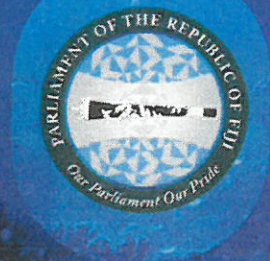




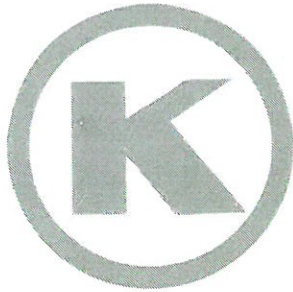
PACIFIC FISHING COMPANY PTE LTD

The Home of Sunbell

2018
ANNUAL REPORT



PARLIAMENTARY PAPER NUMBER 166 OF 2019



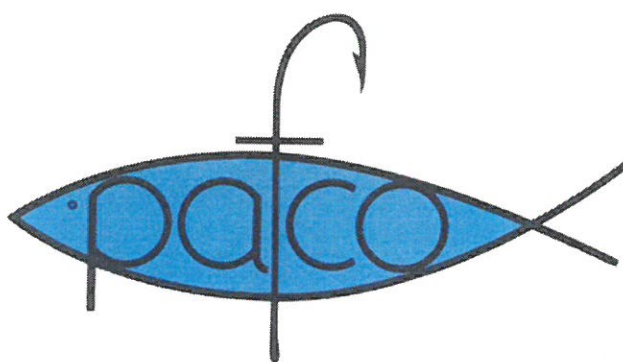
KOSHER
CERTIFICATION



MINISTRY
of Health
Shaping Fiji's Health



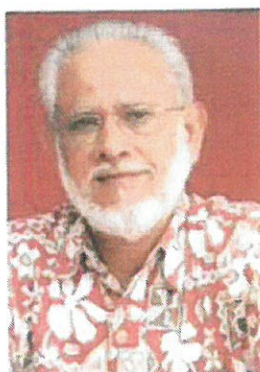
PACIFIC FISHING COMPANY 2018 ANNUAL REPORT



**Pacific Fishing Company Pte Ltd
Annual Report
2018**

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

CHAIRMAN'S REPORT



Dear Shareholders

I am pleased to present our Annual Report for the year ended 31st December 2018.

2018 saw a milestone achievement when the Prime Minister visited the factory in August to officially open the new cold storage facility. The new cold storage with 4000MT capacity has been built to replace the old. This was a very special occasion for PAFCO as we were also able to host several staff members who were at PAFCO when the company first started some 55 years ago.

PAFCO has continued its efforts to improve the infrastructure, plant and equipment and the company's financial status.

On the infrastructure side, a new seamer machine to seal the tops of our canned products and a faster, more efficient can washer were installed to increase the capacity of the canning operations.

The challenges faced in previous years have continued with the lack of raw material being the major challenge. Supply has been inconsistent and this has forced the factory operations to adjust its processing throughput to match incoming supply. More worrying is the fact that this trend is set to continue. To meet this challenge, the company has started to look at the option of processing other species of Tuna for new customers and also to boost its canning operations to fill the local market demands and new export opportunities.

The seasonal dry weather condition and its impact on the supply of fresh water to the factory continue to be a challenge. When water supply is low, factory operations have to be curtailed in order to balance water supply for the factory and to other consumers on the island. We have been advised that the Water Authority of Fiji is upgrading the dam facility, and increasing the size of the pipes serving the town and the factory. An erratic production schedule due to low Tuna supply has caused issues with our workers' union. The union executives have referred the matter to the Tribunal.

During the year, the Company recruited a Human Resources Manager to replace the outgoing incumbent, and the company's long serving Financial Controller resigned to migrate to New Zealand. Retaining trained and qualified personnel is also a continuing challenge faced by the company.

If it had not been for the write-off the old cold storage facility, PAFCO would have had a moderately successful 2018. However, 2019 will be much more challenging. Global growth is expected to slow down, and investment is forecasted to be subdued. Improved raw material supply is the key to our problems, and if our traditional supplier is unable to provide the

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

required quantity of fish, the company will need to source fish from somewhere else. That is the reality of the situation.

PAFCO remains the “backbone” of the Lomaiviti Province and will continue, in the immediate future, to be the major economic activity supporting and providing employment opportunities and progress and development in the province.

The company has continued to work with the Ministry of Public Enterprises and the Ministry of Fisheries, FRCS and other agencies to seek guidance and to get import/export data.

On behalf of the Board, I wish to thank all our stakeholders and PAFCO staff for their support. My personal thanks go to my fellow directors for their ideas to move the company forward.

Vinaka Vakalevu



Chairman

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

CHIEF EXECUTIVE OFFICER'S REPORT

Dear Shareholders



"Every day you discover something new that is a new problem or a new opportunity to fit these things together a little differently." – *Steve Jobs*

The year 2018 saw opportunities and challenges. The completion of the construction works on the new 4000MT cold storage facility and the successful commissioning was a major achievement. This project has seen the construction of the single largest structure on the Island. The cold storage is equipped with modern electrical and electronic control systems and compressors. The official opening had a large Government delegation led by the Hon Prime Minister on the Island. The people of Ovalau and the nearby Islands also had an opportunity to meet the Government delegation.

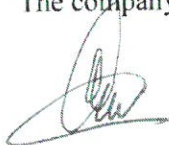
The company has invested in a number of new equipment and machinery – a new 40MT stainless steel oil tank was installed as a holding tank for food grade oil used in the canned Tuna process. A new Seamer and a can washer machine were purchased and installed. As part of ongoing plant safety improvements, a new fire alarm system was also installed in the entire factory.

2018 has been a challenging year for PAFCO. The company's sales fell by 4%. There was 2% increase in total revenue despite the reduction in sales, the receipt of insurance claim for TC Winston added to the revenue. Expenses increased by 8% causing a loss for the 2018 financial year.

PAFCO is a strong manufacturing company with excellent opportunities for growth. Our strategy is clear and well understood and our customers appreciate the knowledge, expertise and commitment of our people. There has been a growth in the demand for canned Sunbell Products in the market.

Tuna is one of the best natural proteins that is rich in nutrients and is a good and healthy product for alternative protein. Markets for Tuna evolve with the supply and demand functions and are also altered by the changes in the lifestyle of the consumers. There are new consumption trends emerging and consumer preferences mostly follows the trends. It is anticipated that the demand for canned Tuna products will continue to grow.

The company holds great pride in being the "**Home of Sunbell**"



PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PAFCO History

Pacific Fishing Company Pte Ltd (PAFCO) has been in existence for over 55 years. PAFCO's operations began in the mid-1950s as a joint venture between the Fiji Government and the Japan Ministry of Trade and Commerce. It was incorporated in 1963 as a private company and continued as such until the Government of Fiji acquired almost full ownership in 1987 from the Japanese company C. Itoh. The Government of Fiji now holds 99.6% of issued capital with 0.4% held by private shareholders.

The principal activities of the company are loin processing for export, and Tuna canning for local and overseas markets. The processing plant is based in Levuka, Ovalau with the executive headquarters located in Suva. PAFCO signed a 7-year Tuna loining processing agreement in 2002 with Bumble Bee Foods, following the successful operation of the initial loin processing agreement with Bumble Bee Foods from 1998. The agreement has since been extended three times, with the current extension effective 2017 for a period of 10 years.

