Pacific Green Industries (Fiji) Limited
Annual Report
For the year ended 31 December 2018

Pacific Green Industries (Fiji) Limited

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Pacific Green Industries (Fiji) Limited

Directors

Mr Samuel Ram – Chairman
Mr Ravin Chandra
Mr Ashnil Prasad
Mr Abilash Ram
Mr Dominic Ryan
Mr Adish Naidu

Managing Director
Mr Ravin Chandra

Company Secretary
Miss Shabnam Prasad

Independent Auditors
PricewaterhouseCoopers
Chartered Accountants
Level 8 Civic Tower, 272 Victoria Parade
Suva, Fiji

Bankers
Australia and New Zealand Banking Group Limited
Main Street
Nadi

Registered office and principal place of business
Queens Road
Malaqereqere
Sigatoka
Fiji
Phone contact: (679) 6500055

Pacific Green Industries (Fiji) Limited

Notice of Annual General Meeting of Pacific Green Industries (Fiji) Limited

Notice is hereby given that the Annual General Meeting of Shareholders of Pacific Green Industries (Fiji) Limited will be held at the Pacific Green Showroom, Queens Road, Malaqereqere, Sigatoka on 20 June 2019 commencing at 1.00pm for the purpose of transacting the following business:

Agenda

General Business:

Minutes of the Previous Meetings held on 7th June 2018
To receive, consider and adopt the Minutes of the previous Annual General Meeting held on 7th June 2018 as correct record of the Meeting.

Ordinary Business:

Item 1 Adoption of Financial Statements for the year ended 31 December 2018
To receive, consider and adopt the Audited Financial Position and Comprehensive Income Statement and the reports of the Directors and Auditors, for the year ended 31 December 2018.

Item 2 Election of Directors

To consider and if fit, pass the following resolutions as ordinary resolutions:

(a) *Mr Abilash Ram*
Mr Abilash Ram retires by rotation in accordance with Article 107 of the Articles of the Company's Constitution, and being eligible offers himself for re-appointment as a Director of the Company.

(b) *Mr Adish Naidu*
Mr Adish Naidu retires by rotation in accordance with Article 107 of the Articles of the Company's Constitution, and being eligible offers himself for re-appointment as a Director of the Company.

Item 3 Appointment of Auditors

The Board proposes that PricewaterhouseCoopers be appointed auditors of the company for year 2019 and that the Board be authorised to fix their remuneration.

Item 4 Declaration of Dividends

The Board recommends that the dividend paid in December 2018 of $0.04 be taken as the final dividend for the year ended 31 December 2018. The total dividends paid in year 2018 was $304,769.

Other Business:

Any Other business brought up in conformity with the Articles of Association of the company.

By order of the Board of Directors

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Shabnam Prasad
Company Secretary

Dated 22nd March, 2019
Malaqereqere, Sigatoka, Fiji

Pacific Green Industries (Fiji) Limited

Chairman's Report

Dear Shareholders,

Globalisation and an ever-evolving industry, furniture manufacturing continuously evolves making the running of the business quite challenging. We at Pacific Green are mindful of this and it remains the Board's key focus in maintaining a good balance between investing for future growth and delivering short term returns for shareholders.

We had a progressive year where Pacific Green this year again recorded growth both in profit and Sales and I am pleased to present our 2018 Annual Report. We are also pleased to report sales revenue of over $4,200,214 and net profit of $686,520.00 (compared to 2017 $3,730,602/$387,928 respectively). When I look back at the progress of Pacific Green over the last 5 years, each year has shown marked improvement. This steady growth has resulted in dividends for all shareholders. In 2018 your company has significantly outperformed its forecasts and the team continues to build a platform for future growth.

As at 31st December 2018 your company had a strong Balance Sheet with solid asset base, manageable debts, and positive cash flows. The inventory level is at a sustainable level of $1.4m and management is confident that future inventory requirements can be funded by the Company's cash flows.

On 10th February 2019 around 2.00 pm there was a fire incident at the factory complex where we lost some parts of the factory, stock and certain machines. I am happy to report that the structural re-alignment and risk mitigation plans implemented resulted in the damage to be minimized and with the business resuming within 48 hours; and for which your board and management have to be commended for.

With the attitude of keeping our eyes on the future and seeking out opportunities – we have achieved positive, immediate and long-term outcomes. Pacific Green management and board continue to invest in future by focusing on our business strategy. The goal has always been to increase market share with new and exciting products and by continuing to focus on strengthening existing relationships and building new ones. We are improving our efficiency and driving costs down through creative designs and economies of scale; whilst competing with the ever-increasing cost of doing business.

Reflecting on the success of 2018, let me express my thanks and appreciation to my fellow Directors on the Board, landowners, management team, employees and the Fijian government. Looking to the future, I am confident that we have the right strategy, people and resources to deliver sustainable growth in the years ahead.

Importantly, on behalf of the Board, I would like to express our gratitude to the valued shareholders. Whilst the company will not be issuing a further dividend for the 2018 financial year, we remain committed to returning to an attractive dividend policy in the very near future

Vinakavakalevu

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Samuel Ram
Chairman

Pacific Green Industries (Fiji) Limited

Directors' Report

The directors present their report together with the financial statements of the Company for the year ended 31 December 2018 and the auditors' report thereon.

Directors

The directors in office of the Company at the date of this report are:

Mr Samuel Ram – Chairman
Mr Ravin Chandra
Mr Ashnil Prasad
Mr Abilash Ram
Mr Dominic Ryan
Mr Adish Naidu

Principal Activity

The principal activity of the Company during the year was the manufacture and sale of furniture and architectural products made from coconut palmwood.

Results

The net profit after income tax of the company for the year ended 31 December 2018 was $686,520 (2017: $387,928).

Dividends

Dividends of $304,769 ($0.04 per share) from the current year profits, was approved by the directors and paid on 31 December, 2018.

Reserves

The directors recommend that no amounts be transferred to reserves in respect of the year ended 31 December 2018.

Subsequent events

There was a fire at the factory on 10th February, 2019 causing damages to one of the buildings and certain equipment and stock items. The company continues to operate and will finalise its claim for insurance once the due process is completed by the relevant parties.

