Transfer		-	1,937	-	1,937
At 30 June		921,984	662,738	921,984	662,738
Amortisation and impairment:					
At 1 July		171,277	48,198	171,277	48,198
Amortisation		170,522	123,079	170,522	123,079
At 30 June		341,799	171,277	341,799	171,277
Net written down value as at 30 June		580,185	491,461	580,185	491,461
15. TRADE AND OTHER PAYABLES					
Trade payables		453,889	346,770	435,015	325,359
Payable to related party (note 21)		16,042	11,458	16,042	202,713
Accrued and other liabilities		1,155,807	626,408	1,184,043	637,613
		1,625,738	984,636	1,635,100	1,165,685

Terms and conditions of the above financial liabilities are as follows:
Trade payables are non-interest bearing and are normally settled as and when due.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

	Group		Holding Company	
	2018	2017	2018	2017
	$	$	$	$
16. UNEARNED PREMIUM				
Opening balance	3,313,993	1,168,899	-	-
Gross premiums written	6,120,528	3,135,247	-	-
Less premiums cancelled	(2,182,068)	(325,941)	-	-
Less premiums earned	(1,018,940)	(664,212)	-	-
	6,233,513	3,313,993	-	-
17. PROVISIONS				
Outstanding claims				
At 1 July	24,936	-	-	-
(Paid) / Arising during the year	247,304	24,936	-	-
At 30 June	272,240	24,936	-	-

Outstanding claims are based on assessments of all claims received by the subsidiary prior to finalising th consolidated financial statements.

	Group 2018 $	Group 2017 $	Holding Company 2018 $	Holding Company 2017 $
Claims incurred but not reported (IBNR)				
At 1 July	20,997	15,000	-	-
Loss reserve movement	61,728	5,997	-	-
At 30 June	82,725	20,997	-	-
Total provisions as at 30 June 2018	354,965	45,933	-	-
18. EMPLOYEE BENEFIT LIABILITY				
Annual leave (current)	115,118	68,097	115,118	68,097
19. SHARE CAPITAL				
Issued and paid-up capital				
Ordinary shares fully paid	10,884,772	7,900,186	10,884,772	7,900,186

The total number of shares at the end of the financial year was 88,851,623 (2017: 7,017,331). On 7 July 2017, the Company effected a ten-for-one share split of its ordinary shares. All share and earnings per share information has been retroactively adjusted to reflect the share split. During the year, the Company raised capital totalling to $2,984,586 (2017: $969,799).

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

	Group		Holding Company	
	2018	2017	2018	2017
	$	$	$	$

20. COMMITMENTS AND CONTINGENT LIABILITIES

a) Contingent liabilities	Nil	Nil
b) Capital commitments	1,755,491	1,555,730

Capital expenditure commitment of $1,755,491 is budgeted for the purchas of motor vehicles, IT hardware and software, and office furniture, fittings and equipment.

c) Operating leases commitments contracted for building rentals

Future operating lease rentals not provided for in the financial statements and payable:

Not later than one year	468,002	173,226
Later than one year but not later than five years	1,133,184	170,659
Later than five years	1,073,394	-
	2,674,581	343,885

The Company has commercial lease agreements with Tappoo Limited, Khan Investments, Gurbachan Singh and Janty Holdings. The lease agreements are for rental of office space and a warehouse in Lami. Rental charges range from $2,180 to $22,500 VIP per month.

21. RELATED PARTY TRANSACTIONS

(a) Directors

The names of persons who were directors of Kontiki Finance Limited at the date of this report are as follows:

Daryl Tarte (Chairman)
Francis Chung
Glen Craig
Griffon Emose
Litia Niumataiwalu

(b) <u>Owing to related parties</u>	<u>Transaction type</u>		
- Platinum Insurance Limited	Term deposits	-	2,434,000
- Platinum Insurance Limited	Insuarance premiums	-	191,255
- Directors	Directors' fees	16,042	11,458