PACIFIC FISHING COMPANY LIMITED- SHAREHOLDERS				
	NAME	ADDRESS	SHARES	AMOUNT
1 (a)	GOVERNMENT OF FIJI	MINISTRY OF FINANCE	750 000	1 500 000 00
1 (b)	GOVERNMENT OF FIJI	MINISTRY OF FINANCE	750 000	1 500 000 00
2	GOVERNMENT OF FIJI	MINISTRY OF FISHERIES	864 478	1 728 956 00
	GOVERNMENT OF FIJI	MINISTRY OF FINANCE	5 000 000	10 000 000 00
3	JULIA ELIZABETH JENKINS	QUEENSLAND, AUSTRALIA	1 200	2 400 00
4	VENU GOPAL NAIDU	LAUCALA BEACH ESTATE	500	1 000 00
5	ESTATE OF RUSKIN WARD TRANSFERRED TO VENU GOPAL NAIDU	14 BAKA PLACE, LAUCALA BEACH ESTATE	500	1 000 00
6	JOHN JOSEPH McDENMOTT	NORTH BONDI, SYDNEY, AUSTRALIA	1 000	2 000 00
7	ESTATE OF J R McGOWAN	C/- PEAT MARWICK, SUVA	7 000	14 000 00
8	TRUSTEES OF ESTATE OF J R McGOWAN AS TRUSTEE FOR B&M MORGAN	C/- PEAT MARWICK, SUVA	990	1 980 00
9	COSTELLO LIMITED	C/- BP TRUSTEE CO LTD, SUVA	4 500	9 000 00
10	ESTATE OF V COSTELLO	C/- BP TRUSTEE CO LTD, SUVA	22	44 00
11	ESTATE OF DANIEL MURRAY	LEVUKA, FIJI	112	224 00
12	ESTATE OF R A RICKETS c/- Tom Rickets	P O BOX 15106, SUVA	500	1 000 00
13	ESTATE OF SIR HENRY M SCOTT	C/- W. SCOTT & CO, SUVA	3 000	6 000 00
14	J MANEK LAL & SONS	P O BOX 310, LEVUKA	112	224 00
15	ESTATE OF F B BLAKEY	C/- PRICEWATERHOUSECOOPERS	700	1 400 00
16	ESTATE OF MARION B BLAKEY	C/- RUDD WATTS & STONE, AUCK NZ	300	600 00
17	ON WAH CHANG & CO LTD	11-29 WAIMANU ROAD, SUVA	1 000	2 000 00
18	ESTATE OF EMMA DORA PATTERSON	C/- David Patterson, 150 Bideford St Torquay Harvey Bay-4655, Qld Aust	1 625	3 250 00
19	GEORGE HENRY PATTERSON	LEVUKA, FIJI	337	674 00
20	H J PATTERSON	LEVUKA, FIJI	337	674 00
21	ESTATE OF A ROBINSON	C/- MUNRO LEYS & CO	100	200 00
22	LADY M K FALVEY	PACIFIC HARBOUR, DEUBA	1 000	2 000 00
23	VENU GOPAL NAIDU	LAUCALA BEACH ESTATE, SUVA	225	450 00
24	KISSUN DAYAL	LEVUKA, FIJI	112	224 00
25	YEE JOY & CO	29 CUMMING STREET, SUVA	500	1 000 00
26	J W C SWORD	PAGO PAGO, AMERICAN SAMOA	225	450 00
27	K HARGOVIND T/A GULABDAS & SONS	LEVUKA, FIJI	112	224 00
28	FUJIAN DEVELOPMENT BOARD	SUVA, FIJI	9 513	19 026 00
	TOTAL		7 400 000	\$ 14 800 000 00
Shares held by Government - 99.65%			7,373,991	\$14,747,982.00
Share Held by Others - 0.35%			26,009	\$52,018.00

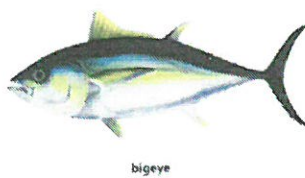
PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PAFCO Operations

PAFCO processes whole round Tuna (Albacore and Skipjack) into cooked frozen Tuna loins



yellowfin



bigeye



albacore



skipjack

and produces canned products.

The cooked Tuna loins are

vacuum-packed, frozen and

palletised for shipment. The

process involves initial receipt of

raw fish into cold storage that

operates at around -22 degrees

Centigrade. The whole round

fish are dispatched to the

thawing area to be thawed

evenly. This process takes

between 8 to 10 hours depending on the size of the fish. The fish is then gutted and washed before being cooked using steam. The fish is cooled before being moved to the cleaning tables.

At the cleaning table the fish is skinned, de-boned and carefully loined for further packaging and refrigeration prior to shipment. Loin processing is labour intensive and most often carried out in low labour-cost areas. Loin cleaning and throughput per cleaner is critical and is highly dependent on the quality objective and productivity of the cleaners. The species, size of the fish and the experience of the cleaners is also critical. Percentage yield is based on the amount of usable Tuna meat recovered after the cleaning process. The waste stream (guts, skin, bones, heads, tails) from the entire processing operation is sent to the fish meal plant where fish oil is first extracted before the remains are dried and converted to fish meal.

PAFCO is a relatively large organization by Fijian standards. The production process is complicated and involves a lot of manual work. Accordingly, a number of key employees are required. Ovalau and the surrounding islands have a population of about 9,000 and the majority of the workforce comes from this area.

PAFCO's canned Tuna products are:

PAFCO Canned Products	
Product Name	Product Content
Sunbell Red	Albacore Red Flakes in Soya Oil
Old Capital Special	Albacore White Flakes in Soya Oil
Old Capital Special Premium	Albacore Chunk in Soya Oil
Ovalau Blue Premium	Skipjack Flakes in Soya Oil
Ovalau Blue Chili	Sunbell Red with Chili added
Sunbell White	Skipjack Chunk in Brine
Sunbell Yellow	Skipjack or Yellowfin Chunk in Soya Oil
Sunbell Yellow Chili	Sunbell Yellow with Chili added
Ovalau Blue Garlic & Jalapino	Skipjack Flakes in Soya Oil with Garlic & Jalapino added
Koro Sea	Skipjack flakes in Soya Oil
Reshma Chili Tuna	Sunbell Yellow Chunk in Chili

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

Corporate Statements

These have been developed after extensive consultation with management and staff representatives

Core Business

PAFCO's Core Business:

PAFCO's core business is loining of Tuna for Bumble Bee Foods.

The secondary components of PAFCO's operations are canning and fishmeal production. Fish oil extraction is done by a third party.

PAFCO Core Business in 5 years:

PAFCO's core business will continue to be "loining of Tuna".

However, the client base will be broadened. The expanded/broadened operations will also include more value adding, increased canning, expansion of PAFCO's product range, and possible canning for contracted customers. The fishmeal production and fish oil extraction will continue.

PAFCO Vision

A competitive producer and growing exporter of quality Tuna products

Mission

To achieve our vision, we will:

- Become the most efficient producer of quality Tuna products,
- Provide a safe and healthy workplace and comply with local and international regulatory standards,
- Ensure that our activities are environmentally friendly and sustainable,
- Remain the preferred equal opportunity employer in Ovalau and the Lomaiviti province.

Slogan

'PAFCO, the home of Sunbell'

Values

1. Accountability and Transparency
2. Integrity and Fairness
3. Customer Focused
4. People Focused
5. Safety and Security Conscious
6. Doing the Right Thing
7. Consideration of all stakeholders

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

Corporate Social Responsibility

PAFCO, being the premier industry on the island of Ovalau, recognises and accepts that our social, environmental and ethical conduct has an important impact on the community. The company is relied upon by the local populace to assist and contribute to socio economic development beyond its statutory role and obligations. PAFCO therefore takes a serious approach on its social responsibilities to the employees, the local communities and the environment, whilst maintaining clear focus on its strategic business objectives and statutory obligations.

Capital Based Growth

PAFCO has been investing in the development and maintenance of its infrastructure, plant and equipment. The continued investments have allowed PAFCO to increase capacity and improve efficiency. Some of the capital developments include:

- New Equipment - upgraded loining and canning equipment
- Plant upgrade – infrastructural upgrades
- Fire Alarm system for the factory
- New fences and gates
- Upgrade seawall in the vicinity of the new cold storage
- Solar lights for the perimeter.

There are plans to develop new housing facilities for staff.

Capacity Based Growth

The local demand for PAFCO canned products especially for Sunbell Red brand is in excess of the current supply. Any additional Sunbell Red produced can easily be sold within the local market.

PAFCO intends to invest more funds into purchasing more Tuna to be used for the production of canned products for local sales.

PAFCO will also explore opportunities to develop export markets for canned Tuna products.

Financial Strategies

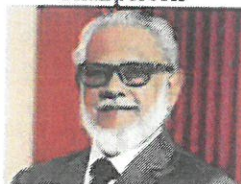
PAFCO has secured the required funding for some of the capital works.

PAFCO has effectively managed its relationship with the major customer - Bumble Bee Foods, its largest shareholder, the Fiji Government - and this is reflected by the assistance received by PAFCO from both parties for PAFCO's capital works funding. When issues do arise, they are openly discussed and amicably resolved.