Pacific Green Industries (Fiji) Limited

Directors' report (continued)

Director's equity interests

Mr. Ravin Chandra and the Late Mr. Peter Ryan own 3,046,877 ordinary shares collectively as at 31 December 2018. There are no other director held interests in the Company.

State of affairs

In the opinion of the directors the accompanying statement of financial position give a true and fair view of the state of affairs of the Company as at 31 December 2018 and the accompanying statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results, change in equity and cash flows of the Company for the year then ended, and all related party transactions have been recorded and adequately disclosed in the attached financial statements.

Dated 22nd day of March 2019.

Signed in accordance with a resolution of the directors.

Director ______________________
(Ravin Chandra)

Director ______________________
(Samuel Ram)

Pacific Green Industries (Fiji) Limited

Directors' Declaration

The directors of the company have made a resolution that declared:

(a) In the directors' opinion, the attached financial statements for the year ended 31 December 2018:

i. give a true and fair view of the financial position of the company as at 31December 2018and of the performance of the company for the year ended 31 December 2018;

ii. have been prepared in accordance with the 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 company will be able to pay its debts as and when they become due and payable.

Dated 22nd day of March 2019.

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

Director ______________________
(Ravin Chandra)

Director ______________________
(Samuel Ram)

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF PACIFIC GREEN INDUSTRIES (FIJI) LIMITED

As auditor for Pacific Green Industries (Fiji) Limited for the financial year ended 31 December 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 Pacific Green Industries (Fiji) Limited during the financial year.

PricewaterhouseCoopers
Chartered Accountants

PricewaterhouseCoopers.

by

Wiliki Takiveikata
Partner
22 March 2019

PricewaterhouseCoopers, Level 8 Civic Tower, 272 Victoria Parade, Suva, Fiji.
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Independent Auditor's Report

To the Shareholders of Pacific Green Industries (Fiji) Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Pacific Green Industries (Fiji) Limited (the 'Company'), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of 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.

Key audit matter	**How our audit addressed the key audit matter**
Completeness of Sales Revenue Revenue is recognised when the control of the underlying product has been transferred to the customer. The point in time of transfer of control does vary depending on the individual terms of the contract of sale. For local furniture sales, this usually occurs when the product is received by the customer, however, for some international sales, transfer occurs upon loading of the product onto the relevant carrier at the port of departure. There is a risk that revenue may be understated as a result of sales being made to customers but not being recorded in the financial statements. Management comprises of only a small number of personnel and management can potentially override controls in place to achieve this.	We identified completeness of sales revenue as a significant risk, requiring special audit consideration. Our audit procedures included, amongst others, the following: • Understanding and considering the appropriateness of the company's revenue recognition and accounting policies for the different types of sales. • Understanding, evaluation and validation of controls over the sales business process. • Substantive test of details over sales transactions including verification of the sales against commercial invoices, verification of evidence of receipt of the products by the customers, settlement of the sales transaction, and for international sales, examination of the related shipping documents to ensure the time of recognition of revenue is appropriate. • Completing cutoff testing to ascertain that revenue had been recorded in the correct period and recorded completely for the sales. • Testing the sequence of the invoices and validating reasons for missing invoice numbers from the sequence for the period 1 January 2018 to 31 December 2018. • A selection of manual journals posted in the sales revenue accounts were tested back to supporting documentation. • The movement in Gross Profit margins between the current year and the prior year was also reviewed and the reasons for the movement verified. • We also considered the adequacy of the company's disclosures in respect of revenue.

Other information

Directors and management are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31 December 2018 (but does not include the financial statements and our 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 in the audit, or otherwise appears to be materially misstated.

If, based on the work we have 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 Directors and Management for the Financial Statements

Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and with the requirements of the Fiji Companies Act, 2015, and for such internal control as the directors and management 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, the directors and management are responsible for assessing the Company'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 the directors and management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 the ISAs will always detect a material misstatement when it exists. Misstatements 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 the financial statements.

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As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism 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.

- 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors and management.

- Conclude on the appropriateness of the directors and managements 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 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 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.

We communicate with directors and management 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.

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 for the current period 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.

Report on Other Legal and Regulatory Requirements

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

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Restriction on Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 396(1) of the Fiji Companies Act 2015. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

Wiliki Takiveikata

22 March 2019
Suva, Fiji

Pacific Green Industries (Fiji) Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2018

	Notes	2018 $	2017 $
Revenue		4,200,214	3,730,602
Cost of sales		(2,335,171)	(2,335,960)
Gross profit		1,865,043	1,394,642
Distribution expenses		(106,251)	(72,267)
Administrative and other operating expenses		(995,814)	(888,122)
Profit before income tax	5	762,978	434,253
Income tax expense	7(a)	(76,458)	(46,325)
Net profit after income tax		686,520	387,928
Other comprehensive income		-	-
Total comprehensive income for the year		686,520	387,928
Basic and diluted earnings per share	15	0.09	0.05

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 18 to 36.

Pacific Green Industries (Fiji) Limited
Statement of Changes in Equity
For the year ended 31 December 2018

	Share capital	Share premium reserve	Accumulated losses	Total
	$	$	$	$
2017				
Balance at 1 January 2017	7,619,234	504,210	(4,347,276)	3,776,168
Comprehensive income				
Profit for the year	-	-	387,928	387,928
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	387,928	387,928
Transactions with owners				
Dividends declared/paid (2 cents per share)	-	-	(152,385)	(152,385)
Transfer of share premium reserve to share capital per Companies Act 2015 requirements	504,210	(504,210)	-	-
Balance at 31 December 2017	8,123,444	-	(4,111,733)	4,011,711
2018				
Balance at 1 January 2018	8,123,444	-	(4,111,733)	4,011,711
Comprehensive income				
Profit for the year	-	-	686,520	686,520
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	686,520	686,520
Transactions with owners				
Dividends declared/paid (4 cents per share)	-	-	(304,769)	(304,769)
Balance at 31 December 2018	8,123,444	-	(3,729,982)	4.393,462

The above statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 18 to 36.

