PORTDENARAUMARINA

PORT DENARAU MARINA
MIA
Hall of Fame
2019-2020
International Marina

2018
WINNER
ANZ FIJI
EXCELLENCE IN
TOURISM AWARDS

Annual Report

2019

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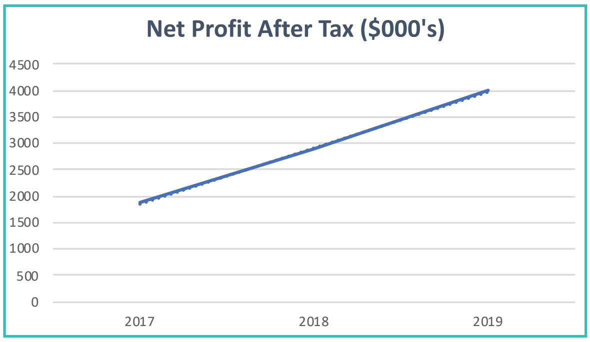
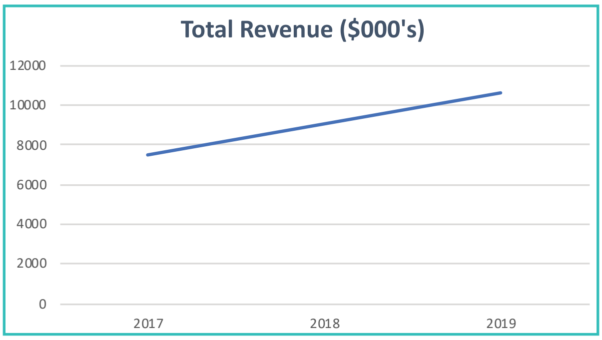
[1] 2019 Snapshot

Financials

	2019	2018	2017
Revenue	7,620,378	8,528,603	7,478,761
Other Income	2,973,856	499,748	14,375
Total Revenue	**10,594,234**	**9,028,351**	**7,493,136**
Sales and Marketing	(113,164)	(48,367)	(41,486)
Depreciation	(1,569,092)	(1,556,402)	(1,168,134)
Operating Costs	(3,229,100)	(2,494,251)	(2,475,934)
Employee moluments & Benefits	(675,257)	(707,171)	(799,703)
Operating profit before tax	**5,007,621**	**4,222,160**	**3,007,879**
Finance costs	(330,853)	(568,166)	(656,870)
Profit before income tax	4,676,768	3,653,994	2,351,009
Income tax expense	(684,745)	(754,212)	(488,509)
Net Profit after tax	3,992,023	2,899,782	1,862,500





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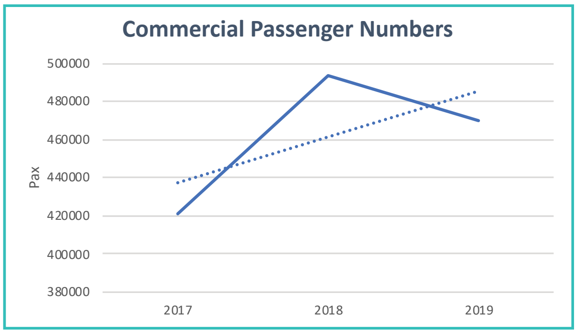
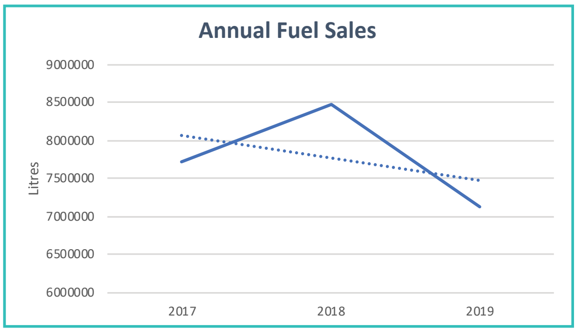
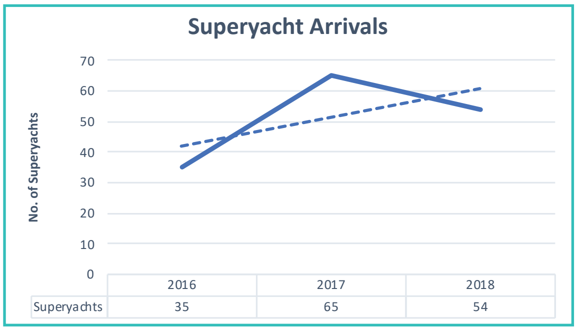
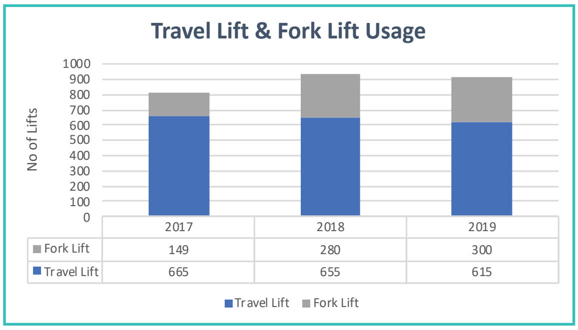
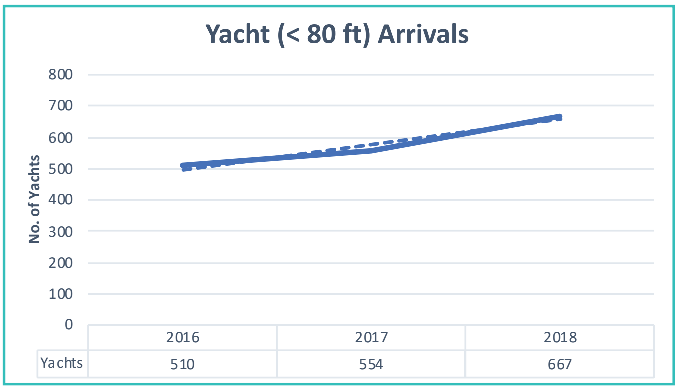






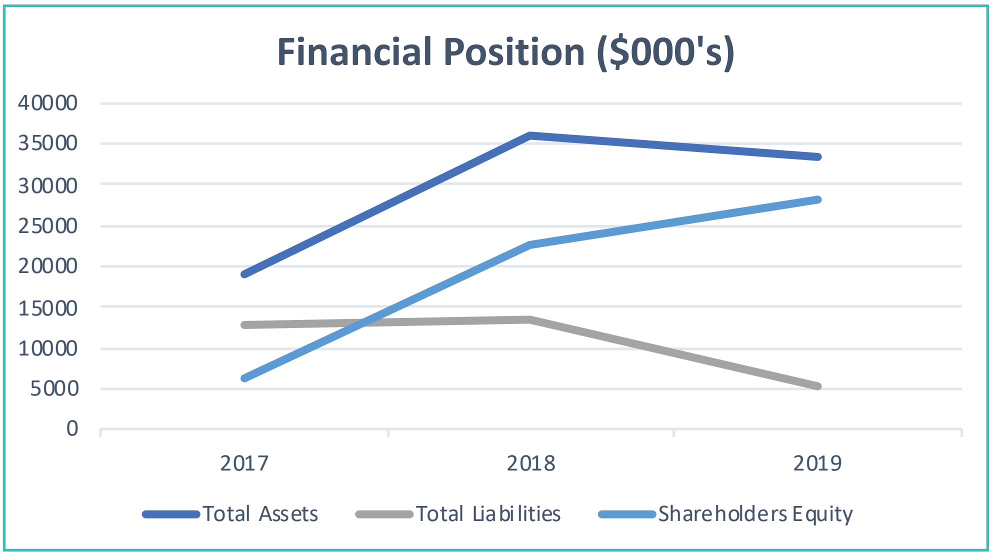




2 Summary of Key Financials

	2019	2018	2017
Net Profit / (Loss) after Tax	3,992,023	2,899,782	1,862,500

Current Assets	1,733,664	2,946,174	2,320,045
Non - Current Assets	31,815,715	33,070,310	16,721,519
Total Assets	33,549,379	36,016,484	19,041,564
Current Liabilities	2,254,161	1,941,103	1,645,024
Non - Current Liabilities	3,091,981	11,598,507	11,194,164
Total Liabilities	5,346,142	13,539,610	12,839,188
Shareholders Equity	28,203,237	22,476,874	6,202,376



3 Company Profile

Founded in 1999, Port Denarau Marina Limited (PDML) has emerged from humble beginnings to grow and develop alongside Fiji's burgeoning tourism industry. The Company owns and operates a world-class multi-use marina facility located on Denarau Island in Nadi.

Denarau Island is the Pacific's largest integrated island resort location, situated just 20 minutes' drive from Nadi International Airport and within minutes from the Nadi CBD. As well as the Marina, Denarau Island is home to an 18-hole international golf course, nine 4-5 star resorts, the Port Denarau Retail and Commercial Centre (PDRCC) and an industrial estate. Denarau Island is owned by the stakeholders of Denarau and run by a Board of Directors under the management company, Denarau Corporation Limited (DCL). PDML holds a 5% ownership in DCL and shares a seat on the Board with the Denarau Golf and Racquet Club. This seat is alternated every two years.

PDRCC is adjacent to the Marina and is an open-air commercial centre of approximately 10,000m2 comprising 32 retail shops and 28 commercial premises including a supermarket, bottle store, bank, money exchange, bakery, pharmacy, clothing and souvenir shops as well as a number of bars and restaurants.

The Marina facilitates the movement of over 500,000+ people each year and sees more than 28,000 vessel movements annually. The Government of Fiji declared it a Port of Entry in June 2017.