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

Board of Directors

Chairperson



Mr. Ikbal Jamif

Director



Ratu Etonia Seru

Director



Bhupendra Kumar

Senior Management

Chief Executive
Officer



Bhan Pratap Singh

Financial Controller &
Company Secretary



Arveen A Chand

Human Resource
Manager



Kelera Ratinaisiwa

Automotive
Manager



Jagbir Singh

Production
Manager



Ashok Kumar

Raw Material &
Logistic Manager



Thomas McGoon

Assistant Quality
Control Manager



Vasiti Komainalovo

Maintenance
Manager

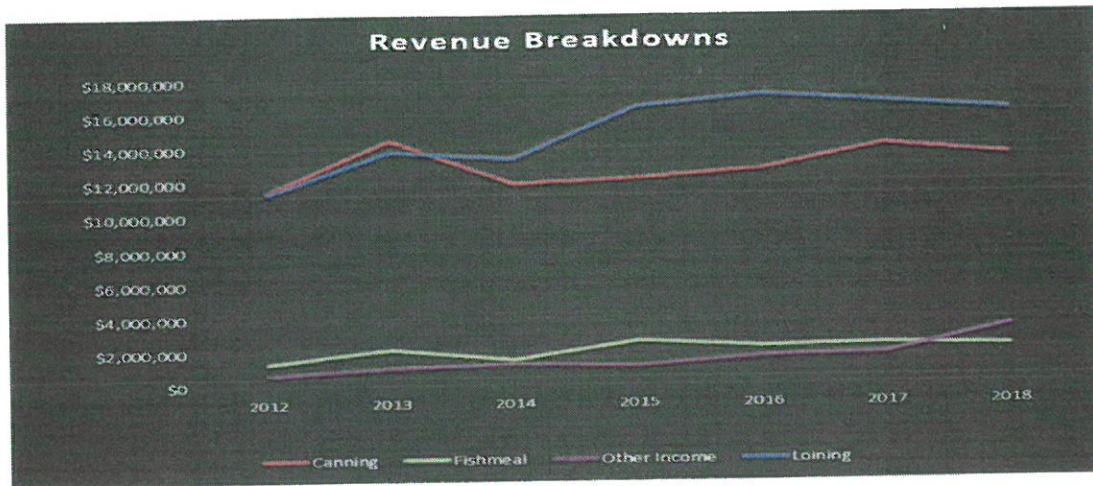


Rolando Yambao

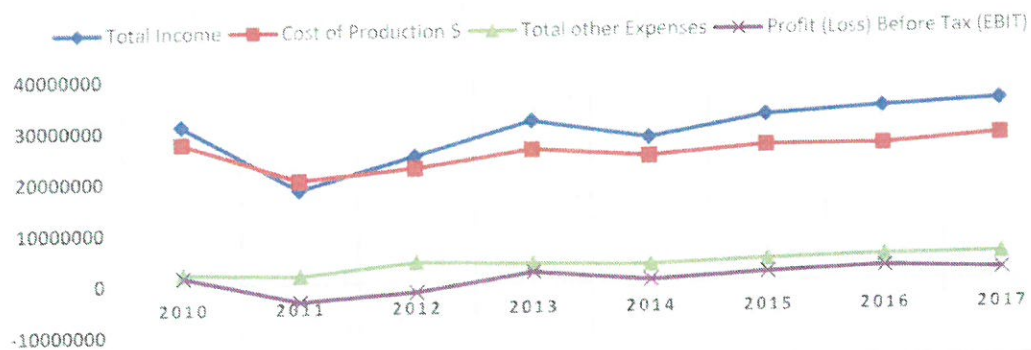
Note: Arveen Chand (Financial Controller & Company Secretary) resigned on 14th December 2018

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

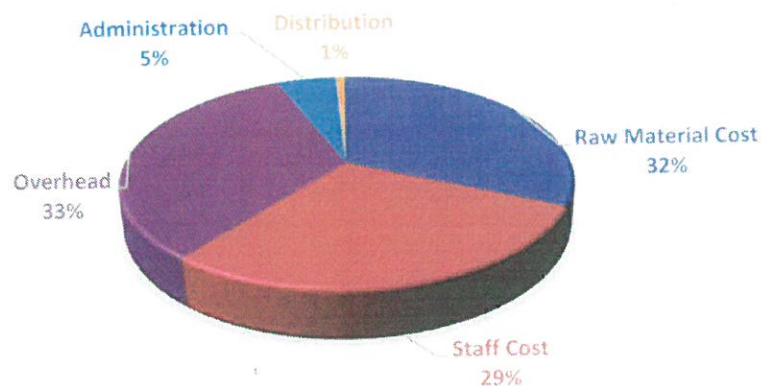
Current Trends



REVENUE, COST OF PRODUCTION, OTHER EXPS, & EBIT TRENDS

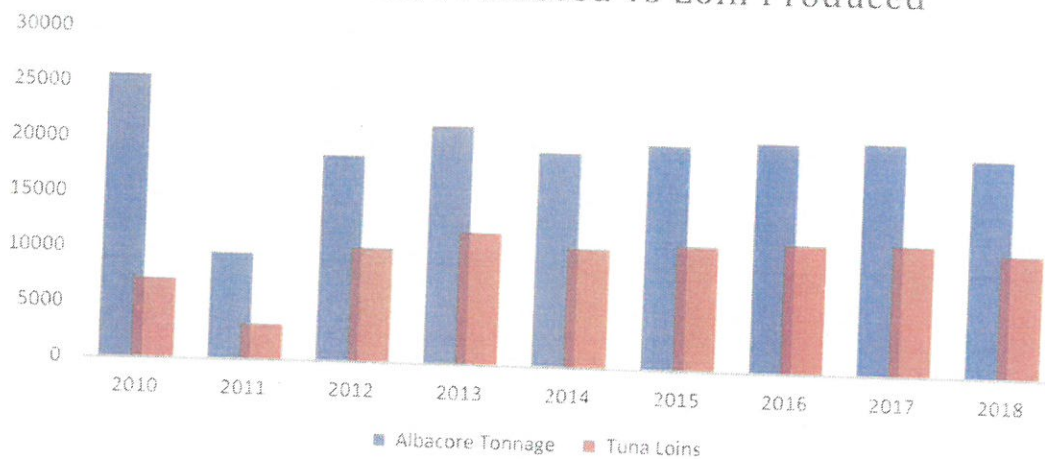


2018 COST DISTRIBUTION

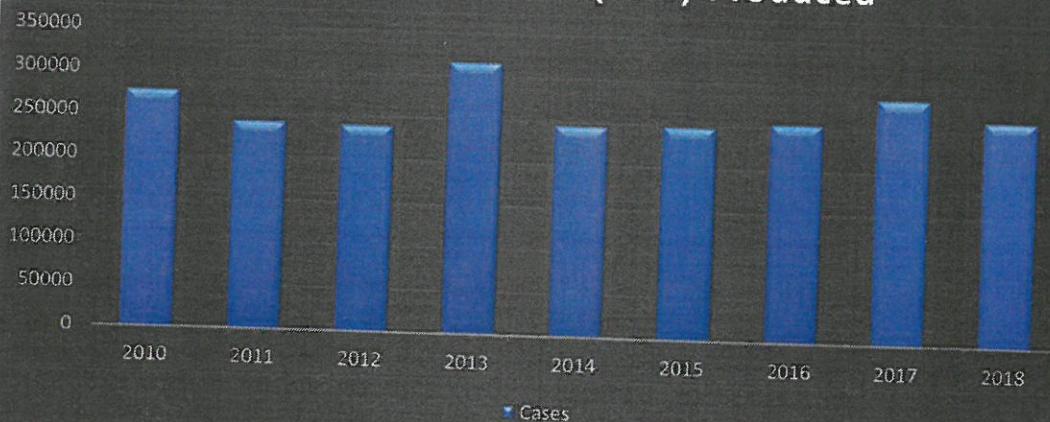


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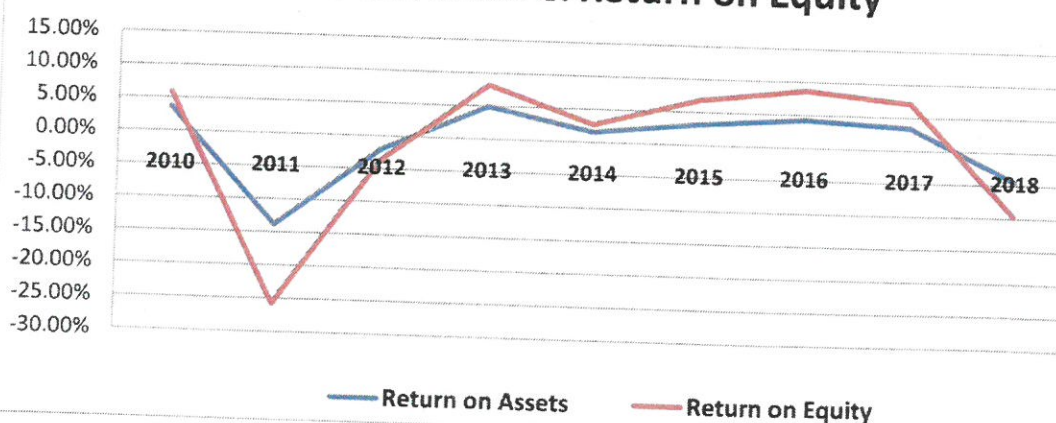
Bumble Bee Fish Processed vs Loin Produced