Pacific Green Industries (Fiji) Limited
Statement of Financial Position
As at 31 December 2018

	Notes	2018 $	2017 $
Assets			
Non-current assets			
Property, plant and equipment	8	2,891,961	2,880,177
Biological asset - Eco Park Project	9	94,503	94,503
Intangible asset	10	-	13,009
Trade and other receivables - Golden Palmwood International Limited	12	-	173,538
Total non-current assets		2,986,464	3,161,227
Current assets			
Cash and cash equivalents	11	730,421	581,180
Trade and other receivables	12	57,831	101,329
Inventories	13	1,468,931	1,329,199
Prepayments and other deposits		590,579	465,618
Total current assets		2,847,762	2,477,326
Total assets		5,834,226	5,638,553
Equity			
Share capital	14	8,123,444	8,123,444
Accumulated losses		(3,729,982)	(4,111,733)
Total equity		4,393,462	4,011,711
Liabilities			
Non-current liabilities			
Deferred tax liability	7(b)	54,345	47,284
Total non-current liabilities		54,345	47,284
Current liabilities			
Current income tax		26,529	3,164
Trade and other payables	16	1,359,890	1,576,394
Total current liabilities		1,386,419	1,579,558
Total liabilities		1,440,764	1,626,842
Total equity and liabilities		5,834,226	5,638,553

Signed in accordance with a resolution of the directors this 22nd day of March 2019.

Director .... **Director** ....
(Ravin Chandra) *(Samuel Ram)*

The above statement of financial position is to be read in conjunction with the notes to financial statements set out on pages 18 to 36.

Pacific Green Industries (Fiji) Limited
Statement of Cash Flows
For the year ended 31 December 2018

	Notes	2018 $	2017 $
Operating activities			
Cash receipts in the course of operations		4,255,361	3,683,798
Cash payments in the course of operations		(3,645,619)	(3,699,866)
Income tax paid		(46,032)	(37,410)
Cash flows from operating activities		563,710	(53,478)
Investing activities			
Purchases of property, plant and equipment	8	(144,700)	(174,007)
Proceeds from sale of property, plant and equipment		35,000	6,523
Cash flows used in investing activities		(109,700)	(167,484)
Financing activities			
Dividends paid		(304,769)	(152,385)
Cash flows used in financing activities		(304,769)	(152,385)
Net increase /(decrease) in cash held		149,241	(373,347)
Cash and cash equivalents at 1 January		581,180	954,527
Cash and cash equivalents at 31 December	11	730,421	581,180

The above statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 18 to 36.

Pacific Green Industries (Fiji) Limited
Notes to the Financial Statements
For the year ended 31 December 2018

1. Reporting entity

Pacific Green Industries (Fiji) Limited (the "Company") is a public limited company incorporated and domiciled in the Republic of Fiji. The address of the Company's registered office and principal place of business is Queens Road, Malaqereqere, Sigatoka, Republic of Fiji. The Company is primarily involved in the manufacture and sale of furniture and architectural products made from coconut palmwood.

Stock exchange listing

The company is listed on the South Pacific Stock Exchange since 5 June 2001.

2. Basis of preparation

(a) Statement of accounting

The financial statements of the Company have been drawn up in accordance with the provisions of the Companies Act 2015 and International Financial Reporting Standards (IFRSs) and IFRIC interpretations as issued by the International Accounting Standards Board. The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements were approved by the Board of Directors on 22nd March 2019.

(b) Changes in accounting policy and disclosures

(i) New and amended standards adopted by the company

The company adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* for the financial year beginning 1 January 2018. These new standards did not impact the current year, or the opening position at 1 January 2018, however, the company has had to change its accounting policies as detailed in note 3(o).

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted

Certain new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. The Company is yet to assess the impact of these standards and intends to adopt the standards no later than the accounting period in which it becomes effective.

Topic	Key Requirements	Effective Date
IFRS 16, 'Leases'	This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	Annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied.

2. Basis of preparation (continued)

(c) Foreign currency translation

(i) Functional and presentation currency
The financial statements are presented in Fiji Dollars, which is the Company's functional currency.

(ii) Transactions and balances
Foreign currency transactions are translated to Fiji dollars at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the statement of profit or loss and other comprehensive income.

(d) Use of estimates and judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(c) – Property plant & equipment
- Note 3(h) – Impairment

3. Significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Financial instruments (before 1 January 2018)

(i) Non-derivative financial assets
The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Held-to-maturity financial assets
Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available for sale. Held-to-maturity investments are carried at amortised cost using fixed interest rate.

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less, net of bank overdraft.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale.

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Equity investments not held for trading are classified under this category. Available-for-sale financial assets are subsequently carried at cost less provision for impairment. Provision for impairment of investments is made where in the opinion of the Directors there has been a permanent diminution on the value of the investments.

(ii) Non-derivative financial liabilities
Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Company's non-derivative financial liabilities comprise loans and borrowings, bank overdraft and trade and other payables and these are carried at cost.

(b) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(c) Property, Plant and Equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials, direct labour and an appropriate proportion of overheads, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing costs.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in the statement of profit or loss and other comprehensive income.

3. Significant accounting policies (continued)

(c) Property, Plant and Equipment (continued)

Subsequent costs
The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced item is derecognised. The costs of the day-to-day servicing of the property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation
Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The straight-line method of depreciation is used and depreciation rates have been applied as follows:

Leasehold land	term of lease
Buildings	1.25%
Motor vehicles	20%
Office furniture and equipment	10%
Plant and equipment	5%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Biological assets
The Company has engaged in an Eco park project which consists of planting exotic, high-end hardwoods (sandalwood, teak and mahogany). In measuring fair value of the plants, management estimates and judgements are required for the determination of fair value.

At this stage the fair value of these plants cannot be reliably measured as very little biological transformation has taken place since initial cost incurrence and the impact of the biological transformation on price is not expected to be material, and its cost is approximated to be its fair value.

(e) Intangible assets
Intangible assets represent rights to an exclusive dealership to sell the Company’s products in Australia.