The Marina has won various prestigious awards including the following:

- MIA (Marina Industries Association) International Marina of the Year 2015/2016
- ANZ Fiji Excellence in Tourism Awards for Services and Support to Industry" Award 2015
- MIA Level 3 Clean Marina & Fish Friendly Accreditation 2017 – 2020
- MIA International Marina of the Year Award 2017/2018
- MIA Best Community Support 2017/2018
- MIA Finalists Innovation by a Marina 2017/18
- ANZ Fiji Excellence in Tourism Award for "Specialized Tourism Services and Support to Industry" Awards 2018
- MIA Hall of Fame 2019

The Marina currently employs 23 staff directly as well as an additional 32 sub-contractors. The interest in additional services and increased market competition within the marine environment has seen an increase in sub-contractor offerings at the marina.

Business Segments

The Marina's operations are divided into the following distinct areas:
1. Commercial vessel and passenger operations
2. Private yachting tourism and superyacht berthing
3. Fueling facilities and contract
4. Haul-out facilities and boat yard

1. Commercial vessel and passenger operations
   Port Denarau Marina is the gateway to the Mamanucas and Yasawa Islands and is in the ideal location for its commercial berthing. Commercial operations consist of ferry services, daytrips, game fishing, scuba diving, dinner cruises, parasailing, water skiing, wakeboarding, luxury charters, local and foreign cruise ships and a helipad.

2. Private yachting tourism and superyacht berthing
   Port Denarau Marina is Fiji's leading international marina for the cruising yachting tourist and the only super yacht marina in Fiji. It is internationally awarded and recognized marina with accolades in the Marina Industries Association Hall of Fame.

3. Fueling facilities and contract
   Port Denarau Marina is the only marina to offer easy high speed reticulated diesel transfers to superyacht at berths. There is also a fuel dock for smaller crafts and fuel on dock for commercial vessels.

4. Haul-out facilities and boat yard.
   Port Denarau Marina's haul out facility offers comprehensive marina services that includes a 50 tonne travelift, 6 ton Marina Bull Forklift, forklift services, a hardstand area, marine workshops, short and long term boat storage, and dry stack facilities.

   Port Denarau Marina is a provider of diverse and integrated berthing facility for the maritime tourism market. It owns and rent, assets relating to this core business and are landlords.

4 Directory

Company Details:	Name: Port Denarau Marina Limited
Date of Incorporation:	06 November, 1998
Place of Incorporation:	Fiji
Company No.	13308
TIN No:	50-12611-0-2
Head Office:	Port Denarau, Denarau Island, Fiji
Phone:	675 0600
Fax:	675 0063
Email:	info@denaraumarina.com
Auditors:	Ernst & Young Level 7, Pacific House 1 Butt Street Suva
Independent Accountants:	KPMG BSP Suva Central Renwick Road Suva
Solicitors:	Munro Leys Law Level 3, Pacific House 1 Butt Street Suva
Investment Advisor & Offer Manager:	Kontiki Capital Limited Level 2, Plaza 1, FNPF Boulevard 33 Ellery Street Suva
Capital Markets Regulator	Reserve Bank of Fiji Tower 4, RBF Building Pratt Street Suva
Securities Exchange:	South Pacific Stock Exchange Shop 1 and 11, Sabrina Building Victoria Parade Suva
Share Registry:	Central Share Registry Limited Shop 1 and 11, Sabrina Building Victoria Parade Suva

5 Chairman's Report

David George Skeggs

Shareholders

It is with great pleasure that I present the annual report for Port Denarau Marina Limited for the financial year ended 31 July 2019. This is the company's first annual report as a publicly listed company on the South Pacific Stock Exchange. The company listed on 14th August 2019 which opened up the important tourism sector to investors. We have now welcomed 633 shareholders on board.

Directors

Subsequent to balance date Malakai Naiyaga was appointed a director of the company and we welcome him. It is the intention of the board to appoint another Independent director in due course.

Financial Highlights

Revenue for the year has increased to $10,594,234 (2018 $9,028,351) Operating Profit After Income Tax has increased for the year to $3,992,023 (2018 $2,899,782) Shareholders Equity has increased during the year to $28,203,237 (2018 $22,476,874).

Dividend and Share Price

The dividend proposed for the year ended 31 July 2019 is 2.25 cents per share ($900,000) compared to $500,000 for 2018. The share price has increased significantly from the float price of $1.31 with the most recent trade being $2.25. This together with the proposed dividend will have provided an excellent investment for you as a shareholder in a very short space of time.

Investment

During the year we started construction on our new reservations and commercial building that will be fully occupied on its completion. We look forward to shortly being issued our dredge permit which will allow us to complete the extension of our super yacht berths prior to the next season and before the anticipated increase in traffic related to the Americas Cup in New Zealand in 2021

During the next year we are intending to make progress on the development of our vacant commercial land.

Management and Staff

I would like to thank Cynthia Rasch and her team for their commitment and contribution during the year.

Community Engagement

We take being part of the community very seriously and we take pride in having supported a number of community projects during the year.

Customers

We are very appreciative of the support that we get from our customers for which we say thank you and we will continue to strive to provide you with the very best of service.

Corporate Governance

We have put in place a robust risk management framework which entails policies, procedures and a Code of Conduct by which we operate the business. The board will continuously monitor that we are meeting best practice.

Commitment

As shareholders you can be assured that the directors and management will always work together to provide you the best possible outcomes that are possible in the environment that we operate in.
As employees you can be assured that we will provide you with a safe and fair working environment.

David George Skeggs
Chairman

6 General Manager's Report

Cynthia Rasch

This year is an important milestone for the company as we celebrated our 20th anniversary. It is also representative of a few of our team members celebrating more than 10 years in the company, a milestone in this age of transitory employment.

These anniversaries prompt time for reflection and I am very proud of our progress and achievements to date as included in our Annual Report Highlights.

The company announced a net profit after tax of $3.9 million for the twelve months ended 31 July 2019, up 37% when compared to the prior comparable period. Total operating revenue was $10.5 million, up 17% when compared to the prior comparable period.

The Chairman has mentioned key developments in FY19, I would like to elaborate further on our major business segments and briefly mention key developments that occurred in FY19 and key initiatives that we are planning for FY20.

Our Commercial berthing operations continue to be under price control by Fijian Competition & Consumer Commission (FCCC). Following our submission to review pricing, a determination was done in our favor to increase passenger levies as of April 2019. The total number of visitor arrivals recorded in our commercial segment decelerated in FY19. This was due to softening of economic conditions in key Australian and New Zealand markets. US markets showed a strong increase providing some offset to the slowing of numbers, mainly due to reduced fares into Fiji. Our commercial berthing is 100% occupied with new entrants in the market on a waitlist. We will continue to engage with FCCC on further price reviews in order to progress on investments in this area.

2018 saw a strong start to our season for Private and Superyacht berthing. Cruising guides advise on a cyclone from mid-November until end of April. Most insurers require yachts to be out of the cyclone latitudes between November and end of April. The accumulation of yachts over 2018 in Fiji clearly reflects these seasonality drivers. The profile is very peaked with relatively lightly populated shoulders, August and September being the peak months. The new season in 2019 saw a slow start with vessels arriving in July. The arrivals of vessels under 24m is dependent on weather window, cruising patterns, and rallies, whereas the superyacht market is very different to the yachts under 24m. Destination decisions for superyachts are at the whim of very affluent owners and charterers.

The first independent economic assessment of the Fiji international yachting industry conducted by AMSTEC Pty Limited and supported by Market Development Facility (MDF) concluded late 2018. The study highlighted the total economic contribution of yachting at F$60.6 million to the country, emphasising the impact of this important and growing sector that touches all aspects of the Fijian economy. This survey will help us in lobbying for allocation of marketing budget and for regulatory reforms in the industry.

The study was able to fulfil its objectives by mapping the major yachting routes in Fiji and local economic impact in the key areas visited, developing a yachting tourism multiplier for Fiji, providing a SWOT analysis for yachting tourism in Fiji and identifying a set of prioritised recommendations to support the growth of yachting tourism in the country. It was also able to identify constraints within the industry.

The survey highlighted the need to extend the length of stay for vessels by working cohesively with the South Pacific tropical region to coordinate regional campaign to grow the overall market. We have established networking relationships through our international marketing efforts and for the first time we collaborated with Tourisme Tahiti to bring Monaco Yacht Show's first ever South Pacific stand in September 2019.

Superyacht captains also highlighted on the lack of capacity relating to dockage space in the survey. As mentioned by the Chairman, we have been working diligently to acquire a dredge permit to carry out necessary dredging works in the marina which will increase capacity of superyacht berths by 10, not only bringing in additional revenue through berthing and value added service but catering for the expected influx of vessels heading our way following the Millennium Cup in 2020 and America's Cup in 2021. As at October 2019, EIA report was released by Ministry of Environment and we are now awaiting final approval for a permit through Ministry of Lands. It is expected, if the permit is received before end of year 2019, dredging works will commence during the off season.

Better customer experience works hand in hand with improved efficiency. In 2020, we're taking a comprehensive look at the way we do business in all operating groups, confident that there is abundant opportunity to enhance customer experience and improve the bottom line. Maxumise rolling strategic planning approach was adopted by us in 2012 as the starting point for our on-going sound management practice. A major review of the strategic plan will be concluded in November 2019 with the conclusion of the next five-year plan. It's vital that we continue to innovate and remain agile to respond to market driven opportunities.

As mentioned by the Chairman, we are looking forward to the completion of our Reservations and Commercial building by end of 2019. The two-storey building will showcase a modern and environmentally responsible construction with a modern check-in facility for transient boats, border services and other tenants under one roof. The new building will have increased capacity for amenities to improve customer experience.

For us to continue to grow, make a difference in people's lives through our community engagement and be a highly desirable workplace, we ensure that our values remain the foundation of our culture and the guide for how we work. We are proud of the external recognition our talented people and innovative workplace have earned, including (to name a few) Inducted in the Hall of Fame (Marina Industries Association), Winners of FETA awards under Service & Support to Industry, International Marina of the Year for four consecutive years. For us, it's not just about the accolades, but also knowing that working here offers both meaningful and promising careers to our team.