Canned Tuna - Cases(48's) Produced

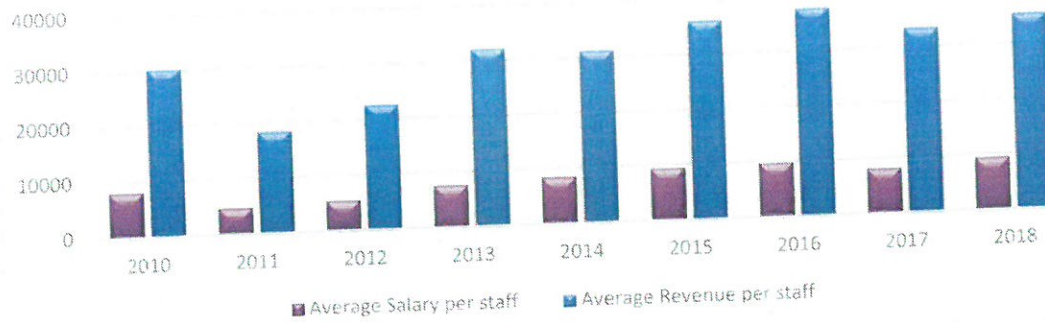


Return on Assets & Return on Equity

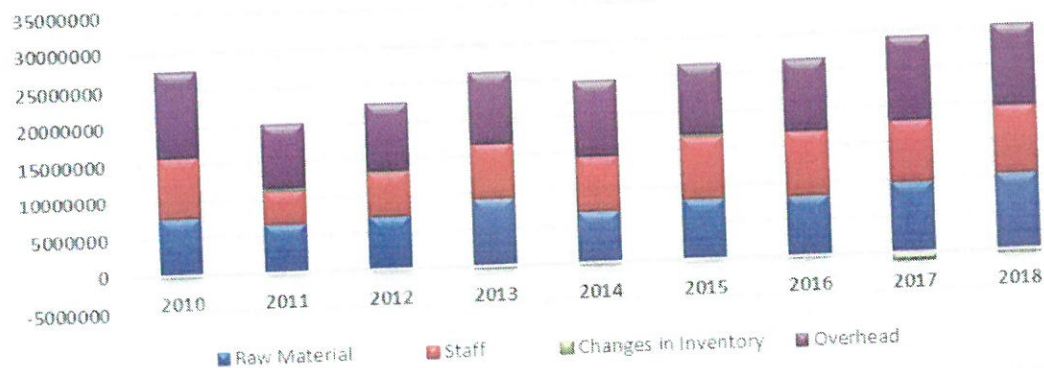


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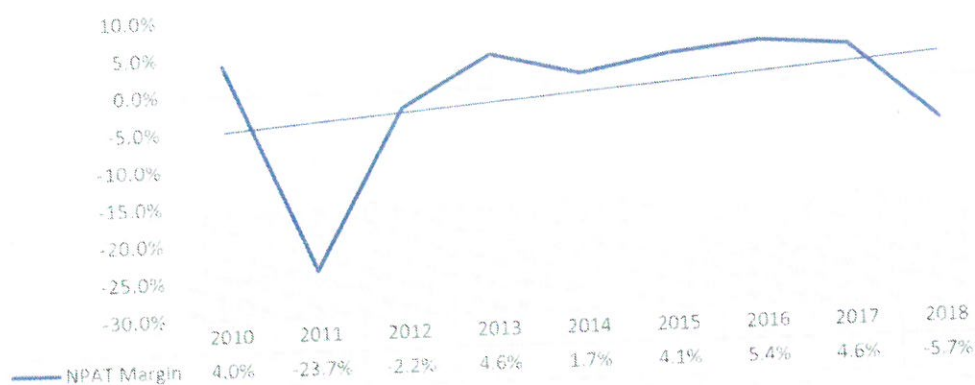
Average Staff Salaries vs Average Revenue per staff



Production Costs by Category



NPAT (Loss) Margin



PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

2018 Performance Framework

Measure	Definition	Target	Achieved
Revenue	Total \$ value of sales	\$35,051,064	\$35,285,224
Loin Processing Fee	\$ Value	\$17,629,322	\$16,170,467
Canned Products	\$ Value	\$13,829,200	\$13,482,808
EBIT Margin	EBIT / Total Revenue	5.40%	-6.78%
Expense to revenue	Exps / Revenue	93.00%	107%
Net Profit (NPAT)	Revenue less expenses	\$188,422	-\$2,008,898*
NPAT Margin	NPAT/Total Revenue	5.40%	-6.78%
Return on Assets	Net Profit / Total Average Assets	4.10%	-4.47%
Return on Equity	Net Profit/Total Equity	8.20%	-9.76%
Cost of Production (COP)	All production exps	\$30,696,247	\$29,926,611
COP Margin	COP/ Total Revenue	87.50%	85%
Operational			
Throughput	Overall Tonnes Processed	22,677	20,964
Albacore	Tonnes Processed	22,000	19,765
Canned Products	Cases Produced	320,000	262,254
Compliance	Non - Financial Audits	95%	95%
Plant reliability (Uptime)	Possible vs actual	98.0%	98.00%
Operational audits	Ratings or scores	96.50%	87%

Notes:

*The net loss of \$2,008,898 includes the write-off of the old cold storage which had a written down value of \$2,185,340.

NPAT – Net Profit After Tax (Profit after incorporating tax expenses or tax credit for the year)

Compliance Audit - to determine the extent of PAFCO's adherence to rules and regulation.
Example: USFDA (United States Food and Drug Association), SQF (Safe Quality Food), COSTCO (OHS Audit), MOH (Ministry of Health), MSC (Chain of Custody Audit).

Operational Audit – is an examination of how PAFCO conducts its business, with the objective of pointing out areas requiring continuous improvements.
Example: Internal Audit

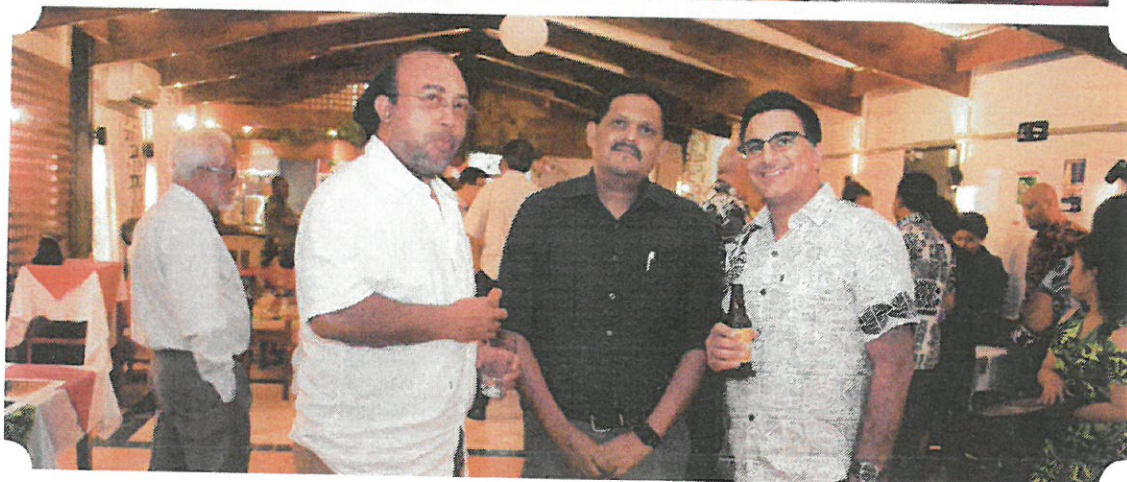
PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

Opening of New Cold Storage by Honourable Prime Minister



PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

Celebrating opening of the cold storage in Suva

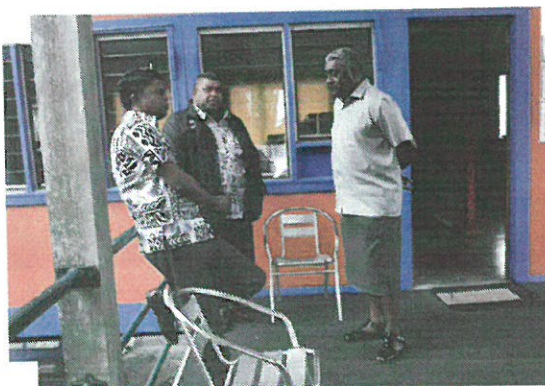


PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

Board Meeting – September 2018



Annual General Meeting – November 2018



PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

2018 Strategic Planning Meeting



PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

OFFICE OF THE AUDITOR GENERAL Excellence in Public Sector Auditing



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19 September 2019

Mr. Ikbal Jannif
The Chairman
Pacific Fishing Company PTE Limited
11 Baka Place
Laucala Beach Estate
NASINU

Dear Mr. Jannif

AUDITED FINANCIAL STATEMENTS PACIFIC FISHING COMPANY PTE LIMITED FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2018

Audited financial statements for Pacific Fishing Company PTE Limited for the year ended 31 December 2018 together with my audit report on them are enclosed.

Particulars of the errors and omissions arising from the audit have been sent to Management for necessary actions.

Yours sincerely

Ajay Nand
AUDITOR-GENERAL

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' REPORT

The Directors herewith submit the statement of financial position of the Pacific Fishing Company Pte Limited as at 31 December 2018, the related statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date and report as follows:

Directors

The Directors of the company during the financial year and up and until the date of this report are:

Directors

Ikkal Jannif (Chairman)
Bhupendra Kumar - Member
Ratu Etonia Seru - Member

Principal Activities

The principal activities of the company in the course of the year were processing, loining and canning of fish for local and overseas markets and there has been no significant change in these activities during the year.

Results

The loss for the year was \$2,008,898 (2017: Profit of \$1,619,257) after providing for income tax credit of \$381,686 (2017: income tax expense of \$197,990)

Dividends

The Directors did not declare or propose any dividends to be paid for the year ended 31 December 2018.