The intangible is shown at historical cost less amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the exclusive dealership over its estimated useful life of 5 years.

(f) Leased assets
Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(g) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3. Significant accounting policies (continued)

(h) Impairment

(i) Financial assets (before 1 January 2018)

A financial asset not designated at fair value through the statement of profit or loss and other comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of profit or loss and other comprehensive income and reflected in an allowance account against loans and receivables or held-to-maturity investment. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease the impairment loss is reversed through the statement of profit or loss and other comprehensive income.

Impairment losses on available-for-sale financial assets measured at fair value are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to the statement of profit or loss and other comprehensive income. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation and the current fair value, less any impairment loss recognised previously in the statement of profit or loss and other comprehensive income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the statement of profit or loss and other comprehensive income, then the impairment loss is reversed, with the amount of the reversal recognised in the statement of profit or loss and other comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater value of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(i) Employee benefits

Contributions paid to the Fiji National Provident Fund on behalf of employees to secure retirement benefits are included in the statement of profit or loss and other comprehensive income. Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the relative service is provided.

(j) Trade and other payables

Trade and other payables are not interest-bearing and are stated at cost. A liability is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, liabilities 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.

3. Significant accounting policies (continued)

(k) Revenue (before 1 January 2018)

Revenue from the sale of goods is measured at the consideration received or receivable, net of returns, allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For furniture sales, transfer usually occurs when the product is received by the customer, however, for some international shipments transfer occurs upon loading of goods onto the relevant carrier at the port.

(l) Lease payments

Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(m) Income tax

Income tax expense comprises current and deferred income tax. Current income tax and deferred income tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

A deferred income tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to members of the Company by the weighted average number of shares of the Company.

Diluted earnings per share is the same as basic earnings per share for the Company as there are no ordinary shares that are considered to be dilutive.

(o) Changes in Accounting policies (applicable from 1 January 2018)

IFRS 9 ‘Financial Instruments’

The company has applied IFRS 9 for the first time for its annual reporting period commencing 1 January 2018. IFRS 9 replaces the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’ that relate to the recognition, classification and measurement of financial assets and financial liabilities, de recognition of financial instruments, impairment of financial assets and hedge accounting.

3. Significant accounting policies (continued)

(o) Changes in Accounting policies (continued)

The adoption of IFRS 9 resulted in changes in accounting policies and additional disclosure requirements.

The nature and effects of the key changes to the company resulting from its adoption of IFRS 9 are summarized below.

(i) Classification of financial assets and financial liabilities

Management has assessed which business models apply to the financial assets held by the company and has classified its financial assets into appropriate IFRS 9 categories.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets as at 1 January 2018:

	Measurement category		Carrying amount	
Financial assets	**Original (IAS 39)**	**New (IFRS 9)**	**Original**	**New**
			$	**$**
Cash and cash equivalents	Loans and receivables	Amortised cost	581,180	581,180
Trade and other receivables	Loans and receivables	Amortised cost	101,329	101,329
Total			**682,509**	**682,509**

The adoption of IFRS 9 had no significant impact on the company's financial liabilities.

(ii) Impairment of financial assets

The company is required to revise its impairment methodology from an 'incurred loss' model in IAS 39 to an 'expected credit loss' model in IFRS 9. The new impairment model applies to financial assets measured at amortised cost.

Management has assessed that the financial impact of the change in impairment methodology on cash and cash equivalents and trade and other receivables on the opening balance of retained earnings as at 1 January 2018 and have deemed it immaterial due to short term maturities and/or low expected credit risks.

Financial assets (from 1 January 2018)- new accounting policy

(i) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through profit or loss or through OCI), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial statements and the contractual terms of the cash flows.

The company's financial assets measured at amortised cost consist of cash and cash equivalents and receivables.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the company has also transferred substantially all risks and rewards of ownership.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant accounting policies (continued)

(o) Changes in Accounting policies (continued)

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income, gains/(losses) arising from de recognition, foreign exchange gains/(losses) and impairment losses are recognised in profit or loss.

(iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the financial asset. Refer to Note 4 for the details of the approach.

IFRS 15 'Revenue from Contracts with Customers'

The company has adopted IFRS 15 from 1 January 2018. Previously under IAS 18, the company recognised revenue when the significant risks and rewards of ownership was transferred to the buyer, recovery of the consideration was probable, the associated costs and possible return of the goods could be estimated reliably, and there was no continuing management involvement with the goods and the amount of revenue could be measured reliably. Such recognition continues to be the same under IFRS 15, as the company recognises revenue as (over time) it satisfies a performance obligation by transferring the goods or services to its customer.

Accordingly, management has assessed that such adoption did not result in changes in accounting policies and no adjustments were required to the amounts recognised in the financial statements. The accounting policy for revenue was expanded following the adoption of IFRS 15:

Revenue (from 1 January 2018) – new accounting policy

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good to a customer. Revenue is presented net of returns, allowances and trade discounts.

Revenue type	**Nature, timing of satisfaction of performance obligations and significant payment terms**
Sale of furniture	The company manufactures and sells a range of furniture products made from coconut palmwood locally and overseas. Customers are required to pay a deposit before the production of furniture commences. The price of furniture is dependent on the type of furniture being purchased and discounts may be given at the discretion of management. Revenue is recognized when the control of the goods has transferred, being when they are delivered to the customer, and there are no unfilled obligations that could affect the customers' acceptance of the goods. For overseas sales, obligations are met and control is transferred as per specific contractual arrangements, which usually have transfer happening at bill of lading date. Payment is due immediately, when the customer takes delivery of the furniture.

4. Financial risk management

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(a) Foreign currency risk management

The Company is mainly exposed to foreign exchange risk arising from various currency exposures with respect to purchase of inventory, primarily with respect to the AUD and USD. Foreign exchange risk may arise from future commercial transactions and liabilities. Management has set up bank accounts in USD, AUD and FJD to reduce any negative impact.

(b) Credit risk management

Credit risk refers to the risk that a customer or counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with credit worthy customers as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counter parties are continuously monitored. Credit exposure is controlled by customer credit limits that are reviewed and approved by the management on a regular basis.