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

21. RELATED PARTY TRANSACTIONS continued

		Holding Company	
		2018	2017
(c) Owing by related party	Transaction type	$	$
- Platinum Insurance Limited	Insurance premium refunds	28,581	-
- Platinum Insurance Limited	Dividends	-	200,000
		28,581	200,000

(d) Other related party transactions were as follows:

Transaction type	Transaction type		
Equity			
- Kinetic Growth Fund Ltd	Consideration for Change in Name	-	48,000
Income			
- Platinum Insurance Limited	Insurance commission	770,681	550,656
- Platinum Insurance Limited	Dividend	-	360,000
Expenses			
- Platinum Insurance Limited	Interest on term deposits	-	67,272
- Kontiki Stockbroking Limited	Referral fee	12,965	5,229
- Kontiki Capital Limited	Advisory and managerial services	28,340	11,990
- Compensation of key management personnel	Directors fees	180,408	117,500
	Short term employee benefits	1,789,783	1,650,614

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Company and the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the company and the group's profitability and each individual within the company and the group is accountable for the risk exposures relating to his or her responsibilities. The Company and the Group is exposed to credit risk, liquidity risk and interest rate risk in the main. The ALCO Committee has oversight of liquidity risk, the Board has oversight of credit risk, and the Board Audit-Committee have oversight of all other risks.

The main risk arising from the Company and the Group's financial statements are liquidity risk, market risk and operational risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk that the Holding Company and the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Holding Company and the Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Credit risk (continued)

Credit risk is managed through credit verification procedures. Loan receivable balances are monitored on an ongoing basis. The credit quality of receivables which are neither past due nor impaired is classified to be good and are expected to be recovered.

The Holding Company and the Group has established an account review process to provide early identification of possible changes in the creditworthiness on counterparties. Counterparty limits for liquidity placements are established by the use of credit risk rating.

Risk ratings are subject to regular revision. The credit quality review process allows the Holding Company and the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

	Group		Holding Company	
	2018	2017	2018	2017
	$	$	$	$
Cash and cash equivalents	9,714,205	3,367,721	9,663,674	3,311,705
Receivable from customers	101,021,486	62,663,345	99,081,282	62,536,860
Financial assets held-to-maturity	46,141,154	24,900,000	43,405,154	24,700,000
Prepayments and other assets	2,301,527	1,071,533	2,294,334	1,262,426
Investment at fair value through profit and loss	907,930	-	-	-
	160,086,302	92,002,599	154,444,444	91,810,991

Impairment assessment

The level of provision maintained varies according to the classification of loans in accordance with the current arrears position of the accounts. Provisions may be adjusted where there are any known difficulties in the cash flows of the customers, or infringement of the original terms of the contract. The Holding Company and the Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances

The Holding Company and the Group determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the customer's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the reliable value of collateral and the timing of cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require careful attention.

Collectively assessed allowance

Allowances are assessed collectively for losses on loans and advances that are not individually significant and for individually significant loans and advances where there is not yet objective evidence if individual impairment. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is not yet objective evidence of the impairment in an individual assessment. Impairment losses are estimated by taking into consideration the following inflation: historical losses on the portfolio, current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired. The impairment allowance is reviewed by credit risk management to ensure alignment with the Company overall policy.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Liquidity risk

Liquidity risk is the risk that the Holding Company and the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management aims to match the maturity profile of its term deposit base so as to as closely as possible match that of the loan portfolio. Management also manages liquidity placements so as to ensure adequate liquidity at all times. Cash flows and liquidity are monitored on a daily basis. This incorporates an assessment of expected cash flows and the availability of maturing liquidity placements to provide additional funding if required.

The maturity analysis of the financial liabilities are detailed in notes 12, 15 and 18.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud to external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Holding Company and the Group cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including use of internal audit.

23. CAPITAL MANAGEMENT

The primary objectives of the Holding Company and the Group's capital management policy are to maintain adequate capital to ensure compliance with regulatory capital requirements and to support the growth its business and to maximise shareholder value.

The Holding Company and the Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Holding Company and the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. However, they are under constant review by the Board.