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 realise in the ordinary course of business their values as shown in the accounting records of the company. Where necessary, these assets have been written down or adequate allowance 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.

Basis of Accounting

The Directors consider the Company to be a going concern. The directors believe that the basis of preparation of the financial statement is appropriate and the Company will be able to continue in operation for at least 12 months from the date of this report.

Unusual Transactions

In the opinion of the Directors, the results of the operations of the company during the financial year were not affected substantially by any item, transaction or event of a material and unusual nature (apart from those already disclosed) 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.

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' REPORT [CONT'D]

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, 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:

- a) no charge on the assets of the company has been given since the end of the year to secure the liabilities of any other person;
- b) no contingent liabilities have arisen since the end of the year for which the company could become liable; and
- c) 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 which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

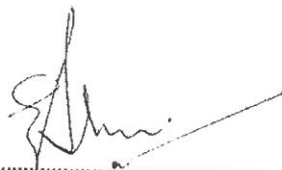
Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those disclosed in the financial statements as emoluments) 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.

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

Dated this 18 day of Sep 2019.


.....
Director


.....
Director

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED DIRECTORS DECLARATION

The declaration by the directors is required by the Companies Act 2015.

The directors of the Company have made a resolution that declares:

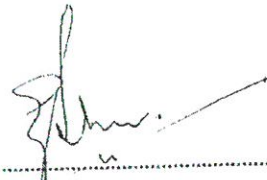
- a) In the opinion of the directors, the financial statements of the company for the financial year ended 31 December 2018:
 - i) comply with International Financial reporting Standards and give a true and fair view of the financial position of the company as at 31 December 2018 and of the performance and cash flows of the company for the year ended 31 December 2018; and
 - ii) have been prepared in accordance with the Companies Act 2015.
- b) At the date of this declaration, in the opinion of the directors, 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 of Directors and in accordance with a resolution of the Directors.

Dated this *18th* day of *Sept* 2019.



Director



Director

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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INDEPENDENT AUDITOR'S REPORT

PACIFIC FISHING COMPANY PTE LIMITED

Opinion

I have audited the financial statements of Pacific Fishing Company PTE Limited, which comprise the statement of financial position as at 31 December 2018, 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 my opinion, the accompanying financial statements give a true and fair view of the financial position of Pacific Fishing Company PTE Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Without qualifying the financial statements, reference is made to Note 5 of the financial statements which explains the financial risk management objectives and policies of the Company. The Company does not have documented Risk Management Policies in place to ensure compliance.

Other Matters

- Recommendations from the Internal Audit on areas relating to internal controls and governance have not been fully implemented which increases the risk of material misstatement in financial reporting and fraudulent activities.
- Internal controls in the area of payroll needs to be strengthened to avoid risk of any fraudulent payments.

Responsibilities of the Management and Directors for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, Companies Act, 2015 and the Public Enterprise Act, 1996 and for such internal control as the management determines is necessary to enable the

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management intend to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 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 management's and directors' use of 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

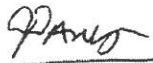
PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

I communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

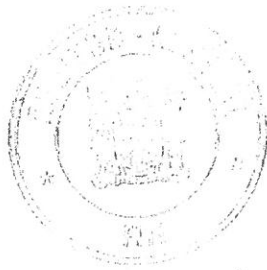
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2015 and the Public Enterprise Act, 1996, in my opinion:

- a) proper books of account have been kept by the Company, so far as it appears from my examination of those books,
- b) the accompanying financial statements:
 - a. are in agreement with the books of account; and
 - b. to the best of my information and according to the explanations given to me, give the information required by the Fiji Companies Act, 2015 and the Public Enterprise Act, 1996 in the manner so required.



Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
19 September, 2019

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 \$	2017 \$
Revenue	7.1	31,864,121	33,183,538
Operating Costs:			
Raw materials and consumables used		(10,286,473)	(9,562,519)
Changes in inventories of raw materials and finished goods		401,298	1,031,896
Distribution costs		(227,203)	(373,453)
Staff and employee benefits		(9,345,329)	(8,737,381)
Other operating expenses		(12,333,212)	(12,574,257)
Depreciation and amortization Expense		(3,120,118)	(2,848,952)
Finance costs	7.2(b)	(579,410)	(88,237)
Total Operating Expenses		(35,490,447)	(33,152,903)
Total Operating (Loss)/profit		(3,626,326)	30,635
Add Other Income	7.1	3,421,106	1,795,050
Less Non-Operating Expense			
Loss on disposal of fixed assets		(2,185,364)	(8,438)
Total Non-Operating Expense		(2,185,364)	(8,438)
(Loss)/ Profit before income tax		(2,390,584)	1,817,247
Income tax credit/ (expense)	8(a)	381,686	(197,990)
(Loss)/ Profit for the year after tax		(2,008,898)	1,619,257
Other comprehensive income		-	-
Total comprehensive loss/ income for the year		(2,008,898)	1,619,257

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

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share Capital	Retained Earnings	Total
	\$	\$	\$
Balance as at 31 December 2016	14,800,000	6,341,373	21,141,373
Profit for the year	-	1,619,257	1,619,257
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,619,257	1,619,257
Balance as at 31 December 2017	14,800,000	7,960,630	22,760,630
Effect of adoption of new IFRSs	-	(165,457)	(165,457)
Loss for the year	-	(2,008,898)	(2,008,898)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(2,174,355)	(2,174,355)
Balance as at 31 December 2018	14,800,000	5,786,275	20,586,275

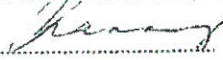
PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 \$	2017 \$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	35,189,714	36,545,104
Intangible asset	10(a)	43,560	---
Deferred tax assets	8(b)	595,648	214,074
Total non-current assets		35,828,922	36,759,178
CURRENT ASSETS			
Inventories	12	4,445,821	5,951,803
Trade receivables	9	3,116,717	2,554,867
Prepayments and other receivables	11	1,241,082	1,061,527
Cash on hand and at bank		284,495	907,679
Advance tax paid		374,906	---
Total current assets		9,463,021	10,475,876
TOTAL ASSETS		45,291,943	47,235,054
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	18	14,800,000	14,800,000
Retained earnings		5,786,275	7,960,630
Total shareholders' equity		20,586,275	22,760,630
NON CURRENT LIABILITIES			
Deferred income	16	6,551,108	4,224,436
Borrowings	14(a)	13,514,442	14,198,569
Total non-current liabilities		20,065,550	18,423,005
CURRENT LIABILITIES			
Trade and other payables	13	2,520,864	3,396,332
Borrowings	14(b)	2,027,437	2,202,929
Income tax payable	8(a)	-	374,796
Provisions	15	91,817	77,362
Total current liabilities		4,640,118	6,051,419
Total liabilities		24,705,668	24,474,424
TOTAL EQUITY AND LIABILITIES		45,291,943	47,235,054

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

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


 Director


 Director

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 Inflows/ (Outflows) \$	2017 Inflows/ (Outflows) \$
Cash flows from operating activities			
Receipts from customers		33,122,476	32,283,398
Insurance Proceed		2,220,183	458,716
Payments to suppliers and employees		(32,055,519)	(31,399,790)
Net cash provided by operating activities		3,287,140	1,342,324
Cash flows from investing activities			
Payments for property, plant and equipment		(4,167,720)	(4,045,659)
Proceed from sale of fixed asset		26,200	31,239
Net cash used in investing activities		(4,141,520)	(4,014,420)
Cash flows from financing activities			
Repayment for Term Loan		371,423	209,989
Net cash provided in financing activities		371,423	209,989
Net decrease in cash and cash equivalents		(482,957)	(2,462,107)
Cash equivalents and overdraft at the beginning of the year		(529,766)	1,932,341
Cash equivalents and overdraft at the end of the year	16 (a)	(1,012,723)	(529,766)

The accompanying notes form an integral part of the statement of cash flow.

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1. GENERAL INFORMATION

Pacific Fishing Company Pte Limited ("the Company") is a limited liability company incorporated and domiciled in Fiji under the Companies Act, 2015. Its principal activities, registered office and principal place of business are disclosed in note 25 and note 26 to the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 18th Sept 2019.

NOTE 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Standards and Amendments issued but not yet effective

The following standards and amendments to existing standards have been published and are not yet mandatory effective as at 31 December, 2018 and the company has not early adopted them. The company intends to adopt these standards, interpretations and amendments, if applicable, when they become effective.

- IFRS 16, Leases (effective from 1 January, 2019)

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of Compliance

The financial statements of Pacific Fishing Company Pte Limited have been prepared in accordance with the provisions of the Companies Act 2015 and International Financial Reporting Standards ("IFRS").

b) Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention using the accounting policies described below and except where stated do not take into account current valuations of non-current assets.