Customers that fail to meet the Company's benchmark credit worthiness may transact with the Company only on a prepayment basis. In any case, the Company predominantly requires that a deposit be paid before commencing production and that the balance is settled before the product is dispatched. The Company does not require collateral in respect of trade and other receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018	**2017**
	$	**$**
Cash at bank	729,361	580,180
Trade and other receivables	57,831	274,867
	787,192	855,047

Comparative information under IAS 39

Trade receivables as at 1 January 2018 amounted to $97,992.

Movement in allowance for impairment losses:

	2017
	$
Balance at beginning of year	-
Impairment losses recognised	-
Balance at end of year	-

Expected credit loss assessment starting from 1 January 2018

The company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables comprise of trade receivable from a related party (Post and Rail Pty Limited), staff loans and other security deposits. Historically sales are settled on delivery.

The impairment allowance for trade and other receivables was assessed with reference to the past default history, and current financial standing of the respective counterparties. Based on the assessment performed, management deemed that the impairment loss was immaterial.

4. Financial risk management (continued)

(b)Credit risk management (continued)

The following table provides analysis about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2018:

Movement in the credit loss allowance on trade receivables:

	2018
	$
Balance at beginning of year	-
Impairment losses recognised	-
Balance at end of year	-

While cash and cash equivalents and other receivables are also subject to the impairment requirements of IFRS 9, the impairment loss is deemed immaterial.

(c) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate banking facilities and collecting advance deposits from clients and continuously monitoring forecast and actual cash flows. At 31 December 2018 and 31 December 2017, the company's non-derivative financial liabilities comprised of trade and other payables and income tax payables. The contractual maturity dates for all their liabilities is less than 12 months from the respective reporting dates, at the values as stated in the statement of financial position, or any other interest bearing debt.

(d) Interest rate risk management

The Company can be exposed to interest rate risk if its overdraft facility is on variable interest rates. As at 31 December 2018 there was no bank overdraft.

(e) Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares or sell assets to reduce debt.

	2018	2017
	$	**$**
5. Profit before income tax		
Included in profit before tax are the following items of revenue and expenses:		
Amortisation	13,009	17,343
Audit fees	20,500	20,500
Bank charges	11,933	7,379
Depreciation	120,806	115,238

	2018	2017
	$	**$**
6. Personnel expenses		
Wages and salaries included in cost of sales	654,827	599,751
Other wages and salaries	347,010	315,017
Executive directors remuneration	187,500	147,500
	1,189,337	1,062,268
Less:		
Wages and salaries capitalized to building construction cost	-	24,000
	1,189,337	1,038,268
FNU levy	11,893	10,623
FNPF	87,153	80,376
Net amount included in the profit or loss	1,288,383	1,129,267

Pacific Green Industries (Fiji) Limited
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For the year ended 31 December 2018

7. (a) Income tax

Income tax expense recognised in the statement of profit or loss and other comprehensive income

	2018	2017
	$	$
Current income tax expense	69,397	29,605
Deferred income tax expense	7,061	16,720
Income tax expense	76,458	46,325
Reconciliation of income tax expense		
Operating profit before tax	762,978	434,253
- Income tax expense at 10%	76,298	43,425
Tax effects		
- Expenses not deductible for tax purposes	5.722	5,904
- Export incentive	(5,027)	(3,368)
- Prior year adjustments	(535)	364
Income tax expense	76,458	46,325

(b) Deferred income tax liability

The deferred income tax liability reflects the net effect of the following temporary difference at the income tax rate of 10%:

	2018	2017
	$	$
Property, plant & equipment	54,345	47,284

Movement in temporary differences during the year comprise of the following:

	1 January 2017	Recognised in profit or loss	31December 2017
Property, plant and equipment	30,564	16,720	47,284

	1 January 2018	Recognised in profit or loss	31December 2018
Property, plant and equipment	47,284	7,061	54,345

Pacific Green Industries (Fiji) Limited
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For the year ended 31 December 2018

8. Property, plant and equipment

	Leasehold land and buildings	Plant and equipment	Motor vehicles	Office furniture and equipment	Total
	$	$	$	$	$
Cost					
Balance at 1 January 2017	2,567,598	952,829	174,423	332,288	4,027,138
Additions	168,745	-	-	5,262	174,007
Disposals	-	-	(50,185)	-	(50,185)
Balance at 31 December 2017	2,736,343	952,829	124,238	337,550	4,150,960
Balance at 1 January 2018	2,736,343	952,829	124,238	337,550	4,150,960
Additions	-	16,891	122,936	4,873	144,700
Disposals	-	(111,216)	(38,241)	(296,047)	(445,504)
Balance at 31 December 2018	2,736,343	858,504	208,933	46,376	3,850,156
Accumulated depreciation					
Balance at 1 January 2017	375,028	425,047	96,595	303,197	1,199,867
Depreciation for the year	33,631	42,087	27,979	11,541	115,238
Disposals	-	-	(44,321)	-	(20,444)
Balance at 31 December 2017	408,659	467,134	80,253	314,738	1,270,784
Balance at 1 January 2018	408,659	467,134	80,253	314,738	1,270,784
Depreciation for the year	34,204	41,689	34,703	10,210	120,806
Disposals	-	(111,216)	(26,131)	(296,048)	(433,395)
Balance at 31 December 2018	442,863	397,607	88,825	28,900	958,195
Carrying amounts					
At 1 January 2017	2,192,570	527,782	77,828	29,091	2,827,271
At 31 December 2017	2,327,684	485,695	43,985	22,812	2,880,177
At 31 December 2018	2,293,480	460,897	120,108	17,476	2,891,961

		2018	2017
		$	**$**
9.	**Biological asset**		
	Eco Park project	94,503	94,503

The ecological park was opened in January 2012 in conjunction with the new factory opening. The Eco Park is a key element in the rebuilding of the Sigatoka factory. The Park is about promoting sustainability in action as it allows visitors to learn about the 'tree of life'.