We enter FY20 with optimism and energy. I am thankful to the Board for their guidance and support. I am extremely grateful to the team for their dedication to customers and willingness to embrace change as we transform the company for continuing success. We remain committed to making Port Denarau Marina not just a better company and a great place to work, but a world class marina facility. On behalf of our proud, passionate and hardworking team, I thank you for your support of our business.

Cynthia Rasch
General Manager

7 Meet our Board

David George Skeggs
Chairman

Nigel James Skeggs
Director

Bryan John Skeggs
Director

Malakai Ratu Naiyaga
Director

Josephine Yee Joy
Company Secretary

8 Management Team

Cynthia Rasch
General Manager

Geoff Deutschmann
Operations Manager

Kaveeta Singh
Financial Controller

Mere Lewatu
Reservations Manager

Jale Ramasima
Security Manager

Sam Verebasaqa
Repairs & Maintenance Manager

Vive Koyamaibole
Executive Assistant

9 Vision, Mission & Goals

Vision

"To be the leading marina facility in the Pacific, providing exceptional customer service with safe and healthy facilities; ensuring the enhancement of Fiji's nautical tourism industry while protecting our distinct marine environment for future generations"

Mission

"People working together, enthusiastically as a team, make our Marina a success. We want all staff to be active, enthusiastic members of the team. We feel a personal responsibility for the welfare of all our people. As the Marina prospers, the individual should prosper.

The good will which we have built as an organisation within the community is not only based on our reputation for high quality, honesty, fair practices, and superior service, but also on the promptness, courtesy, and consideration which all of us show by our daily actions. Therefore, it is important that each of us continue to build this good will through prompt, efficient, and courteous attention to visitors, boaters, the public, fellow Employees, telephone calls, and correspondence we have with others"

Goals

Train & Empower Staff

Be at the Forefront of Technological Advances

Educate on Safe & Sustainable Boating

Promote Fiji & The Pacific

Provide Safe & Secure Facility

Act in the Best Interest of Marina's Owners and all Fijians

10 Corporate Governance

Corporate Governance Code

Corporate Governance Corporate Governance Code PDML 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 PDML, are detailed below.

Principle 1 - Establish Clear Responsibilities for Board Oversight

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 a commitment to ensure compliance of the Company's legal and regulatory obligations, the roles, functions, obligations, rights, responsibilities and powers of the Board.

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.

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 PDML. 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, business management, legal, strategic planning, risk management and industry-specific expertise.

Principle 3 - Appointment of General Manager

The Board is responsible for selecting the GM and having in place an appropriate succession plan. The Board also provides oversight of the GM, in particular monitoring to ensure the GM'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, monitoring performance against these standards; and ensuring that the GM's knowledge and expertise remain appropriate given the nature of the business and the institution's risk profile.

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 ensure 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.

Principle 6 - Promote Ethical and Responsible Decision-Making

The Corporate Governance Policy promotes principles of transparency, accountability, responsibility and relevant disclosure. It also emphasises the separate responsibilities of directors and Senior Management.

Principle 7 - Register of Interests

Board Directors and employees are required to declare any position or interest outside PDML that could lead to a conflict of interest. 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 / addressing them. Shareholders are able to submit written questions for the AGM via the Company Secretary. PDML 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. An Audit and Risk Committee and Nomination and Remuneration Committee have been established by the Board and the Committees meet as needs dictate. The Audit and Risk Committee, amongst other things, is tasked with overseeing the external audit function.

Principle 10 - Recognise and Manage Risk

The Company has a comprehensive risk management framework of policies and procedures. As a marina operation, PDML is exposed to various risks associated with business generally, as well as specific to the marine environment in which it operates. These risks are managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. PDML is developing a Risk Management Framework which the Board of Directors will be responsible for ensuring that appropriate policies are in place to mitigate or control risks while the General Manager and management will be responsible for the development, implementation and maintenance of risk policies.

11 Community Engagement

Our company's existence is part of a bigger system of people, values and nature. We endeavour to contribute to the communities in which we operate through the support of community initiatives and local charities. Some of our charity and sponsorships are highlighted:

- Sea Mercy (long term and ongoing - (long term and ongoing) - sponsorship - berthing, storage and administration.
- Fiji Yachting - Purchase of marker buoys and race flags for Western events - Provision of Optimists and dinghy parking for learn to sail and laser training.
- Mamanuca Environment Society (MES) Sponsorship - The sponsorship promotes corporate recognition of PDM's involvement in and supporting the achievement of sustaining an eco-friendly in the Mamanuca Island Group.
- Musket Cove Regatta - the Marina continues to support this important event on the calendar by sponsoring a prize .
- Oceania Laser Masters – Sponsor.
- Fiji Thundercloud Sponsorship with moorings. Fiji Thundercloud Rumble's aim is to Surf for Ocean Sustainability'. They have various projects on marine conservation which aligns with our ethos.
- Sponsorship of Fiji Classic Fishing Competition and the Ikalevu Game Fishing Tournament with both competitions always contributing to a great cause.
- Pacific Children's Foundation, the marina sponsors 2 children with all their school expenses for a full year together with donation towards Christmas celebrations.
- Sponsorship for Inaugural Disability Gala Awards.
- Contributed to the Traditional Welcome of the Fiji HSBC Sevens Team following their win in the IRB Series 2018 conducted by the Nawaka Village.

12 Highlights of 2019

Year in Review

August 2018

First Oil Spill Drill was held with Port Denarau Marina and Pacific Energy staff at the Marina.

September 2018

Fiji and the Marina was represented at the world leader event for super yachting in the Monaco Yacht Show in Port Hercules, Monaco. It has been a great platform to meet directly with key members within the industry and to building relationships. Monaco Invest Chairman, Mr. Justin Highman was accompanied by Fiji Ambassador to Belgium, Mr. Deo Saran who was accorded a traditional welcome to our booth.

October 2018

Port Denarau Marina initiatied Oceanlovers Education & Awareness Program focused on raising awareness and education on marine conservation to bring about programs to community levels together in partnership with Champs on Wheels, Mamanuca Environment Society and Fiji Sun.

December 2018

Race4water NGO Trimaran hosted in the marina to carry out workshop and discussions on the issue of plastic pollution in Fiji.

MDF first independent yachting survey completed and released to government and other industry stakeholders.

January 2019

Wailoaloa Beach Clean-up under our Oceanlovers Education and Awareness program together with Champs on Wheels.

February 2019

In the ANZ 2018 Fiji Excellence in Tourism Awards (FETA), Port Denarau Marina was awarded winners under the category of Specialised Tourism Services and Support to Industry. This was the second year that we have been awarded this win.

March 2019

New hardstand showers & laundry installed – an additional revenue stream to generate more traffic in the hardstand by encouraging vessel owners to live onboard when hauled out.

April 2019

Super Yacht Group Great Barrier Reef Famil Tour and network - professional industry contacts established. Understanding expected caliber of offerings by various regions in the South Pacific through experience of a charter guest.

May 2019

Marinas19 Conference and Exhibition where PDML was inducted in the Hall of Fame following our consecutive win over the past 4 years as International Marina.

Cynthia Rasch, General Manager awarded global accreditation as a Certified Marina Manager (CMM) by Marina Industries Association. She is the first in Fiji and the Pacific Islands to hold this qualification. Presentation of her badge and certificate was done in May 2019.

June 2019

Construction works commencement on Reservations building by Kyronn. Port Denarau Marina together with Champs on Wheels (our Oceanlovers partners) celebrated World Oceans Day by hosting a Beach Clean-up at Wailoaloa Beach. We also took up our Oceanlovers program to Lil Champs kindergarten to talk about marine conservation.

July 2019

The 4th Fiji-NZ Marine Trade Day was a success for NZ Marine with many boats turning up during the information seminars and event. NZ High Commissioner along with the Deputy Prime Minister, Honorable Mr. Winston Peters was in attendance.

Training & Development

The Marina continues to invest into training and professional development of all our staff. The team have attended various workshops and trainings including several webinars online through Marina Industries Association Australia. The following are the highlights for staff training & achievement for year 2018 & 2019:

August 2018
Boatmaster training and (MIA) certification for key personnels in Reservations & Operations

November 2018
Reservations Manager & Security Manager completing their Leadership Development Program through FHTA/FNU

January 2019
General Manager awarded globally certified Marina Manager accreditation

March 2019
Senior Boatlift Operator awarded Straddlelift Operator Certification

June 2019
Boatlift Operator awarded Straddlelift Operator Certification

August 2019
Operations Manager undergoes Sydney Marina and boatyard tours

Environment

The Marina has pledged to MIA to eliminate single use plastic by 2025 at our marina through changed business practices and recycling. We are exploring alternatives to our current arrangement with waste recycling and rubbish bags. This aligns well with the governments plans to ban single-use plastics in Fiji by 2020.

Educational Outreach

Oceanlovers Fiji education & awareness program is a 52 week program run through Fiji Sun in conjunction with working content written by PDML and Oceanlovers Australia. Additionally, this program has been adopted by our NGO partners through Mamanuca Environment Society and Champs on Wheels taking the program to rural and outer island schools in the Mamanuca Islands and outskirts of Nadi. Early January 2019, the program was adopted by the educators of pre-kindy and kindergartens in the Yasawas through Vinaka Fiji. At the end of the 52 week program in October 2019, there are plans to publish the contents as a book and have a global outreach as well as distributions to schools who carry out site visit to the marina.

Further into 2019, efforts are being made to put together a kids program from print content to audio visual to be aired on television. Oceanlovers Australia are reaching out to possible collaborators for an animated show.

13 Financial Information

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In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Port Denarau Marina Limited ("the Company") as at 31 July 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

The names of the Directors in office during the year and up to the date of this report are:

- David George Skeggs
- Nigel James Skeggs
- Bryan John Skeggs
- Malakai Naiyaga (appointed on 16 August 2019)

Principal activities

The principal activities of the Company during the financial year was the operation of a marina and marina related activities at Denarau Island. There were no significant changes to the activities during the year.