In the application of IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Basis of preparation (cont'd)

The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in note 5.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

c) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

d) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

e) Cash and cash equivalents

For the purpose of Statement of Cash Flow, cash and cash equivalents comprise of cash on hand, cash in banks and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdraft. Bank overdrafts are shown within interest bearing borrowing in current liabilities in the statement of financial position.

f) Comparatives

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

g) Deferred Income

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match them with the related costs which the grants are intended to compensate.

Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Employee benefits

Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date.

Annual leave

The liability for annual leave is recognised in the provision for employee entitlements. These benefits are expected to be settled within 12 months and are measured at their nominal values using the remuneration rate expected to apply at the time of the settlement.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

i) Financial Assets

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The company currently holds the following categories of financial assets:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' disclosed in the statement of financial position (note 8 and note 10).

j) Foreign Currency Transactions

Functional and presentation currency

The company operates in Fiji and hence its financial statements are presented in Fiji dollars, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Amount payable and receivable in foreign currencies at balance date are converted at rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss in the period in which they arise.

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Impairment

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

l) Income Tax

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences and the eligible tax losses can be utilized.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

m) Inventories

Inventories comprising of raw fish, semi-processed and canned fish and spares are valued at the lower of cost or net realizable values. Cost is based on the weighted average cost method. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Allowance for inventory obsolescence is raised based on a review of inventories. Inventories considered obsolete or un-saleable are provided for in the year in which they are identified.

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY LTD LIMITED NOTES TO THE FINANCIAL STATEMENTS [CONT'D] FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefits of incentives are recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

o) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of a replaced part is de-recognized. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Freehold land is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold land	1.25% - 2.5%
Leasehold land and improvements	1.25%
Building	2.5%
Plant, machinery and equipment	10% - 20%
Motor vehicles	18%
New Cold Storage 4000MT	5%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) Property, plant and equipment (Cont'd)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

p) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

q) Revenue recognition

Following are the revenue accounting policies that apply to Pacific Fishing Company in accordance with IFRS 15.

Sale of products

The Company sells processed loin and a range of canned fish products to wholesale and retail customers. A sale is recognised when control of the product has transferred, being when the product has been delivered to or collected by the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the product has been shipped to the location specified by the customer and the customer accepts the product.

Revenue from sales is recognised based on the arrangement agreed between the customer and the Company. The arrangements in place do not commit customers to purchasing a specified quantity or type of product nor commit the Company to deliver the same but set out the terms and conditions that apply between the parties at the time an order is placed by a customer and accepted by the Company. The terms and conditions cover, as appropriate to the customer, pricing, settlement of liabilities, return policies, provision and servicing of equipment and any other negotiated performance obligations.

No element of financing is present in the pricing arrangement. Settlement terms range from cash-on-delivery to credit terms ranging from 7 to 60+ days. Terms reflect negotiations with customers, policies, procedures and controls held by each business unit as it relates to customer credit risk.

For customers who purchased on credit, a receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Financing Components

The Company does not have any contracts where the period between the transfer of the promised product or services to the customer and payment by the customer exceeds one year. Consequently, the

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED NOTES TO THE FINANCIAL STATEMENTS [CONT'D] FOR THE YEAR ENDED 31 DECEMBER 2018

Company does not adjust any of the transaction prices for the time value of money.

r) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

s) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward looking expected credit loss (ECL) approach.

Doubtful receivables are determined using an expected credit loss approach whereby trade and other receivables that share the same or similar credit risk characteristic and debt ageing are grouped and then assessed for collectability as a whole.

t) Trade and Other Payables

Trade payables and other accounts payable are recognized when the company becomes obliged to make future payments resulting from the purchase of goods and services.

u) Value Added Tax

Revenues, expenses and assets are recognized net of the amount of Value Added Tax (VAT), except:

- i) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognized as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognized inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

v) Government Grant

All government grant or assistance received will be capitalized accordingly.

NOTE 4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONT'D)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial Instruments: classification and measurement; impairment; and hedge accounting.

The Company has opted to use the modified retrospective approach when implementing IFRS 9. Relevant balances were recalculated at initial application date of 1 January 2018. The impact of the standard was material and has been included in current year profit. Consequently, opening retained earnings was also restated.

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 had a significant impact on the Company. There were changes in the designation and measurement basis of debt and equity instruments held by the Company which come into the scope of IFRS 9.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon the adoption of IFRS 9, the Company recognised additional impairment on the Company's Trade receivables of \$165,457 which resulted in a decrease in opening retained earnings. Impairment losses do not reduce the carrying amount of debt instruments at fair value through OCI in the statement of financial position, which remains at fair value.

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONT'D)

Set out below is the reconciliation of the ending balances in accordance with IAS 39 to the opening balances determined in accordance with IFRS 9:

	Balance 31/12/17	Re-measurement Increase/(decrease)	Balance 01/01/18
Allowance for estimated credit loss	-	165,457	165,457
Bumble Bee loan	4,195,564	279,373	4,474,937
Retained earnings	7,960,630	(165,457)	7,795,173
Deferred revenue	-	(279,373)	279,373

The company has an interest free promissory note accounted for as a Bumble Bee Loan. The loan repayment is based on an established formula and is linked to volume of loins processed by the Company. Notional interest based on the Company's incremental borrowing rate has been retrospectively calculated and recognized on the balance sheet as of 1 January 2018, being the adoption date of IFRS 9. Interest arising out of the difference between the zero-rated promissory note and the Company's incremental borrowing rate is recognized in Deferred Revenue and released when interest expense is incurred.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Based on Company's assessment, there is no impact from IFRS 15 in the statement of financial position as at 1 January 2018 and 31 December 2018 and no impact in the statement of Financial Statements for the year ended 31 December 2017.

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 5. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, price risk and regulatory risk), credit risk, liquidity risk and capital risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by management committee under policies approved by the Board of Directors. The committee identifies and evaluates financial risks in close co-operation with the company's operating units. The Board provides written policies for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

- (a) Market risk
- (i) Foreign exchange risk

The company undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities at the end of reporting period are as follows:

	Liabilities		Assets	
	2018	2017	2018	2017
	F\$	F\$	F\$	F\$
US Dollar	771,888	248,786	2,222,418	1,013,218
Australian Dollar	113,225	319,205	523	38,791
New Zealand Dollar	38,419	295,909	39,599	242,409

Foreign currency sensitivity analysis

The company is mainly exposed to the currency of USA, Australia and New Zealand.

The following table details the company's sensitivity to a 10% increase and decrease in Fiji dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. If the FJD strengthen/ weaken by 10% against the USD, AUD and NZD with all other variables held constant, pre- tax profit impact is as follows:

	USD currency impact		AUD currency impact		NZD currency impact	
	2018	2017	2018	2017	2018	2017
	F\$	F\$	F\$	F\$	F\$	F\$
Profit or (loss)						
- Strengthen	(85,765)	(27,643)	(12,581)	(35,467)	(4,269)	(32,879)
- Weaken	70,172	22,617	10,293	29,019	3,493	26,901

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PACIFIC FISHING COMPANY PTE LIMITED NOTES TO THE FINANCIAL STATEMENTS [CONT'D] FOR THE YEAR ENDED 31 DECEMBER 2018

(ii) Cash flow and fair value interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

The company is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed closely by the executive management within the approved policy parameters.

(iii) Price risk

The company does not have investments in equity securities and hence is not exposed to equity securities price risk.

(iv) Regulatory risk

The salaries and wages payable to workers are subject to Wages Regulations issued by Manufacturing Industry Wages Council.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management on a regular basis. Ongoing credit evaluation is performed on the financial condition of accounts receivables.

The company has significant credit risk exposure to its largest customers, Punja& Sons Limited and Bumble Bee (note 8). To mitigate risk exposure with these two counterparties, company has entered into trading agreements for timely settlement of credit. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's minimum exposure to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet its present obligations.

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 5. FINANCIAL RISK MANAGEMENT (CONT'D)

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
At 31 December 2018	\$	\$	\$	\$
Borrowings	1,897,217	2,203,005	4,432,371	8,100,000
Trade and other payables	2,525,109	-	-	-
At 31 December 2017				
Borrowings	1,502,029	2,500,000	3,399,469	9,000,000
Trade and other payables	3,396,182	-	-	-

(d) Capital risk

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents and short term deposits. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2018 and 2017 were as follows:

	2018	2017
	\$	\$
Total borrowings including bank overdraft (note 13)	16,250,299	16,401,498
Less: Cash on hand and at bank	(284,494)	(907,679)
Net debt	15,965,805	15,493,819
Redeemable preference shares	3,000,000	3,000,000
Ordinary shares	11,800,000	11,800,000
Total equity	14,800,000	14,800,000
Total capital (total equity plus net debt)	30,765,805	30,293,819
-Gearing ratio (net debt / total capital x 100)	52%	51%

PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In application of the company's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year and in future are discussed below.

(a) *Estimated Impairment of Property, Plant and Equipment*

The company assesses whether there are any indicators of impairment of property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. For the year ended 31 December 2018, no provision for impairment has been made in the company's books as the company reasonably believes that no indicators for impairment exist.