	Holding Company	
	2018	2017
	$	$
Tier 1	13,386,424	10,414,724
Tier 2	6,597,640	740,388
Total capital	**19,984,064**	**11,155,112**
Risk weighted assets	112,676,646	71,022,216
Tier 1 capital ratios	12%	15%
Total capital ratio	18%	16%

Regulatory capital consists of Tier 1 capital, which comprises of share capital, retained earnings less deferred tax asset and intangible assets. The other component of regulatory capital is Tier 2 capital, which is made up of unaudited current year profit and credit loss reserve less deferred tax asset or 1.25% of risk weighted assets (whichever is lesser). The Holding Company is required to maintain a minimum of 15% of risk weighted assets in total capital at any point in time.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

24. FINANCIAL INSTRUMENTS

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

	Group		Group	
	Carrying Amount 2018	Fair Value 2018	Carrying Amount 2017	Fair Value 2017
Financial assets	$	$	$	$
Cash and cash equivalents	9,714,205	9,714,205	3,367,721	3,367,721
Receivable from customers	101,021,486	101,021,486	62,663,345	62,663,345
Prepayments and other assets	2,301,527	2,301,527	1,071,533	1,071,533
Financial assets held-to-maturity	46,141,154	46,141,154	24,900,000	24,900,000
Investment at fair value through profit and loss	907,930	907,930	-	-
Financial liabilities				
Due to customers	135,422,529	135,422,529	78,655,456	78,655,456
Trade and other payables	1,625,738	1,625,738	984,636	984,636
Employee benefit liability	115,118	115,118	68,097	68,097

The management assessed that cash and balances with commercial banks, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

25. SUBSEQUENT EVENTS

On 13 July 2018, the Holding Company declared an interim dividend of $0.01 per share which was paid on 3 August 2018. Apart from this, 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 Holding Company and the Group, the results of those operations or the state of affairs of the Holding Company and the Group in the subsequent financial years.

26. PRINCIPAL BUSINESS ACTIVITY

The principal activities of the Holding Company during the year were that of receiving deposits and extending of credit and related services. There was no significant change in the nature of this activity during the financial period.

The Holding Company has a subsidiary company in Vanuatu, Platinum Insurance Limited. The principal activity of the subsidiary is to act as a captive insurer underwriting loan protection insurance for its parent company, Kontiki Finance Limited, based in the Republic of Fiji.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2018

27. COMPANY DETAILS

Registered office / principal place of business

Level 5 Tappoo City Building

GPO Box 12508

Suva

The Company is a limited liability company domiciled and incorporated in the Republic of Fiji.

Principal place of business

The principal place of business is located at: Suva.

Number of employees at the end of the year	**2018**	**2017**
Executive	6	8
Finance	18	12
Products and distribution	51	25
Lending and compliance	28	17
Other	1	1
	104	63

28. CHANGE IN ACCOUNTING POLICY

New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 30 June 2018

Certain new standards, amendments, annual improvements and interpretation which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the Group's future financial statements. The Group intends to adopt these standards, amendments, annual improvements and interpretation if applicable, when they become effective.

New standards which are applicable to the group are:

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 9 includes three areas of change:

1. Classification and measurement of financial instruments;

   The Group does not require any changes to classification and measurement of financial assets, however, the standard requires credit loss reserve recorded in equity to be recorded in liabilities. The Group does not have financial instruments which are accounted for through Other Comprehensive Income.

28. CHANGE IN ACCOUNTING POLICY continued

IFRS 9 - Financial Instruments (continued)

2. A single, forward- looking, 'expected loss' impairment model; and
   The standard prescribes an 'expected credit loss' model instead of the previous incurred loss model, so it no longer necessary for a trigger event to have occurred before recognising credit losses. IFRS 9 requires the entity to now base the measurement of expected credit losses on forward- looking information as well as current and historic information.