Results

The Company recorded a net profit of $3,992,023 (2018: $2,899,782) after providing for income tax expense of $684,745 (2018: $754,212).

Dividends

Final dividend amounting to $900,000 (2018: $500,000) was declared subsequent to year end from the profits recorded.

Bad and doubtful debts

Prior to the completion of the Company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the provision for doubtful debts. In the opinion of Directors, adequate provision has been provided for doubtful debts.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts, or the provision for doubtful debts in the Company, inadequate to any substantial extent.

Non-current assets

Prior to the completion of the financial statements of the Company, the Directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the Company. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to non-current assets in the Company's financial statements misleading.

Unusual transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company in the current financial year, other than those reflected in the financial statements.

Basis of accounting

The Directors believe that the basis of the preparation of the financial statements is appropriate and the Company will be able to continue its operation for at least twelve months from the date of this statement. Accordingly, the Directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

Events subsequent to balance sheet date

The new administration building is currently under construction and is expected to be completed by November 2019. The Company was listed on the South Pacific Stock Exchange on 14 August 2019.

The Directors resolved on 18 October 2019 to declare a final dividend for financial year 2019 of $900,000 being 2.25 cents per share.

Apart from the exception above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Other circumstances

As at the date of this report:

i) no charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;

ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and

iii) no contingent liabilities or other liabilities of the Company has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

As at the date of this report the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Company's financial statements which would make adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member or with a Company in which he has a substantial financial interest.

Auditor independence

The Directors have obtained an independence declaration from the Company'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 Port Denarau Marina Limited on page 5.

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

Dated this 25th day of October 2019.

Director

25th of October 2019
Date

Director

25th of October 2019
Date

PORT DENARAU MARINA LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 JULY 2019

Directors of Port Denarau Marina Limited ("the Company") have made a resolution that declared:

a) In the Directors' opinion, the financial statements and notes of the Company for the financial year ended 31 July 2019:

   i) give a true and fair view or the financial position of the Company as at 31 July 2019 and of the performance of the Company for the year ended 31 July 2019.

   ii) have been made out 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.

For and on behalf of the Board and in accordance with a resolution or the Directors.

Dated this 25th day of October 2019.

Director

25th of October 2019

Date

Director

25th of October 2019

Date

1st Floor 131 Vitogo Parade
Lautoka Fiji
PO Box 1068 Lautoka Fiji

Tel: +679 666 2433
Fax: +679 666 7282
ey.com

Auditor's Independence Declaration to the Directors of Port Denarau Marina Limited

As lead auditor for the audit of Port Denarau Marina Limited for the financial year ended 31 July 2019, 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 Port Denarau Marina Limited during the financial year.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji

25 October 2019

1st Floor 131 Vitogo Parade
Lautoka Fiji
PO Box 1068 Lautoka Fiji

Tel: +679 666 2433
Fax: +679 666 7282
ey.com

Independent Auditor's Report

To the Shareholders of Port Denarau Marina Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Port Denarau Marina Limited ("the Company"), which comprise the statement of financial position as at 31 July 2019, and the statement of 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 July 2019, and of its financial performance 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 (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 are independent of the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, but we do not provide a separate opinion on these matters. For the matter below, our description of 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 the audit report, including in relation to these 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 matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the matter
Land based assets recorded at fair value (refer note 10 and 11)	
The valuations of leasehold land & buildings and investment property, carried at $18.1m and $8.4m respectively, are important to our audit as they represent significant judgment areas and a significant percentage (79%) of the total assets of the Company. The valuations of leasehold land & buildings and investment property are subjective and are highly dependent on assumptions and estimates. The company has recorded these assets at fair value. The Directors determine the fair value of leasehold land & buildings and investment property at each balance date with reference to a report by an independent registered valuer engaged by the company to periodically value the land-based assets. Prior to this financial year the last independent valuation was carried out on these assets at 2 April 2017. For leasehold land & buildings the Directors have applied judgment in determining that the fair value of the assets as at 31 July 2019 is not materially different from the carrying value, based on their review of key inputs and assumptions to the previous valuation.	In obtaining sufficient audit evidence we: • developed an understanding of the valuation approach to both leasehold land & buildings and investment property; and • assessed the appropriateness of the classification and completeness of both classes of asset. In relation to the assessment by the Directors of the carrying value of leasehold land & buildings we have: • considered whether the methodology and assumptions used in the previous external valuation remained relevant to the current Directors' valuation; • reviewed the Director's assessment of key assumptions used to determine that no substantial change in value has occurred since the date of the last external valuation; and • assessed the adequacy of the financial statement disclosures made in respect of leasehold land & buildings.

Independent Auditor's Report (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
Land based assets recorded at fair value (refer note 10 and 11)	
For investment property the Directors have re-considered the valuation of the property taking into account the methodology used in the previous external valuation and changes to key assumptions since that valuation. As a result, they have concluded that there is no significant change to the fair value of this asset.	In relation to the valuation by the Directors of investment property as at 31 July 2019 we have: • considered whether the methodology and assumptions used in the previous external valuation remained relevant to the current Directors' valuation; • reviewed the Director's assessment of key assumptions used to determine the value including the sensitivity of the valuation to selected assumptions; and • assessed the adequacy of the financial statement disclosures made in respect of investment property.

Other information

The Directors and management are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

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 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 the Directors and management for the Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act 2015, 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, 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 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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.

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

Independent Auditor's Report (continued)

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

- 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 management.
- Conclude on the appropriateness of the Directors' and management 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 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 the Directors' and management and 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 also 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 those charged with governance, the auditor determines 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. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's 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 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.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji

25 October 2019

PORT DENARAU MARINA LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 $	2018 $
Revenue			
Revenue from contracts with customers	2(a)	6,433,745	7,488,365
Other income	2(b)	4,160,489	1,539,986
		10,594,234	**9,028,351**
Expenses			
Sales and marketing expense		(113,164)	(48,367)
Depreciation and amortisation expense		(1,569,092)	(1,663,922)
Operating expenses	2(c)	(3,229,100)	(2,317,569)
Salaries and employee benefits expense	2(d)	(675,257)	(772,423)
Profit from operations		**5,007,621**	**4,226,070**
Finance costs		(330,853)	(572,076)
Profit before income tax		**4,676,768**	**3,653,994**
Income tax expense	5	(684,745)	(754,212)
Operating profit after income tax		**3,992,023**	**2,899,782**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent years:			
Revaluation of assets		-	17,343,395
Tax effect of revaluation		-	(3,468,679)
Other comprehensive income for the year, net of tax		-	13,874,716
Total comprehensive income for the year, net of tax		**3,992,023**	**16,774,498**
Basic earnings per share		**0.18**	**2.90**
Diluted earnings per share		**0.18**	**2.90**

The accompanying notes form an integral part of this statement of comprehensive income.

PORT DENARAU MARINA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019

	Notes	2019 $	2018 $
Issued capital			
Balance at the beginning of the year		1,000,000	1,000,000
Balance at the end of the year	13	1,000,000	1,000,000
Retained earnings			
Balance at the beginning of the year		7,602,158	5,202,376
Net profit after income tax		3,992,023	2,899,782
Disposal of property		176,083	-
Dividends proposed	17	-	(500,000)
Balance at the end of the year		11,770,264	7,602,158
Other components of equity			
Asset revaluation reserve			
Balance at the beginning of the year		13,874,716	-
Other comprehensive income	20	-	13,874,716
Reduction in tax rate		1,734,340	-
Disposal of property		(176,083)	-
Balance at the end of the year		15,432,973	13,874,716
Total shareholders' equity		**28,203,237**	**22,476,874**

The accompanying notes form an integral part of this statement of changes in equity.

PORT DENARAU MARINA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2019

	Notes	2019 $	2018 $
Assets			
Non-current assets			
Property, plant and equipment	10	22,909,779	24,320,835
Investment property	11	8,470,233	8,377,843
Prepayments and other receivables	9	422,424	365,492
Deferred tax assets	5(c)	13,279	6,140
		31,815,715	33,070,310
Current assets			
Cash and cash equivalents	6	415,840	1,591,742
Trade receivables	7	1,041,343	878,940
Inventories	8	60,787	67,698
Prepayments and other receivables	9	215,694	407,794
		1,733,664	2,946,174
Total assets		33,549,379	36,016,484
Equity and liabilities			
Equity attributable to equity holders			
Share capital	13	1,000,000	1,000,000
Retained earnings		11,770,264	7,602,158
Other components of equity	20	15,432,973	13,874,716
Total equity		28,203,237	22,476,874
Non-current liabilities			
Payable to related party	15(c)	1,277,603	7,670,969
Deferred tax liabilities	5(c)	1,814,378	3,927,538
		3,091,981	11,598,507
Current liabilities			
Trade and other payables	12	1,298,787	1,044,851
Employee benefits liability	14	35,906	29,001
Dividends payable	17	-	500,000
Payable to related party	15(c)	600,000	-
Current tax liability		319,468	367,251
		2,254,161	1,941,103
Total liabilities		5,346,142	13,539,610
Total equity and liabilities		33,549,379	36,016,484

The accompanying notes form an integral part of this statement of financial position.