(b) *Allowance for stock obsolescence*

Allowance for stock obsolescence is assessed and raised on a specific basis based on a review of inventories. Inventories considered obsolete or un-serviceable are written off in the year in which they are identified.

(c) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses and benefits arising from temporary differences to the extent that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely and level of future taxable profits together with future planning strategies. Further details are contained in Note 7(b).

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 7. REVENUE AND EXPENSES

	2018	2017
	\$	\$
7.1 Revenue and other income		
Revenue	31,864,121	33,183,538
Other income		
Realised and Unrealised exchange gain	88,200	568,538
Release of deferred income	577,622	266,796
Rent income	61,099	71,922
Insurance proceed	2,220,183	458,716
Service income	311,614	310,560
Miscellaneous income	162,387	118,518
Total other income	3,421,106	1,795,050
Total revenue	35,539,072	34,978,588

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attaching to the grant.

7.2 Other Expenses

(a) Charging as expenses

Auditors' remuneration for		
- Audit fees - external	30,910	15,000
- Audit fees - internal	20,000	15,475
Depreciation and amortisation of plant, machinery and equipment	3,267,984	2,848,952
Directors fees	25,000	25,000
Fiji National Provident Fund contribution	845,075	741,592
Loss on sale of fixed asset	2,185,364	8,438
Operating lease	54,000	54,000
Salaries, wages, TPAF and other allowances	9,468,683	8,577,660

(b) Finance cost

Interest on overdraft	27,867	32,421
Interest on promissory note	253,846	-
Interest on loans	297,697	55,816
	579,410	88,237

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 8. INCOME TAX (EXPENSE) / BENEFIT	2018	2017
	\$	\$
a) The prima facie tax payable on profit is reconciled to the income tax expense as follows:		
Loss/ Profit before income tax	(2,390,584)	1,817,247
Prima facie tax benefit/(expense) thereon at 20% (2017: 20%):	478,117	(363,449)
Tax effect of permanent differences:		
Income and expense not deductible for tax	(86,099)	23,290
Tax effect of temporary differences relating to prior years	27,054	142,169
Restatement of deferred tax asset	(37,386)	-
Income tax credit/ (expense)	381,686	(197,990)
Income tax expense comprises movements in:		
Deferred tax assets	381,576	176,806
Current tax payable	110	(374,796)
	381,686	(197,990)
b) Deferred tax assets		
Deferred tax assets comprise of the estimated future tax benefit at future income tax rate of the following items:		
Provision for employee entitlements	18,363	15,472
Provision for estimated credit loss	47,000	-
Unrealised exchange loss	491	180
Unrealised Exchange Gain	(133)	(491)
Difference in cost base of property, plant and equipment for accounting and tax purpose	81,185	198,913
Tax losses carried forward	448,741	-
Deferred tax assets	595,647	214,074

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PACIFIC FISHING COMPANY PTE LIMITED NOTES TO THE FINANCIAL STATEMENTS [CONT'D] FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 9. TRADE RECEIVABLES	2018	2017
	\$	\$
Trade receivables	3,351,718	2,554,867
Expected credit loss	(235,001)	-
	3,116,717	2,554,867

Trade receivables are non-interest bearing and are generally on 30-90 days term. Movements in the Expected Credit Loss for receivables were as follows:

	2018	2017
	\$	\$
At 1 January	-	-
Expected credit loss due to implementation of IFRS 9	165,457	-
Charge for the year	69,544	-
At 31 December	235,001	-

Trade receivable amounting \$2,946,586 (2017: \$2,360,820) at year end was due from Punjas & Sons Limited and Bumble Bee being Pacific Fishing Company Pte Limited's largest customer (note 4 (b)). There are no other customers who represent more than 5% of the total balance of the trade receivables.

As at 31 December, the ageing analysis of trade receivables for the company is as follows:

Past due					
	Total	Current	30 - 60 days	60 - 90 days	>90 days
	\$	\$	\$	\$	\$
2018	3,351,718	2,089,770	1,186,247	66,141	9,560
2017	2,554,867	2,287,738	108,965	116,705	41,459

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment were shown at valuation as per the company's Board of Directors in prior years. With the adoption of IFRS, property, plant and equipment are recorded at deemed cost.

PAFCO land

Cost:

At 1 January	307,459	111,445
Addition	-	196,014
At 31 December	307,459	307,459

Leasehold land and improvements

Cost:

At 1 January	27,412,452	27,525,932
Additions	28,273	3,486
Disposal	(54,975)	(116,966)
At 31 December	27,385,750	27,412,452

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
Depreciation and impairment:		
At 1 January	14,942,271	14,429,069
Depreciation charge for the year	868,041	630,168
Disposal	(54,975)	(116,966)
At 31 December	15,755,337	14,942,271
Net written down value - leasehold land and improvements	11,630,413	12,470,181
<i>Plant, machinery and equipment</i>		
Cost:		
At 1 January	27,498,124	26,439,082
Transfer to Intangible Assets	(159,156)	-
Additions	18,938,682	1,344,441
Disposals	(6,317,038)	(285,399)
At 31 December	39,960,612	27,498,124
Depreciation and impairment:		
At 1 January	20,738,203	18,893,027
Transfer to Intangible Assets	(158,934)	-
Depreciation charge for the year	2,260,798	2,090,899
Disposals	(4,105,497)	(245,723)
At 31 December	18,734,570	20,738,203
Net written down value - Plant, machinery and equipment	21,226,042	6,759,921
<i>Motor vehicles</i>		
Cost:		
At 1 January	1,055,156	901,957
Additions	258,214	153,199
Disposals	(73,478)	-
At 31 December	1,239,892	1,055,156
Depreciation and impairment:		
At 1 January	735,388	607,502
Depreciation charge for the year	137,703	127,886
Disposals	(73,478)	-
At 31 December	799,613	735,388
Net written down value - Motor vehicles	440,279	319,768
<i>Work In Progress</i>		
Cost:		
At 1 January	16,687,775	14,339,256
Additions	2,192,230	2,348,519
Transfer(Capitalize)	(17,294,484)	-
At 31 December	1,585,521	16,687,775

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PACIFIC FISHING COMPANY LTD LIMITED NOTES TO THE FINANCIAL STATEMENTS [CONT'D] FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Total property, plant and equipment

Cost:

At 1 January	72,960,966	69,317,697
Additions	21,417,399	4,045,659
Disposals/Transfer to Intangible assets	(23,899,131)	(402,365)
At 31 December	70,479,234	72,960,991

Depreciation and impairment:

At 1 January	36,415,862	33,929,598
Depreciation charge for the year	3,266,542	2,848,953
Disposals	(4,392,884)	(362,689)
At 31 December	35,289,520	36,415,862

Net Written Down Value - Total Property, Plant and Equipment	35,189,714	36,545,104
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NOTE 10(a)

INTANGIBLE ASSET

Cost:

At 1 January	-	-
Transfer from Plant, Machinery and Equipment	159,156	-
Additions	44,780	-
Disposals	-	-
At 31 December	203,936	-

Depreciation and impairment:

At 1 January	-	-
Transfer from Plant, Machinery and Equipment	158,934	-
Amortisation charge for the year	1,442	-
Disposals	-	-
At 31 December	160,376	-

Net written down value - Intangible Asset	43,560	-
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NOTE 11. PREPAYMENTS AND OTHER RECEIVABLES

	\$	\$
Prepayments	257,086	403,787
Staff debtors	30,148	6,202
Deposits	23,942	23,942
VAT receivable	898,261	99,515
Work in progress - loan fees receivable	31,647	528,081
Total prepayment and other receivables	1,241,082	1,061,527

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
NOTE 12. INVENTORIES		
Stores	619,525	763,562
Finished goods	1,838,170	1,436,872
Raw materials	1,988,126	3,751,369
Total inventories at the lower of cost and net realizable value	<u>4,445,821</u>	<u>5,951,803</u>

The amount of write-down of inventories recognised as an expense is nil (2018: nil).

NOTE 13. TRADE AND OTHER PAYABLES

Trade creditors	2,375,335	3,157,984
Other accruals	145,529	238,348
Total trade and other payables	<u>2,520,864</u>	<u>3,396,332</u>

Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Trade payables are non-interest bearing and are normally settled on 30 - 60 days term.