The Eco Park project consists of planting exotic, high-end hardwoods (sandalwood, teak and mahogany). At this stage the fair value of these plants cannot be reliably measured as very little biological transformation has taken place since initial cost incurrence and the impact of the biological transformation on price is not expected to be material. Therefore, its cost approximates its fair value. The major cost incurred in relation to the Eco Park project was the buying and planting the seedlings, fencing, landscaping, machinery and tools used and labour cost.

		2018	2017
10.	**Intangible asset**	**$**	**$**
	Cost		
	Balance at 1 January	86,717	86,717
	Additions	-	-
	Balance at 31 December	86,717	86,717
	Accumulated amortisation		
	Balance at 1 January	73,708	56,365
	Amortisation for the year	13,009	17,343
	Balance at 31 December	86,717	73,708
	Carrying amounts		
	At 31 December	-	13,009

The above represents the amount paid by the Company to acquire an exclusive dealership to sell company products in Australia from an existing Australian dealership.

The amount is being amortised in accordance with the accounting policy in Note 3(e). The amortisation has been included in 'administrative and other operating expense' in the statement of profit or loss and other comprehensive income.

		2018	2017
		$	**$**
11.	**Cash and cash equivalents**		
	Cash at bank	729,361	580,180
	Cash on hand	1,060	1,000
	Cash and cash equivalents in the statement of cash flows	730,421	581,180

		2018	2017
		$	**$**
12.	**Trade and other receivables**		
	Current		
	Trade receivables	43,764	97,992
	Amounts owed by Golden Palmwood International Limited (GPIL)	11,648	-
	Amount owed by employees	2,419	3,337
		57,831	101,329
	Non-current		
	Amounts owed by Golden Palmwood International Limited (GPIL)	-	173,538

The Company had established a subsidiary, Dongguan Golden Palmwood Furniture Pty Limited (DGPL) in the Republic of China in 2004 and had a 70% ownership interest. On 30 June 2013, the Company sold all its shares in the subsidiary to a foreign private company, Golden Palmwood International Limited (GPIL). The sale was approved by the board of directors at an extraordinary general meeting held on 28th February 2013 at a price of $2,500,000. According to the terms of the agreement, the amount is repayable over 5 years. The final repayment was due by 30 June 2018, however it has now been extended to 30 June 2019.

Key terms of the sale include the following:

- Two directors on DGPL's board shall be the appointees and/or nominees of the Company until such time as the full purchase price is paid.
- The purchase price shall be paid in 5 consecutive yearly instalment with the first instalment payment falling due one year after the date of execution of agreement and the last instalment payment falling due on 5 years thereafter. Interest will accrue on any outstanding balance, at a rate to be determined by the Company.
- Instalments would be made by way of purchase of palmwood goods, components, finished products and other materials from DGPL to a minimum value of FJ$500,000 per annum and a maximum value of FJ$1,100,000 per annum. The purchases would be paid by GPIL, thereby reducing its debt to the Company. The Company shall not place orders and neither shall DGPL be obliged to deliver any orders placed if such orders shall in totality exceed the value of US$54,000 per month.
- Any trademarks, licences, patents, and methods used and owned by the Company and licensed to DGPL for use by DGPL shall not be deemed to be transferred or assigned to GPIL. Under a separate agreement, the Company has licensed GPIL to use trademarks owned by the Company free of charge up to 29 June 2018. From 30 June 2018, GPIL will be required to pay a royalty of 2.75% of the wholesale selling price of the relevant goods and services sold by GPIL. This will be finalised by end of year 2019.
- The amount owed by GPIL is secured; GPIL has granted to the Company a security interest in GPIL's right, title and interest in the shares it acquired.

	2018	**2017**
	$	**$**
13. Inventories		
Raw materials	1,042,534	891,427
Work in progress	109,185	124,160
Finished goods	302,528	313,612
Goods In Transit	14,684	-
	1,468,931	1,329,199

	2018	**2017**
	$	**$**
14. Share capital		
Issued share capital		
7,619,234 shares fully paid	8,123,444	7,619,234
Transfer of share premium reserve to share capital	-	504,210
	8,123,444	8,123,444

15. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is as follows:

	2018	**2017**
	$	**$**
Net profit after tax attributable to shareholders	686,520	387,928
Weighted average number of shares for the year ended 31 December	7,619,234	7,619,234
Basic earnings per share	0.09	0.05

Diluted earnings per share

Diluted earnings per share at 31 December 2018 is the same as basic earnings per share as there are no ordinary shares which are considered dilutive.

	2018	2017
	$	$
16. Trade and other payables		
Trade creditors and accruals	1,235,844	1,331,328
VAT payable	8,554	17,094
Amounts payable to Dongguan Golden Palmwood Furniture Pty Limited (DGPL)	115,492	227,972
	1,359,890	1,576,394

The amount owing to DGPL (previously a subsidiary) relates to purchases of finished goods, net of salaries, consultancy fees, exhibition expenses and travelling expenses which were recharged by the Company to DGPL. The balance has no fixed term of repayment.

17. Commitments and contingencies

(a) Lease commitments

On 16 October 1997, the company entered into native lease agreements with the Native Land Trust Board to lease land at Lot 1 and 2 on Plan SO 3011, Cuvu, Nadroga. The leased land on Lot 1 has a term of 75 years ending on 28 February 2062 and the leased land on Lot 2 has expired. The company is in the process of finalising the new lease agreement.

The future lease commitments are as follow:

	2018	2017
	$	$
Payable not later than 1 year	13,250	13,200
Payable later than 1 year but not later than 5 years	53,000	52,800
Payable later than 5 years	505,702	517,000
	571,952	583,000

(b) Capital commitments

Capital commitments for the Company not otherwise provided for in the financial statements amounted to $Nil (2017: $Nil).

(c) Contingent liabilities

The Company has no contingent liabilities as at 31 December 2018 (2017: $Nil).