PORT DENARAU MARINA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Net profit after tax		3,992,023	2,899,782
Adjustment for non-cash income and expenses:			
Depreciation		1,492,882	1,556,402
Amortisation of deferred cost		76,210	107,520
(Gain)/loss on sale of property, plant and equipment		(2,564,614)	280,296
Movements in provisions		6,905	(734)
Reduction in tax rate		1,734,340	-
(Increase)/decrease in deferred tax asset		(7,139)	36,106
(Decrease) in deferred income tax liability		(2,113,160)	(38,542)
Exchange loss/(gain)		415,260	(499,748)
Working capital adjustments			
(Increase)/decrease in trade and other receivables		(103,445)	144,494
Increase in trade payables		253,791	89,604
Increase in inventory		6,911	13,697
(Decrease)/increase in income tax payable		(47,783)	756,648
Net cash from operating activities		3,142,181	5,345,525
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		27,893	100,000
Acquisition of property, plant and equipment		(1,807,350)	(1,081,102)
Net cash (used in) investing activities		(1,779,457)	(981,102)
Cash flows from financing activities			
Net repayment of related party borrowings**		(2,038,626)	(1,224,082)
Dividends paid		(500,000)	-
Net repayment of interest bearing borrowings		-	(1,969,821)
Net cash (used in) financing activities		(2,538,626)	(3,193,903)
Net (decrease)/increase in cash and cash equivalents held		(1,175,902)	1,170,520
Net cash at the beginning of the year		1,591,742	421,222
Cash at the end of year	6	415,840	1,591,742

** Sale of Mariners' Reach property of $4.17m occurred during the year. This was a non-cash transaction involving reduction in related party borrowings and property, plant and equipment.

The accompanying notes form an integral part of this statement of cash flows.

1.1 Corporate information

Port Denarau Marina Limited (the "Company") is incorporated and domiciled in the Republic of Fiji. The financial statements of Port Denarau Marina Limited for the year ended 31 July 2019 were authorised for issue in accordance with a resolution of the Directors on 25th October 2019.

The Company was listed on the South Pacific Stock Exchange on 14 August 2019.

1.2 Basis of preparation of the financial statements

The financial statements reflect the financial performance of the Company for the trading year from 1 August 2018 to 31 July 2019 and have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

On this basis the financial statements for the year ended 31 July 2019 have been prepared on the basis as a going concern.

The financial statements have been prepared on the basis of historical costs except where stated.

1.3 Functional and presentation currency

These financial statements are presented in Fijian dollars, which is the Company's functional and presentational currency. All amounts have been rounded to the nearest dollar, except when otherwise indicated.

1.4 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, 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 years.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments

The Company has entered into commercial property leases. The Company 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.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Valuation of land based assets

The Directors determine the fair value of land based assets at each balance date with reference to a report by an independent registered valuer engaged by the Company to value the land based assets every three years. The fair value of the Company's land based assets are based on market values, being the estimated amount for which these assets could be exchanged between a willing buyer and a willing seller in an arm's length transaction.

The Directors have used a rate of 6% for capitalisation valuation approach considering: age and location of the property, property type and term of lease, credit worthiness of tenants, availability of similar property in the market and lending rate.

Impairment of financial assets

The Company uses a simplified approach to implement an expected credit loss model for trade receivables given that trade receivables have terms of one year or less and generally no significant financing components. The Company calculates the lifetime expected credit losses as its provision against such receivables.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The fair value less cost to sell calculation is based on available data from binding sales transactions in arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Measurement of fair value

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

1.4 Significant accounting judgments, estimates and assumptions (continued)

Measurement of fair value (continued)

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

1.5 Changes in significant accounting policies

The Company initially applied IFRS 15 and IFRS 9 from 1 August 2018.

a) IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – a point in time or over point in time – requirements judgement.

The Company has adopted IFRS 15 using the cumulative effective method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 August 2018) and applying the requirements to only contracts that are not completed contracts at the date of initial application. Accordingly, the information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements of IFRS 15 have not generally been applied to comparative information.

The adoption of this standard did not have any quantitative impact as at 1 August 2018 of transition to IFRS 15 as all contracts as at 1 August 2018 were determined to have been completed.

b) IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9 Financial Instruments, the Company adopted consequential amendments to IAS 1 Presentation of financial statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Previously, the Company has recorded an impairment loss of $1,701.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The adoption of this standard did not have any quantitative impact as at 1 August 2018 following transition to IFRS 9.

i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (fair value through other comprehensive income) and FVTPL (fair value through profit or loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of "held to maturity" and "loans and receivables".

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company’s accounting policies for financial liabilities.

The following table and accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company’s financial assets and financial liabilities as at 1 August 2018.

Any effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 August 2018 relates to solely the new impairment requirement.

1.5 Changes in significant accounting policies (continued)

i) Classification and measurement of financial assets and financial liabilities(continued)

	Notes	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
Financial Assets					
Cash and cash equivalent	6	Loans and receivables	Amortised cost	1,591,742	1,591,742
Trade receivables	7	Loans and receivables	Amortised cost	878,940	878,940
Prepayment and other receivables	9	Loans and receivables	Amortised cost	773,286	773,286
				3,243,968	3,243,968
Financial liabilities					
Trade payables	12	Other financial liabilities	Other financial liabilities	1,044,851	1,044,851
				1,044,851	1,044,851

ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and loan commitments issued, but not to investments in equity instruments. Under IFRS 9, credit losses are generally recognised earlier than under IAS 39 – see Note 1.6 (d) (i).

For assets in the scope of IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 August 2018 results in no additional allowance for impairment.

Additional information about how the Company measures allowance for impairment is described in Note 21.

iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- The Company has used the exemption note not to restate comparative information for prior years with respect to classification and measurement (including impairment) requirements. Therefore, comparative years have not been restated and is not comparable to the information presented for 2018 under IFRS 9.
- The determination of the business model within which a financial asset is held is an assessment that has been made on the basis of the facts and circumstances that existed at the date of initial application.

1.6 Summary of significant accounting policies

a) Property, plant and equipment

i) Recognition and measurement

With the exception of land based assets (leasehold land, buildings and yacht club), property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 August 2017, the Company's date of transition to IFRS, was determined with reference to its fair value to date.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if probable that the future economic benefits associated with the expenditure will flow to the Company

1.6 Summary of significant accounting policies (continued)

a) Property, plant and equipment (continued)

iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit and loss. Leased assets are depreciated over the shorter of the lease term and their useful life unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative years are as follows:

• Leasehold buildings	1.25%
• Beacons and moorings	12.00%
• Jetties and anchor chains	4.00% - 12.00%
• Motor vehicles	15.00% - 26.00%
• New marina	6.00% - 15.00%
• Plant and equipment	9.50% - 20.00%

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

iv) Land based assets revaluation

Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Upon disposal or derecognition of an asset, any associated revaluation reserve balance is transferred to retained earnings.

b) Investment property

Investment property is initially measured at cost and subsequently at fair value (The Directors determine the fair value of land based assets at each balance date with reference to a report by an independent registered valuer engaged by the Company to value the land based assets every three years) with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property is recognised in the profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

c) Financial instruments

i) Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and measurement

Financial assets – Policy applicable from 1 August 2018

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- 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.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

1.6 Summary of significant accounting policies (continued)

c) Financial instruments (continued)

ii) Classification and measurement (continued)

Financial assets: Business model assessment - Policy applicable from 1 August 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how Directors of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales
- and demonstrate why those sales do not reflect a change in the entity's business model.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets: Subsequent measurement and gains and loss - Policy applicable from 1 August 2018

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets – Policy applicable before 1 August 2018

The Company classified its financial assets as loans and receivable.

Financial assets: Subsequent measurement and gains and loss - Policy applicable before 1 August 2018

Loans and receivables - measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gains or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets In these cases the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.6 Summary of significant accounting policies (continued)

d) Impairment

i) Non-derivative financial assets

Policy applicable from 1 August 2018

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

- The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL.
- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:
    - the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
    - the financial asset is more than 90 days past due.

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Aaa3 or a higher rating per Moody's. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

1.6 Summary of significant accounting policies (continued)

d) Impairment (continued)

i) Non-derivative financial assets

Policy applicable before 1 August 2018

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

The Company considers evidence of impairment for receivables at a specific asset level.

In assessing impairment the Company uses historical information of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss with respect to 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 profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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.

The recoverable amount of an asset or cash-generating unit is the greater 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.

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 groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

e) Inventories

Inventory has been valued at the lower of cost or net realisable value after allowances for damaged and obsolete inventory. Cost is determined on an average cost basis.

f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

1.6 Summary of significant accounting policies (continued)

f) Income tax (continued)

ii) Deferred tax

Deferred 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 tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences are considered based on the business plans for individual subsidiaries in the Company. Deferred 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

h) Foreign currencies

Foreign currency transactions are translated to Fiji dollars at rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies are converted to Fiji currency at the rates of exchange ruling at the balance sheet date. All exchange gains or losses whether realised or unrealised are included in the statement of comprehensive income.

i) Revenue recognition

Policy applicable from 1 August 2018

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Revenue from the sale of goods is recognised at a point in time, when control of the goods have transferred to the buyer, usually on delivery of goods.

Policy applicable before 1 August 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

j) Value Added Tax (VAT)

Revenue, expenses and assets are recognised net of the amount of respective sales tax except:

- where the Value Added Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables that are stated with the amount of Value Added Tax included and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

1.6 Summary of significant accounting policies (continued)

k) Comparatives

Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current year.

l) Deferred cost

Dredging cost incurred is recognised as deferred cost and is amortised over a period of 10 years.

m) Finance costs

Finance costs include interest expense which is recognised using the effective interest method.

n) Share capital

Ordinary shares

Increment costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

o) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

p) Leased assets

Lease of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified under finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and their present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

q) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

r) Earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

1.7 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

IFRS 16: Leases

IFRS 16 was issued in January 2016 and it replaces 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 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounts remains similar to the current standard i.e. Lessors continue to classify leases as finance or operating leases.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Company is yet to perform a detailed impact assessment of IFRS 16. In 2019, the Company will assess the potential effect of IFRS 16 on its financial statements.