3. Substantially reformed approach to hedge accounting.
   The new hedge accounting framework better aligns with a company's risk management objectives and provides greater flexibility in achieving hedge accounting. The standard includes a more qualitative and forward-looking approach to assessing hedge effectiveness. The Group has not adopted hedge accounting.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five -step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 - Leases

IFRS 16 Leases, which supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

IFRS 16 applies to annual periods commencing on or after 1 January 2019. Earlier adoption is permitted, but only if IFRS 15 Revenue from Contracts with Customers is also adopted. The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

KONTIKI FINANCE LIMITED AND ITS SUBSIDIARY

DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

Disclaimer on Additional Financial Information

The following additional financial information, being the attached detailed income statement has been compiled by the management of Kontiki Finance Limited and does not form part of the statutory financial statements.

To the extent permitted by law, Ernst & Young does not accept liability for any loss or damage which any person, other than Kontiki Finance Limited and its subsidiary 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 FINANCE LIMITED

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

	Holding Company	
	2018	2017
Interest income	$	$
Investment and securities	1,342,453	506,169
Loans and advances	22,193,137	12,833,308
	23,535,590	13,339,477
Less: Interest expenses		
Term deposits	6,217,719	3,298,603
Net Interest income	**17,317,871**	**10,040,874**
Add: Other income (refer to note 3.2)	991,328	1,131,118
Net income	**18,309,199**	**11,171,992**
Less: Expenses		
Accommodation and travelling	146,240	48,856
Accounting and audit fees	109,200	71,592
Advertising and marketing	349,848	127,469
Allowance for impairment losses on financial assets	2,005,858	1,313,155
Amortisation expenses	170,522	123,079
Bank charges	20,009	22,362
Communication expenses	152,182	94,825
Depreciation expenses	417,324	247,916
Directors fees	180,408	117,500
Donation	3,719	768
Entertainment	72,153	51,471
Insurance expenses	272,598	150,723
Legal expenses	2,394	17,392
Licence Fee	206,322	125,112
Loss on disposal of fixed assets	12,882	5,379
Motor vehicle expenses	78,093	33,675
Personnel expenses	5,806,297	3,600,451
Premises	315,681	170,442
Printing, postage and stationary	191,513	110,344
Professional fees	40,222	68,373
Sponsorship	-	1,100
Subscription	4,680	4,075
Utility expenses	124,458	62,484
Other	375,058	73,190
Total Operating expenses	**11,057,661**	**6,641,733**
Operating profit before tax	**7,251,538**	**4,530,259**

This detailed income statement is to be read in conjunction with the disclaimer set out on page 64.

South Pacific Stock Exchange – Listing Requirements (Other Information)

Shareholdings of those persons holding twenty (20) largest blocks of shares as required under Section 6.31(iv) of the Listing Rules.

Shareholder Name	Number of shares	Percentage Holding
Impala Investments Limited	17,838,908	20.1%
Corbett Holdings Limited	14,370,698	16.2%
Retail Holdings Limited	6,044,730	6.8%
Melanesian Capital (Fiji) Limited	5,111,139	5.8%
Huilin Chen	3,737,070	4.2%
Estate of George Niumataiwalu	2,941,290	3.3%
Chen Li Lan	2,408,100	2.7%
Mitchell Family Trust	1,908,370	2.1%
Lau Wai Yuk	1,836,719	2.1%
Rodney Wicks	1,687,600	1.9%
Desmond and Philippa Kearse	1,550,000	1.7%
Griffon Ian Emose	1,547,130	1.7%
Bus Behind Limited	1,470,430	1.7%
Jugu Development Corporation Limited	1,266,080	1.4%
Lee Wen Xi	1,178,460	1.3%
Bakerfield Co Limited	1,129,773	1.3%
Liu Shih Pei	1,103,080	1.2%
Ludwigson Holdings Pty Limited	1,099,180	1.2%
Chai Huei Chen	1,065,180	1.2%
Erik Larson & Amy Lynn Bergquist	973,306	1.1%
Others	18,584,380	20.9%
Total Shares on Issue	88,851,623	100.0%

Distribution schedule of each class of equity security setting out the number of holders and percentage as required under section 6.31(v) of the Listing Rules.