18. Related parties

(a) Directors

The following were directors of the company during the year:

Mr Samuel Ram – Chairman
Mr Ravin Chandra
Mr Ashnil Prasad
Mr Abilash Ram
Mr Dominic Ryan
Mr Adish Naidu

18. Related parties (continued)

(b) Transactions with Key Management Personnel

The aggregate value of transactions and outstanding balances relating to management personnel were as follows:

Personnel Position	Transaction	Net transaction value Year ended 31 December		Balance Outstanding As at 31 December Receivable	
		2018 $	2017 $	2018 $	2017 $
Employees	Advances	(918)	1,556	2419	3,337

The aggregate remuneration to key management personnel, with greatest authority and responsibility for the planning, directing and controlling of the activities of the Company is disclosed in Note 6.

(c) Equity Interest of Related Parties

The interests of directors and employees during the year in the ordinary shares of the company are as follows:

	Additions $	Holding $
Employees	-	4,000
Mr. Ravin Chandra	-	1,523,438

(d) Transactions with Related Parties

Transaction with Shareholders and Directors

Mr. Ravin Chandra (Director and Shareholder) has an interest in a company (Post and Rail Pty Limited) that sells company products in Australia. Post and Rail Pty Limited purchased $281,996 (2017: $341,691) worth of finished goods from the Company during the year. The total amount outstanding at year end is $43,764 (2017: $42,708).

Mr. Samuel Ram’s (Director) law firm provided legal services to the company during the year and total fees paid by the company amounted to $18,689.

19. Segment Reporting

a. Industry Segment

The company manufactures and sell furniture and architectural products made from coconut palmwood.

b. Geographical Segment

The company operates predominantly in the geographical segment of Fiji. In 2018, 86% of the sales were in Fiji (2017: 83%). All assets of the business are located in Fiji.

	$ 2018	$ 2017
Local sales	3,631,309	3,092,103
Overseas sales	568,905	638,499
	4,200,214	**3,730,602**

20. Subsequent events

There was a fire at the factory on 10th February, 2019 causing damages to one of the buildings and certain equipment and stock items. The company continues to operate and will finalise its claim for insurance once the due process is completed by the relevant parties.

Pacific Green Industries (Fiji) Limited

Listing requirements of the South Pacific Stock Exchange (unaudited and not included elsewhere in the Annual Report)
For the year ended 31 December 2018

(1) Schedule of each class of equity security, in compliance with listing requirements under section 6.31 (iv):

(a) Shareholdings of those persons holding twenty (20) largest blocks of shares as of 31 December 2018:

	Name	Shares	Total % Holding
1	Ravin Chandra / Peter Ryan	3,046,877	39.99%
2	Fiji National Provident Fund	1,244,275	16.33%
3	FHL Media Limited	1,039,774	13.65%
4	iTaukei Trust Fund	1,000,000	13.12%
5	Munswamy Reddy	803,830	10.55%
6	FHL Trustees Limited- ATF Fijian Holdings Unit Trust	256,527	3.37%
7	Unit Trust Of Fiji (Trustee Co) Ltd	80,000	1.05%
8	Colonial Fiji Life Limited	35,682	0.47%
9	Radike& Eta Qereqeretabua	25,000	0.33%
10	Ken Kung	20,000	0.26%
11	Jimaima T Schultz	13,500	0.18%
12	Vishnu Deo	5,000	0.07%
13	Taniela Vafoou Fatiaki	5,000	0.07%
14	Rajesh Sharma	3,500	0.05%
15	Kamlesh Kumar	3,000	0.04%
16	Dahyabhai Nathubhai Patel &Bipin Chandra Patel	3,000	0.04%
17	Christopher Dard Keung Yee	3,000	0.04%
18	Atunaisa Kaitabu & Fulori Sarai	2,645	0.03%
19	Dhirendra Pratap	2,500	0.03%
20	Shabnam Prasad	2,500	0.03%

(b) Details of Shareholdings of Directors and Senior Management as of 31 December 2018:

1	Ravin Chandra	1,523,438
2	Late Peter Ryan	1,523,439
3	Shabnam Prasad	2,500
4	Praveen Padyachi	1,000

(2) Schedule of each class of equity security, in compliance with listing requirements under section 6.31 (v):

Distribution of ordinary shareholders as of 31 December 2018;

No. of Holders	Holdings	Total % Holding
16	Less than 500 shares	0.04%
29	501 to 5,000 shares	0.68%
0	5,001 to 10,000 shares	-
2	10,001 to 20,000 shares	0.44%
1	20,001 to 30,000 shares	0.33%
1	30,001 to 40,000 shares	0.47%
0	40,001 to 50,000 shares	-
1	50,001 to 100,000 shares	1.05%
3	100,001 to 1,000,000 shares	27.04%
3	Over 1,000,000 shares	69.95%

Pacific Green Industries (Fiji) Limited

Listing requirements of the South Pacific Stock Exchange (unaudited and not included elsewhere in the Annual Report) – Cont.

(3) Disclosure under Section 6.31 (ix):

There were no contracts existing during or at the end of the financial year in which a director of the Company was materially interested, directly or indirectly apart from those disclosed in the financial statements.

(4) Disclosure under Section 6.31 (xii):

Summary of key financial results for the previous five years for the Company:

	2018 $	2017 $	2016 $	2015 $	2014 $	2013 $
Net profit/(loss) after tax	**686,520**	**387,928**	**321,766**	**148,630**	**104,598**	**1,481,982**
Current assets	2,847,762	2,477,326	2,631,021	2,261,848	2,263,537	2,114,276
Non-current assets	2,986,464	3,161,227	3,294,825	3,970,232	4,473,102	5,164,574
Total assets	**5,834,226**	**5,638,553**	**5,925,846**	**6,232,080**	**6,736,639**	**7,278,850**
Current liabilities	1,386,419	1,579,558	2,119,114	2,218,055	2,266,479	2,630,021
Non-current liabilities	54,345	47,284	30,564	26,277	21,503	-
Total liabilities	**1,440,764**	**1,626,842**	**2,149,678**	**2,244,332**	**2,287,982**	**2,630,021**
Shareholder's equity	**4,393,462**	**4,011,711**	**3,776,168**	**3,987,748**	**4,448,657**	**4,648,829**

(5) Disclosure under Section 6.31 (xiii):

(a) Dividends per share:

There was only one dividend payment made during the year 2018. Dividend of $0.04 was paid on 31st December 2018 (total of $304,769 was paid during the year 2018).