2. Revenue and expenses

Other income and expenses include the following for the year ended 31 July 2019:

		2019	2018
		$	**$**
a)	***Revenue from contracts with customers***		
	Berthing	4,236,828	5,126,600
	Terminal	974,150	963,999
	Boat yard and storage	681,534	770,549
	Fuel and other income	541,233	627,217
		6,433,745	7,488,365
b)	***Other income***	**$**	**$**
	Investment property rentals	1,186,633	1,040,238
	Gain on disposal of property, plant and equipment	2,973,856	-
	Unrealised exchange gain	-	499,748
		4,160,489	1,539,986
c)	***Operating expenses***	**$**	**$**
	Auditors remuneration	30,000	8,500
	Unrealised exchange loss	95,180	-
	Realised exchange loss	320,080	-
	Loss on disposal of property, plant and equipment	409,242	280,296
	Other operating costs	2,374,598	2,028,773
		3,229,100	2,317,569
d)	***Salaries and employee benefit expense***	**$**	**$**
	Wages and salaries	644,425	764,829
	Staff training	30,832	7,594
		675,257	772,423

3. Operating segments

The Company does not have any reportable segments.

4. Earnings per share

	2019	2018
	$	$
The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares:		
Profit or loss attributable to ordinary shareholders		
Profit attributable to ordinary shareholders	3,992,023	2,899,782
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	1,000,000	1,000,000
Effect of 1:40 share split at 8 January 2019	21,797,260	-
Total	22,797,260	1,000,000

* There are no dilutive shareholdings.

5. Income tax expenses

		$	$
a)	The amount of income tax attributable to the year differed from the prima facie amount payable on the operating profit. The difference is reconciled as follows:		
	Operating profit before income tax	4,676,768	3,653,994
	Prima facie income tax expense calculated at 20% (2018:20%) on the operating profit	935,354	730,799
	Tax effect of non-deductible expenses (net)	(24,064)	17,922
	Reduction in tax rate from 20% to 10%	(226,440)	-
	Other movement	(105)	5,491
	Income tax expense	684,745	754,212
b)	Tax expense	$	$
	<u>Current income tax</u>		
	Current income tax charge	1,230,649	746,842
	Adjustments in respect of non-deductible differences	(24,064)	17,922
	<u>Deferred income tax</u>		
	Temporary differences relating to future years	(521,840)	(10,552)
	Tax expense	684,745	754,212
c)	Deferred income tax	$	$
	Deferred income tax at 31 July 2019 (2018: 31 July) relates to the following:		
	Allowance for estimated credit loss	170	340
	Provision for employee entitlements	3,591	5,800
	Unrealised exchange loss/(gain)	9,518	(99,950)
	Property, plant and equipment	(1,814,379)	(3,827,588)
	Net deferred income tax liability	(1,801,100)	(3,921,398)
	Represented on the Statement of Financial Position as:	$	$
	Deferred tax assets	13,279	6,140
	Deferred tax liability	(1,814,379)	(3,927,538)
		(1,801,100)	(3,921,398)

** Of this deferred liability amount, $1,734,340 (2018: $3,468,679) relates to revaluations of property which will not be reclassified to profit or loss and for which the movement has been recognised in OCI.

6. Cash and cash equivalents

	2019 $	2018 $
Cash at bank	411,480	1,591,203
Cash on hand	3,365	-
Petty cash	799	343
Imprest account	196	196
Cash at bank and on hand for the purposes of the cash flow statement	415,840	1,591,742

At 31 July 2019, the Company had available $1,500,000 of undrawn committed borrowing facilities.

7. Trade receivables

	$	$
Trade receivables from contracts with customers	636,492	485,629
Less: allowance for expected credit losses	(1,701)	(1,701)
Unearned (pre-billed income) income	406,552	395,012
	1,041,343	878,940

Trade receivables are non-interest bearing and are generally on 30-90 day terms. As at 31 July 2019, $1,701 (2018: $1,701) trade receivables were impaired and were fully provided for. Movements in provision for impairment of receivables were as follows:

Opening balance	1,701	1,701
Closing balance	1,701	1,701

The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired: 30-60 days	60-90 days	>90 days
	$	$	$	$	$
31 July 2019	1,041,343	927,172	96,135	22,729	(4,693)
31 July 2018	878,940	648,932	177,091	52,399	518

8. Inventories

	$	$
Inventories	60,787	67,698

9. Prepayments and other receivables

	$	$
Prepayments	180,728	199,193
Sundry debtors	34,966	97,875
Deferred costs*	422,424	476,218
	638,118	773,286
Disclosed as:		
Current	215,694	407,794
Non-current	422,424	365,492
	638,118	773,286

* Deferred costs relate to dredging costs which are amortised over a ten-year period.

10. Property, plant and equipment

	Leasehold land and buildings	Jetties, beacons and moorings	Plant & equipment, vessels and motor vehicles	Work-in-progress	Total
Cost	$	$	$		$
At 31 July 2017	15,346,725	6,804,942	3,494,727	-	25,646,394
Additions	941,163	75,479	72,380	-	1,089,022
Revaluation**	17,343,395	-	-	-	17,343,395
Transfer to investment property	(10,699,855)	-	-	-	(10,699,855)
Disposals	-	-	(910,045)	-	(910,045)
At 31 July 2018	22,931,428	6,880,421	2,657,062	-	32,468,911
Additions	395,461	81,474	237,574	1,092,841	1,807,350
Transfer to investment property	(92,390)	-	-	-	(92,390)
Disposals	(1,942,663)	-	(166,279)	-	(2,108,942)
At 31 July 2019	21,291,836	6,961,895	2,728,357	1,092,841	32,074,929
Accumulated depreciation					
At 31 July 2017	3,890,744	3,282,852	2,269,734	-	9,443,330
Depreciation charge	930,021	346,364	280,017	-	1,556,402
Transfer to investment property	(2,322,012)	-	-	-	(2,322,012)
Disposals	-	-	(529,644)	-	(529,644)
At 31 July 2018	2,498,753	3,629,216	2,020,107	-	8,148,076
Depreciation charge	920,900	350,940	221,042		1,492,882
Disposals	(309,529)	-	(166,279)	-	(475,808)
At 31 July 2019	3,110,124	3,980,156	2,074,870	-	9,165,150
Carrying amounts					
At 31 July 2018	20,432,675	3,251,205	636,955	-	24,320,835
At 31 July 2019	18,181,712	2,981,739	653,487	1,092,841	22,909,779

**** Revaluation of land based assets**
The fair value of land based assets was determined as a midpoint between depreciated replacement cost and capitalisation approach. The valuation was prepared as at 2 April 2017. The valuation was undertaken by independent valuer Jones Lang LaSalle.

11. Investment Property

	2019	2018
	$	$
Balance at 1 August	8,377,843	-
Reclassification from property, plant and equipment	92,390	8,377,843
Balance at 31 July	8,470,233	8,377,843

Investment property comprises of yacht club and a number of workshop buildings that are leased to third parties with annual rents indexed to consumer prices. Subsequent renewals are negotiated with each lessee. The Directors determine the fair value of the investment property at each balance date with reference to a report by an independent registered valuer engaged by the Company to value the investment property every three years. The last valuation was prepared as at 2 April 2017. The valuation was undertaken by independent valuer Jones Lang LaSalle.

12. Trade and other payables

	2019	2018
	$	$
Trade payables	475,267	262,555
Other payables and accruals	793,825	683,548
VAT payable	29,695	98,748
	1,298,787	1,044,851

13. Share capital

Issued and paid up capital

Number of ordinary shares	40,000,000	1,000,000
Share capital	$1,000,000	$1,000,000

Share split occurred at 8 January 2019. 1 million ordinary shares were split into 40 million ordinary shares. Weighted average number of ordinary shares at year end is disclosed in Note 4.

14. Employee benefits

	$	$
Employee entitlements	35,906	29,001

15. Related party disclosures

a) Ultimate holding company

The ultimate holding company is Skeggs Group Limited.

b) Related party transactions

Key management personnel compensation

	$	$
Short-term employee benefits	376,437	341,500
Post-employment benefits	24,659	20,440
	401,096	361,940

Other related party transactions

During the year the Company had an interest-bearing loan payable to Skeggs Group Limited, with interest expense paid. The Company also sold Mariners' Reach property to Pensell Properties Limited (ultimate holding company being Skeggs Group Limited). Detail as follows:

	$	$
Skeggs Group Limited		
Interest charged on related party payable @4.95%	316,474	507,339
Sale of Mariners' Reach property	4,170,000	-

c) Payable to related party

Skeggs Group Limited	1,877,603	7,670,969
Disclosed as:		
Current	600,000	-
Non- current	1,277,603	7,670,969

16. First time adoption of IFRS

These financial statements, for the year ended 31 July 2019, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 July 2018, the Company prepared its financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized entities (IFRS for SMEs).

Accordingly, the Company has prepared financial statements which comply with IFRS applicable for the year ending on or after 31 July 2019, together with the comparative period data as at and for the year ended, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 August 2017, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its IFRS for SMEs financial statements, including the statement of financial position as at 1 August 2017 and the financial statements as at and for the year ended 31 July 2018.