Holding	Number of shareholders	Percentage holding
501-5000	4	0.0%
5001-10000	9	0.1%
10001-20000	2	0.0%
20001-30000	3	0.1%
30001-40000	4	0.2%
40001-50000	6	0.3%
50001-100000	14	1.4%
10001-1000000	45	19.6%
> 1,000,000	19	78.3%
Total	106	100.0%

Statement of interest (direct and indirect) of Directors and senior management in the share capital of the Company as at 30 June 2018 under Listing Rule 6.31(iv)

Name	Position	No. of Shares Held Directly	No. of Shares Held Indirectly
Daryl Tarte	Director	333,340	0
Francis Chung	Director	833,340	0
Glen Craig	Director	0	7,515,160
Griffon Emose	Director	1,547,130	0
Litia Niumataiwalu	Director	0	0
Greg Cathcart	Senior Manager	0	14,370,698
David Oliver	Senior Manager	210,030	17,838,908
Phillip Lacey	Senior Manager	855,024	0

Disclosure on the trading results of each subsidiary under Section 6.31(viii):

Period Ended 30 June 2018	
Name of Subsidiary	Platinum Insurance Limited
Principal Country of Operation	Vanuatu
Country of Incorporation	Vanuatu
Turnover	$1,019,040
Other Income	$217,697
Depreciation and Amortisation	Nil
Interest Expense	Nil
Income Tax	Nil
Other Expenses	$1,055,011
Net Profit after Tax	$181,726
Assets	$6,908,875
Liabilities	$6,608,326
Shareholders Funds	$300,549

Group Consolidated Five Years Financial Performance under Listing Rule 6.31 (vii):

Year ended 30 June	2015	2016	2017	2018
Net profit after tax	(1,070,226)	567,887	3,119,565	5,365,448
Assets	7,431,128	53,386,394	93,608,757	162,798,468
Liabilities	6,120,988	46,958,346	83,091,345	143,931,022
Shareholders' equity	1,310,140	6,428,048	10,517,412	18,867,446

Share register, registered and principal administrative office and company secretary

Central Share Registry Limited
Level 2, Provident Plaza 1
Suva
Fiji

The company is incorporated in Fiji with limited liability and is listed on the South Pacific Stock Exchange.

The company secretary is David Oliver, Group Chief Financial Officer, Kontiki Finance Limited.

Per share information

Year ended 30 June	2015	2016	2017	2018
Earnings per share	(0.45)	0.09	0.04	0.06
Dividends per share	-	-	-	-
Net tangible assets per share	0.53	1.05	0.14	0.21

Share Price Details

The Company was listed on the SPSE on 4th July 2018 at an initial trading price of $1.14 per share.

Corporate Directory

Company Details:	Name: Kontiki Finance Limited Date of Incorporation: 26 July 2006 Place of Incorporation: Suva Company No. 18908 TIN No: 50-51838-0-2 Head Office: Level 5, TappooCity Building, Thomson Street, Suva Phone: 330 3400 Fax: 330 3401 Email: enquiries@kontikifinance.com
External Auditor:	Ernst & Young Level 7, Pacific House 1 Butt Street Suva
Solicitors:	Munro Leys Lawyers Level 3, Pacific House 1 Butt Street Suva
Investment Advisor & Listing Manager:	Kontiki Capital Limited Level 2, Plaza 1, FNPF Boulevard 33 Ellery Street Suva
Capital Markets and Financial Markets Regulator:	Reserve Bank of Fiji Tower 4, RBF Building Pratt Street Suva
Securities Exchange:	South Pacific Stock Exchange Level 2, Plaza 1, FNPF Boulevard 33 Ellery Street Suva
Share Registry:	Central Share Registry Limited Level 2, Plaza 1, FNPF Boulevard 33 Ellery Street Suva


KONT
FINA
Secure, Local,


TIKI
NCE
Innovative
TERM DEPOSIT
6.50%

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