	2018 $	2017 $
(b) Earnings per share:	0.09	0.05
(c) Net tangible assets per share:	0.58	0.51

(d) Share price during the year:

	2018 $	2017 $
Highest	1.08	1.00
Lowest	1.00	1.00
On 31st December	1.08	1.00

(6) Disclosure under Section 6.31 (xvii):

Corporate Governance

In June 2008, the Capital Markets Development Authority (now the Capital Markets Unit of Reserve Bank of Fiji) published the Corporate Governance Code for the Capital Markets (The Code). The Code attributes 10 core principles together with the best practice recommendations. This code is the basis for the Company corporate governance standards.

Principle	Company's Response
Establish clear responsibilities for board oversight	The Company Policy sets out the powers and duties of directors in terms of managing the Company effectively and efficiently.
Constitute an Effective Board	Directors are nominated by Shareholders at the Annual General Meeting and elected upon approval from major shareholders. One third of the total strength of the Board retires by rotation each year and is eligible for re-election.
Appointment of the Chief Executive Officer (CEO)	The Board appoints the Company Managing Director.
Board and Company Secretary	The Company Secretary is the administrative link between the Board and the Management and is responsible for ensuring compliance to company activities. All directors have access to the Company Secretary.
Timely and Balanced Disclosure	Board meetings are held regularly (at least three meetings per year) to update the directors on the Company performance and get major decisions clarified and passed at Board level. The Company Managing Director is in constant contact with the other board of directors for any issues arising within the Company. The Company periodically releases the required information to the public by way of market announcements, as required by the rules of the SPSE.
Promote ethical and responsible decision-making	The Company promotes and believes that all directors and employees uphold high standards, honesty, fairness, and equity in all aspects of their employment and association with the Company.
Register of interests	The interests of the Directors if any are noted during Board meetings.
Respect the rights of the shareholders	An Annual General Meeting is held every year in accordance with the Articles of Association of the Company. The Annual Report is also published each year and circulated to the shareholders of the Company.
Accountability and Audit	The Company is audited externally each year and receives an independent audit report which forms part of the Annual Report. The Audit and Finance Committee is responsible for overseeing the financial reporting and disclosure process, performance and independence of the external auditors, monitoring risk management policies and practices with management.
Recognise and Manage Risk	The Company has in place a Risk Management Policy to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

Pacific Green Industries (Fiji) Limited

Listing requirements of the South Pacific Stock Exchange (unaudited and not included elsewhere in the Annual Report) – Cont.

(7) Disclosure under Section 6.31 (vi):

Board Meetings

Director	Number of Meetings held	Number of meetings Attended	Apology (AP)
Mr Samuel Ram – Chairman	3	3	-
Mr Ravin Chandra	3	3	-
Mr .Ashnil Prasad	3	1	AP
Mr Abilash Ram	3	2	AP
Mr Dominic Ryan	3	3	-
Mr Adish Naidu	3	2	AP

Board Sub-Committees: The Board has two standing committees.

(i) The Audit and Finance Committee inclusive of Risk and Compliance

The Audit and Finance Committee inclusive of Risk and Compliance are selected by the Board and was formed in 2009. They are responsible for the external audit of the Company's affairs, reviewing half year and annual financial statements. They assist the Board in fulfilling its responsibilities by coming up with recommendations, advice and information concerning accounting and reporting responsibilities and evaluating risk management practices. The Committee meets twice a year or as required. The Committee comprises Mr. Ravin Chandra and Mr. Dominic Ryan.

(ii) The Strategic Sub Committee

The Strategic Committee comprises all the Board members and is chaired by the Board Chairman. The Directors are briefed with their roles and responsibilities as Board members of the Group. The Group strategic plans are reviewed annually by all the Board members.

The company Share Registry is maintained at its registered office and principal place of business in Fiji:

Pacific Green Industries (Fiji) Limited
Queens Road
Malaqereqere
Sigatoka
Republic of Fiji
Phone contact: (679) 650 0055
Fax contact :(679) 6520 014

Company Secretary: Miss. Shabnam Prasad

Pacific Green Industries (Fiji) Limited
Proxies

If you are unable to attend and vote at the meeting and wish to appoint a person who is attending as your proxy please complete the enclosed form of proxy. This form must be received by the company by 18th June 2019 at 1:00pm. Proxy forms received later than this time will be invalid. A member entitled to attend and vote is entitled to appoint a proxy. A proxy need not be a member of the company.

The completed form of proxy may be :

1. Mailed to : PO Box 832, Sigatoka or
2. Email to : pacificgreen@connect.com.fj / pgfiji@connect.com.fj
3. Faxed to : 6520014

Form of Proxy

PACIFIC GREEN INDUSTRIES (FIJI) LIMITED
ANNUAL GENERAL MEETING

I/We*____ of _______________________________
being a member/members* of Pacific Green Industries (Fiji) Limited, hereby appoint
____of _________________________________,
or failing that ____of _________________________________,
as my/our* proxy to vote on behalf at the Annual General Meeting of the Company, to be held at 1:00pm on 20th June 2019, and at any adjournment thereof.

As witnessed to my / our hands this ________ day of ___________ 20 ___, at ___________________________

____________________ ______________________________
Signature of Witness Signature of Member

Voting on Business at the General Meeting

Resolution	For	Against	Abstain
To adopt the Minutes of the previous Annual General Meeting held on 7th June 2018 as correct record of the Meeting.			
To adopt the Audited Financial Position and Comprehensive Income Statement and the reports of the Directors and Auditors, for the year ended 31 December 2018			
Re-election Mr. Abilash Ram			
Re-election Mr. Adish Naidu			
Appointment of auditors of the company for the year 2019 and that the Board be authorised to fix their remuneration			
To adopt the dividend paid in December 2018 as final dividend for the financial year ending 31 December 2018.			
(Any other business in conformity with Articles of Association)			

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that. Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll. A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.