16. First time adoption of IFRS (continued)

Company's reconciliation of equity as at 1 August 2017 (date of transition to IFRS)

	IFRS for SME'S	Re-Measurements	IFRS as at 1 August 2017
	$	$	$
Current assets			
Cash and cash equivalents	421,222	-	421,222
Trade receivables	1,004,919	-	1,004,919
Inventories	81,395	-	81,395
Prepayment and other receivables	423,112	-	423,112
Income tax receivable	389,397	-	389,397
	2,320,045	-	2,320,045
Non-current assets			
Deferred tax asset	42,246	-	42,246
Property, plant and equipment	16,203,064	-	16,203,064
Prepayment and other receivables	476,209	-	476,209
	16,721,519	-	16,721,519
Total assets	19,041,564	-	19,041,564
Current liabilities			
Trade payables	947,432	-	947,432
Interest bearing borrowings	667,857	-	667,857
Employee benefits liability	29,735	-	29,735
	1,645,024	-	1,645,024
Non-current liabilities			
Deferred tax liability	497,401	-	497,401
Payable to related party	9,394,799	-	9,394,799
Interest bearing borrowings	1,301,964	-	1,301,964
	11,194,164	-	11,194,164
Total liabilities	12,839,188	-	12,839,188
Net assets	6,202,376	-	6,202,376
Equity attributable to equity holders			
Share capital	1,000,000	-	1,000,000
Retained earnings	5,202,376	-	5,202,376
	6,202,376	-	6,202,376

16. First time adoption of IFRS (continued)

Company's reconciliation of equity as at 31 July 2018

	IFRS for SME'S $	Re-Measurements $	IFRS as at 31 July 2018 $
Current assets			
Cash and cash equivalents	1,591,742	-	1,591,742
Trade receivables	878,940	-	878,940
Inventories	67,698	-	67,698
Prepayment and other receivables	407,794	-	407,794
	2,946,174	-	2,946,174
Non-current assets			
Deferred tax asset	6,140	-	6,140
Property, plant and equipment	32,698,678	-	32,698,678
Prepayment and other receivables	365,492	-	365,492
	33,070,310	-	33,070,310
Total assets	36,016,484	-	36,016,484
Current liabilities			
Trade payables	1,044,851	-	1,044,851
Employee benefits liability	29,001	-	29,001
Provisions	500,000	-	500,000
Income tax payable	367,251	-	367,251
	1,941,103	-	1,941,103
Non-current liabilities			
Deferred tax liability	3,927,538	-	3,927,538
Payable to related party	7,670,969	-	7,670,969
	11,598,507	-	11,598,507
Total liabilities	13,539,610	-	13,539,610
Net assets	22,476,874	-	22,476,874
Equity attributable to equity holders			
Share capital	1,000,000		1,000,000
Retained earnings	7,602,158	-	7,602,158
Other components of equity	13,874,716	-	13,874,716
	22,476,874	-	22,476,874

16. First time adoption of IFRS (continued)

Company's reconciliation of total comprehensive income for the year ended 31 July 2018

	IFRS for SME'S $	Re-Measurements $	IFRS as at 31 July 2018 $
Revenue			
Revenue	8,528,603	-	8,528,603
Other income	499,748	-	499,748
	9,028,351	-	9,028,351
Expenses			
Sales and marketing expense	(48,367)	-	(48,367)
Depreciation expense	(1,556,402)	-	(1,556,402)
Operating expenses	(2,494,251)	-	(2,494,251)
Salaries and employee benefits expense	(707,171)	-	(707,171)
Profit from operations	4,222,160	-	4,222,160
Finance costs	(568,166)	-	(568,166)
Profit before income tax	3,653,994	-	3,653,994
Income tax expense	(754,212)	-	(754,212)
Operating profit after income tax	2,899,782	-	2,899,782
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent years (net of tax):			
Revaluation of assets	17,343,395	-	17,343,395
Tax effect of revaluation	(3,468,679)	-	(3,468,679)
Other comprehensive income for the year, net of tax	13,874,716	-	13,874,716
Total comprehensive income for the year, net of tax	16,774,498	-	16,774,498
Total comprehensive income attributable to:			
Owners of the parent	16,774,498	-	16,774,498

17. Dividends payable

	2019 $	2018 $
Balance at 1 August	500,000	-
Arising during the year	-	500,000
Paid during the year	(500,000)	-
Balance at 31 July	-	500,000

18. Expenditure commitments

		$	$
(a)	Capital expenditure commitments	2,804,553	3,457,100
(b)	Operating lease expenditure commitments Future commitments in respect of operating lease are as follows:		
	Within one year	21,670	21,670
	After one year but no more than 5 years	86,680	86,680
	More than 5 years	1,612,609	1,634,279
		1,720,959	1,742,629

The land lease agreement with the Ministry of Lands remains unsigned by the Director of Lands. Commitment is recognised on the assumption of continuity of the land lease agreement. The lease expense recognised in the profit and loss in 2019 was $21,670 (2018: $21,670).

19. Contingencies

		$	$
(a)	**Contingent liabilities**		
	Guarantees and bonds	124,063	124,063

20. Other components of equity (Asset revaluation surplus)

	$	$
Revaluation of land based assets	15,432,973	13,874,716

21. Financial risk management objectives and policies

The Company is committed to the management of risk to achieve sustainability of service to its customers, employment of its staff and profits to its shareholders and therefore, takes on controlled amounts of risk when considered appropriate.

The Company has exposure to the following risks: market risk, liquidity risk, credit risk, operational risk and capital management risk.

Implementation of risk management strategy and the day to day management of risk is the responsibility of the General Manager, supported by management of the Company. The following sections describe the risk management framework components:

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk is to manage and control market risk exposures within acceptable parameters while optimizing the return.

i) Interest rate risk

Fair value interest rate risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. The objective is to manage the interest rate risk to achieve stable and sustainable net interest earnings in the long term.

The Company does not hold any financial instruments except for receivables, payables, and interest bearing financial instruments which mainly pertain to a loan from its parent entity (Note 15) and cash and cash equivalents. Apart from the non-current portion of the interest-bearing related party payable, interest rate risk is minimal as the amortised cost of the remaining financial instruments approximates to fair value due to the short term nature of these financial instruments.

21. Financial risk management objectives and policies (continued)

Market risk (continued)

ii) Currency risk

The Company is exposed to currency risk through its foreign-denominated (New Zealand dollar) related party payable. As the currency in which the Company presents its financial statements is the FJ Dollar, the Company's financial statements are affected by movements in the exchange rates between this currency and the NZ Dollar. The Company does not hedge its exposure to foreign exchange movements.

The summary of quantitative data about the Company's exposure to currency risk is as follows:

	NZD
31 July 2019	**$**
Financial liabilities	
Related party payables	1,277,896
Net statement of financial position exposure	1,277,896

	NZD
31 July 2018	**$**
Financial liabilities	
Related party payables	5,216,259
Net statement of financial position exposure	5,216,259

The following significant exchange rate against FJD was applied during the year.

	Reporting date spot rate	
	2019	**2018**
NZD	0.6806	0.6800

Sensitivity Analysis

A 1% weakening of the FJ dollar at 31 July 2019 and 2018 would have decreased the equity and increased the loss by FJ$8,697 and FJ$35,471 respectively.

iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meets its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Company's financial liabilities are all payable within the next 12 months, except for the non-current portion of the related party payable. The Company has access to cash and cash equivalents at balance date of $415,840.

iv. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognised in profit or loss were as follows:

21. Financial risk management objectives and policies (continued)

iv. Credit risk (continued)

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including their geographic location, trading history with the Company and existence of previous financial difficulties.

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivables which no loss allowance is recognised because of collateral.

Expected credit loss assessment for customers as at 31 July 2019

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers as at 31 July 2019 (all amounts expressed as % of loss rate)

Trade receivables	
Past Due	**Historical loss rate**
<30 days	0%
30-60 days	0%
61-90 days	0%
>91 days	6%

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Cash and cash equivalents

The Company held cash and cash equivalents of $415,840 at 31 July 2019 (2018: $1,591,742). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA-, based on Moody's ratings. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company uses a similar approach for assessment of ECLs for cash and cash equivalents to those securities.

v. Operational risk

The Company's operational risk management framework supports the achievement of the Company's financial and business goals. Operational risk is defined as the risk of economic gain or loss resulting from:

- Inadequate or failed internal processes and methodologies;
- People;
- Systems; or
- External events.

The General Manager is closely involved in the operational management of the Company on a daily basis. The Directors are also required to meet regularly to discuss matters of strengthening the operational environment.

21. Financial risk management objectives and policies (continued)

vi. Capital management

The primary objective of the Company's capital management is to ensure that it mains a strong credit rating and a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 31 July 2019 and 31 July 2018.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital and net debt. The Company includes within net debt total liabilities less cash and cash equivalents. Capital includes equity attributable to equity holders.

	2019 $	2018 $
Total liabilities	5,346,142	13,539,610
Less: cash and cash equivalents	(415,840)	(1,591,742)
Net debt	4,930,302	11,947,868
Total capital	28,203,237	22,476,874
Total capital and net debt	33,133,539	34,424,742

22. Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried on the statement of financial position.

	Carrying amount		Fair value	
	2019	2018	2019	2018
Financial assets	$	$	$	$
Cash and cash equivalents**	415,840	1,591,742	415,840	1,591,742
Trade receivables**	1,041,343	878,940	1,041,343	878,940
Prepayment and other receivables**	638,118	773,286	638,118	773,286
	2,095,301	3,243,968	2,095,301	3,243,968
Financial liabilities				
Trade and other payables**	1,298,787	1,044,851	1,298,787	1,044,851
Dividends payable**	-	500,000	-	500,000
Payable to related party*	1,877,603	7,670,969	1,877,603	7,670,969
Trade and other payables **	3,176,390	9,215,820	3,176,390	9,215,820

* This related party loan payable which matures in November 2020, is interest-bearing at a current nominal interest rate of 4.95% and denominated in New Zealand dollars. Its fair value is based on Level 2 in the fair value hierarchy.

** These are financial assets and liabilities not measured at fair value but for which their carrying value is a reasonable approximation of fair value.

23. Subsequent events

The new administration building is currently under construction and is expected to be completed by November 2019. The Company was listed on the South Pacific Stock Exchange on 14 August 2019.

The Directors resolved on 18 October 2019 to declare a final dividend for financial year 2019 of $900,000 being 2.25 cents per share.

Apart from the exception above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

24. Principal business activities

The principal activities of the Company during the financial year was the operation of a marina and marina related activities at Denarau Island. There were no significant changes to the activities during the year.

25. Company details

Company incorporation

The Company is incorporated in Fiji under the Companies Act, 2015.

Registered office

Denarau Island
P O BOX 023
Port Denarau , Fiji

Principal place of business
Denarau Island
Nadi, Fiji

Number of employees

As at the end of reporting year, the Company employed a total of 23 (2018: 23) employees.

[14]Port Denarau Marina Limited

ADDITIONAL INFORMATION _ SPX LISTING RULES INFORMATION
(NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

1. Shareholding:
a. 31st July 2019
David Skeggs and Bryan Skeggs held a beneficial share of interest in Skeggs Group Ltd, the in 100% shareholder of the company.

b. Distribution of Shareholding

Holding	No of Holders	% Holding
0 – 5,000	0	0
5001 – 10,000	0	0
10,001 – 50,000	0	0
>1,000,000	1	100%
TOTAL	**1**	**100**

c. Top Shareholders

Shareholder Name	No. of Shares	% of Shares
1. Skeggs Group Ltd	40,000,000	100%

2. Share Price Details:
Highest share price during year was - not applicable
Lowest share price during year was - not applicable
Share price at year end was - not applicable

3. Attendance at Board Meetings :

Director	Number of Meetings Entitled to Attend	Number of meetings Attended	Number of Meetings Apology Given
Mr. David Skeggs	4	4	-
Mr. Bryan Skeggs	4	4	-
Mr. Nigel Skeggs (Company Secretary)	4	4	-

4. Share Register

Central Share Registry Limited
Shop 1 and 11
Sabrina Building
Victoria Parade
Suva

PORTDENARAUMARINA

7TH NOVEMBER 2019

NOTICE OF ANNUAL GENERAL MEETING OF PORT DENARAU MARINA LIMITED

DENARAUMARINA

Notice is hereby given that the 1st Annual General Meeting of Shareholders of Port Denarau Marina Limited (the "**Company**"), will be held at Denarau Yacht Club, Port Denarau Marina, Denarau Island, Nadi on Friday, 29th November 2019 at 10am to transact the following business;

AGENDA

ORDINARY BUSINESS:

1. Consideration of Financial Statements:

To receive and consider the audited financial statement including audited consolidated financial statement of the Company for the financial year ended 31 July 2019 together with the reports of the Board of Directors and Auditors thereon.

2. Declaration of Final Dividend:

To declare a final dividend of FJD 2.25 cents per equity share for the financial year ended 31 July 2019.

3. Election of Directors:

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

(a) Re-appointment of David George Skeggs

To appoint David George Skeggs, director of the company, who retires by rotation pursuant to Article 7.3 of the Company's Articles of Association, and being eligible, is re-elected as a director of the Company.

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

(b) Ratification of appointment of Malakai Naiyaga

To ratify the appointment of Malakai Naiyaga (appointed on 16 August 2019), as a director of the Company

PORTDENARAUMARINA

4. **Directors' Fees**

That in accordance with the Companies Act, the total aggregate annual fee payable to Non-Executive Directors of the Company be fixed at the aggregate amount of $300,000 (Tax inclusive), noting the Directors of the Company are entitled to apportion and distribute this aggregate Non-Executive Directors remuneration as they determine providing they do not exceed the aggregate amount previously approved by Shareholders.

5. **Appointment of Auditors**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

Pursuant to provision of Section 422(1) of the Companies Act 2015, Ernst & Young, be and is hereby appointed as the Statutory Auditors of the Company to hold office, from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company and the Board be authorised to fix their remuneration.

The Board of Directors of the Company be and is hereby authorised to take all necessary action to implement the resolution.

SPECIAL BUSINESS:

All other business transacted at an AGM is special business.

Explanatory Notes containing information in relation to each of the above resolutions accompanies the Notice of Meeting.

By order of the Board of Directors.

Josephine Yee Joy
Company Secretary
Dated: 7th November, 2019

Explanatory Notes:

This Explanatory Note is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice of the Annual General Meeting. The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the Notice of Meeting.

Item 1: Consideration of Financial Statements

As required by Section 401 of the Companies Act 2015, the Financial Report, the Directors' Report and the Auditor's Report of the Company for the recently completed financial year will be laid before the meeting. Shareholders will be provided with a reasonable opportunity to ask questions about or make comments on the management of the Company however, there will be no formal resolution put to the meeting.

Questions that cannot be answered at the AGM needs to be addressed through a market announcement by the company within a reasonable timeframe.

Item 2: Declaration of Final Dividend

The Board recommends a final dividend of FJD 2.25 cents per share for the year ended 31 July 2019. The Board has reviewed the latest audited financial statements, current and future financial forecasts and the cash flow statements and therefore has reasonable grounds to believe that the Company is solvent.

Item 3: Election of Directors

The Board proposes that David George Skeggs and Malakai Naiyaga be appointed as Directors of the Company.

The Board considers that each nominee possesses attributes necessary for the development of the Company.

a) David George Skeggs

A citizen of New Zealand, David is the Managing Director of Skeggs Group Limited which has interests in the Maritime, Seafood, Tourism, Wine and Property industries. These investments are either directly owned or with joint ventures partners. He is a director on a number of private sector boards and is the chairman of Barnes Oysters Limited and Bluff Oyster Management Limited. David has extensive experience in all facets of business management including general management, operations, sales, marketing and finance.

He graduated from Otago University with Law and Commerce degrees in 1985 and then joined a chartered accountancy firm before becoming the Financial Manager for

McConnell Group Limited. He joined the family business in 1989, working in a variety of roles before being appointed Managing Director. He is a member of the New Zealand Institute of Directors.

b) Malakai Naiyaga

A citizen of Fiji, Malakai was the Managing Director of BSP Life for over 9 years until January 2019. BSP Life is a long-established life insurance business in Fiji. A vastly experienced financial services senior executive that has held CEO positions in Indonesia and Fiji, Malakai has broad experience in Corporate Leadership, Insurance, Risk Management, Corporate Finance, Investment Management, HR and Strategic Planning. He had served in various management, senior executive, and CEO roles in the Colonial Group in Fiji and Australia from 1987 to 2004 and Commonwealth Bank of Australia Indonesia to June 2010. He has served on several boards. Currently he is Chairman of Richmond Limited, the owners of Sofitel Fiji Resort & Spa, Chairman of Future Farms Limited trading as Rooster Chicken and Chairman of Oceania Hospitals Pacific Limited and sits on other Boards.

Malakai holds a Bachelor of Arts degree in Accounting and Economics from the University of the South Pacific as well as a Post Graduate Diploma in Applied Finance & Investment from the Securities Institute of Australia. He has also completed various risk certification, advanced banking and Leadership training programs. He is a Chartered Accountant member of the Fiji Institute of Accountants and a fellow of the Financial Services Institute of Australasia.

Item 5: Appointment of Auditors

Ernst and Young appointed by the Board pursuant to Section 421 (1) of the Companies Act 2015, holds office until the conclusion of Company's first Annual General Meeting.

Therefore, the Board proposes that in the first Annual General Meeting of the Company Ernst and Young be appointed as auditors of the Company under Section 422(1)(a) of the Companies Act 2015 and the Board be authorised to fix the auditor's remuneration.

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:

1. the Company at Port Denarau, Denarau Island, Fiji; or

2. Share Registry at SPX, Shop 1 and 11, Sabrina Building, Victoria Parade, Suva; or

3. email address: secretary@denaraumarina.com

on or before 10am 27th November, 2019, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Form

Name of the Member: ____

Registered Address: ____

Shareholder Identification Number: ____

I/We, being the member(s) of _____________ shares of the above-named Company, hereby appoint:

1. Name ______________________ of _____________________, or failing that;
2. Name ______________________ of _____________________.

as my/our proxy to attend and vote on a show of hands and poll on your behalf at the 1st Annual General Meeting of the Company to be held on Friday, 29th November 2019 at 10am at Denarau Yacht Club, Port Denarau Marina, Denarau Island and at the adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution Number	Resolutions	*Optional [Mark X]		
		For	Against	Abstain
Ordinary Business				
1.	Consideration of Financial Statements			
2.	Declaration of Final Dividend			
3. (a).	Re-appointment of David George Skeggs as Director			
3. (b)	Ratification of the appointment of Malakai Naiyaga as a Director			
4.	Confirmation of Directors Fees			
5.	Appointment of Auditors			
Special Business				

(Unless otherwise instructed, the proxy may vote as he thinks fit).

Signed this ________ day of ________________ 2019.

Signature of Member(s) _________________ __________________

Notes:

1. *It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For'/'Against'/'Abstain' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

2. If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority to conduct a poll.

3. If a representative of the corporation is to attend the meeting, Annexure K - "Appointment of Corporate Representative" should be filled in. If the Corporate Representative wishes to appoint a Proxy, this Form must be duly filled in.

4. This Proxy Form must be received by the Company at Port Denarau, Denarau Island, Fiji or Share Registry at Shop 1 and 11, Sabrina Building, Victoria Parade, Suva or email address secretary@denaraumarina.com on or before 10am, 27th November, 2019, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

PORTDENARAUMARINA

APPOINTMENT OF CORPORATE REPRESENTATIVE

This form may be used by a company or other body corporate which is a security holder or which has been appointed as a proxy by a security holder.

Insert the name of the body corporate making the appointment

Hereby Appoints:

Insert the name of the appointee

Please note that multiple representatives can be appointed but only one representative may exercise the body corporate's power at any one time.

to act as its representative at ☐ all meetings OR ☐ the AGM to be held on the 29th of November 2019, of Port Denarau Marina Limited.

SIGNATURES – THIS MUST BE COMPLETED

Common Seal (if applicable)	Director	Sole Director/Sole Trader
	Director/Secretary	/ /2019 Date

Information:

In order to be effective, this form must be received by the Company at Port Denarau, Denarau Island, Fiji or Share Registry at Shop 1 and 11, Sabrina Building, Victoria Parade, Suva or email address secretary@denaraumarina.com on or before 10am 27th November, 2019, being not later than 48 hours before the commencement of the meeting, as specified in the relevant company's Articles of Association for receipt of Corporate Representative Appointments. The original of the form will be retained by the company.

A body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of a company's members, creditors or debenture holders. The appointment maybe by reference to a position held provided that the appointment identifies the position.

The appointment must be executed in accordance with the body corporate's Articles of Association and (if applicable) Section 53 of the Companies Act 2015. An appointment maybe a standing one, which will continue until revoked. If more than one representative is appointed, only one representative may exercise the body corporate's power at any one time.

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