NOTE 14. BORROWINGS

	Effective interest rate		
14(a) - Non-Current Liabilities			
Interest Bearing Borrowing	4.5%	1,003,005	1,003,005
Bumble Bee Loan		3,511,437	4,195,564
Government Loan	4%	9,000,000	9,000,000
		<u>13,514,442</u>	<u>14,198,569</u>

- (i) In 2015, PAFCO took a loan from Government of Fiji for the new 4,000MT cold storage which was completed in early 2018.
- (ii) Bumble Bee gave an interest free loan to PAFCO to upgrade PAFCO's plant facility. Notional interest has been calculated on the note and included as part of deferred income. The unwound balance of deferred interest is included as part of deferred income in Note 16

14(b) Current Liabilities

Bumble Bee Loan		730,220	700,900
Bank overdraft	4.5%	1,297,217	1,437,445
Insurance Loan - ANZ		-	64,584
		<u>2,027,437</u>	<u>2,202,929</u>

The bank overdraft facility and borrowings from ANZ are subject to interest at the rate of 4.5%. Bank overdraft and borrowings are secured by:

- (i) a registered equitable mortgage by company over all the assets and including uncalled capital; and
- (ii) a letter of charge and undertaking by the company over certain native and crown lease land (approximately 4 acres of land including reclaimed section with sea wall on one boundary with a large building of block construction comprising ground floor and first floor)

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PACIFIC FISHING COMPANY PTE LIMITED NOTES TO THE FINANCIAL STATEMENTS [CONT'D] FOR THE YEAR ENDED 31 DECEMBER 2018

14(c) Capitalization of Borrowing Costs

Amount of Borrowing Cost Capitalized	4%		360,000
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NOTE 15. PROVISIONS

Annual leave	91,817	77,362
Total provisions	91,817	77,362

NOTE 16. DEFERRED INCOME

The company received a grant from AIDAB in 1992 amounting to \$13,374,380, \$200,000 from Ministry of Finance in 2015 and from Ministry of Industry and Trade in 2014 amounting to \$190,690 for the acquisition of fixed assets, which has been depreciated and amortised as follows during the years. In 2018, company received a grant from Ministry of Economy (Department of Public Enterprise) as approved in budget for the construction of seawall. In 2018, seawall construction was still under WIP status, thus this has not been depreciated and amortised.

Notional interest on the zero rated promissory note has also been included in this account and interest is released to the profit and loss when interest is incurred on the promissory note balance.

Grants received	15,324,703	13,765,070
Amortisation:		
At 1 January		
Effect of adoption of new IFRS	(9,540,634)	(9,273,838)
Released to profit or loss	1,344,561	-
At 31 December	(577,622)	(266,796)
	(8,773,595)	(9,540,634)
Net deferred income	6,551,108	4,224,436

NOTE 17. NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balance with banks. Cash and cash equivalents included in the statement of cash flow comprise of the following amounts:

Cash on hand and at bank	284,494	907,679
Bank overdraft (note 13)	(1,297,217)	(1,437,445)
Total cash and cash equivalents	(1,012,723)	(529,766)

b) Financial Facilities

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 18. SHARE CAPITAL

	2018	2017
	\$	\$
<u>Issued and Paid-up Capital</u>		
5,900,000 ordinary shares	11,800,000	11,800,000
1,500,000 5% redeemable preference shares	3,000,000	3,000,000
	<u>14,800,000</u>	<u>14,800,000</u>

On 29 November 2002 the authorised capital was increased by 6,500,000 ordinary shares and the paid up capital was increased by 5,000,000 ordinary shares.

On 29 November 2002, at the company annual general meeting, shareholders resolved that:

- redeemable preference shares do not have voting rights;
- redeemable preference shares are not cumulative; and
- redeemable preference shares will be redeemed at cost plus 5%.

NOTE 19. CONTINGENT LIABILITIES

Bank guarantee and others at year-end: \$ 558,051 (2017: \$558,051).

NOTE 20. EXPENDITURE COMMITMENTS

(a) Capital commitments

Capital commitments approved by the Board but not committed	10,732,372	12,537,830
	<u>10,732,372</u>	<u>12,537,830</u>

b) Operating lease commitments

The company has entered into commercial lease for Luthi Machinery and Suva office. The lease for Suva office has an average life of 10 years with renewal option included in the contract. The lease for Luthi Machinery is an open lease. There are no restrictions placed upon the company by entering into these leases:

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

Not later than one year	322,852	96,648
Later than one year and not later than two years	322,852	66,900
Later than two years and not later than five years	968,556	66,900
Later than five years	1,460,822	1,431,137
	<u>3,075,082</u>	<u>1,661,585</u>

NOTE 21. OPERATING LEASE INCOME

The company has given its properties under operating leases to the customers on normal commercial terms and conditions on monthly rentals.

Future operating lease income not provided for in the financial statements and receivable:

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Not later than one year	61,487	71,922
Later than one year and not later than two years	-	-
	61,487	71,922

NOTE 22. RELATED PARTY TRANSACTIONS

(a) Shareholding

For the financial year ended as at 31 December 2018, the shareholding of PAFCO is as follows:

Name	Ordinary Shares held in trust for	2018 (\$)	2017 (\$)
Permanent Secretary	Ministry of Agriculture & Fisheries (864,478 Shares) and Ministry of Economy (6,500,000 Shares)	11,728,956	11,728,956
Others	Others (35,522 Shares)	71,044	71,044
		11,800,000	11,800,000

(b) Directors

The names of persons who were Directors of the company at any time during the financial year are as follows:

Ikbal Jannif - Chairman
Bhupendra Kumar
Ratu Etonia Seru

(c) Transactions with Related parties

Transactions with related parties during the year ended 31 December 2018 with approximate transaction value are summarized as follows:

Transaction type	2018 (\$)	2017 (\$)
Directors fees	25,000	25,000

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PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 22. RELATED PARTY TRANSACTIONS (CONT'D)

(d) Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The remuneration of the key management personnel (CEO, FC, RML Manager, HRM, Assistant QC Manager, Production Manager, and Project Manager) during the year was as follows:

	2018	2017
	\$	\$
Short term employee benefits	516,712	400,023
Post-employment benefits	27,900	27,900
	<u>544,612</u>	<u>427,923</u>
Number of employees	995	1,045

NOTE 23. EVENTS SUBSEQUENT TO BALANCE DATE

There were no events subsequent to balance date.

NOTE 24. INSURANCE

Property, plant and equipment at the company's factory building and processing plant situated in Levuka are adequately insured for risk of losses.

NOTE 25. PRINCIPAL ACTIVITIES

The principal activities of the company during the year were processing loin and canning of fish and there has been no significant change in these activities during the year.

NOTE 26. COMPANY DETAILS

Company Incorporation

The company was incorporated in Fiji under the Companies Act, 2015.

Registered Office and Principal Place of Business

The registered office and principal place of business of the company is located at:

Beach Street
Levuka

NOTE 27. COMPARATIVES

Where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

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PACIFIC FISHING COMPANY PTE LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Revenue		
Loining	16,170,467	16,659,231
Canning	13,482,808	14,173,552
Others	2,210,846	2,350,755
	<u>31,864,121</u>	<u>33,183,538</u>
Less: Cost of distribution		
Distribution cost	<u>227,203</u>	<u>373,453</u>
Less: Cost of production		
Direct materials	10,286,473	9,562,519
Direct labor	9,345,329	8,439,735
Overheads	<u>13,816,226</u>	<u>13,798,264</u>
	<u>33,675,231</u>	<u>31,800,518</u>
(Less)/ Add movement in stock	<u>(401,298)</u>	<u>(1031,896)</u>
Net cost of sales	<u>33,273,933</u>	<u>31,142,075</u>
Gross (Loss)/ Profit	(1,409,812)	2,041,463
Gross (Loss)/ Profit %	-4.4%	6.2%
Add: Non-operating income		
Release of deferred income	577,622	266,796
Miscellaneous income	535,102	501,000
Realised Exchange Gain	87,533	566,081
Unrealised Exchange Gain/(Loss)	666	2,457
Insurance Proceed	<u>2,220,183</u>	<u>458,716</u>
	<u>3,421,106</u>	<u>1,795,050</u>
Less: Non-operating expense		
Repair & Maintenance - Cyclone damages	-	458,716
Loss on Sale of Fixed Asset	<u>2,185,364</u>	<u>8,438</u>
Net trading and operating result	<u>(174,070)</u>	<u>3,369,359</u>
Less		
Administration expenses - (Transfer from page 35)	1,637,102	1,463,875
Finance costs - (Transfer from page 35)	<u>579,410</u>	<u>88,237</u>
	<u>2,216,512</u>	<u>1,522,112</u>
Profit/(loss) before income tax	<u>(2,390,584)</u>	<u>1,817,247</u>





PACIFIC FISHING COMPANY 2018 ANNUAL REPORT

PACIFIC FISHING COMPANY PTE LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Administration Expenses		
Advertisement	16,756	10,964
Audit fees – external	30,910	15,000
Audit fees – internal	20,000	15,475
Bank charges	41,961	46,652
Board meetings	5,663	7,096
Computer expenses	41,396	46,660
Consulting fees	159,244	100,834
Depreciation	147,867	129,108
Directors fees	25,000	25,000
Electricity	112,594	127,814
Entertainment	19,721	21,400
FNPF contributions	42,368	37,080
General	635	20,998
Insurance	29,258	28,778
Legal	22,625	19,699
Postage, stationery and supplies	22,305	19,572
Provision for estimated credit loss	69,544	64,183
Rent	54,000	54,000
Repairs and maintenance	97,486	98,330
Research and development	81,587	53,024
Subscription	98,777	89,760
Telephone and fax	13,683	14,995
Fringe Benefit Tax	3,024	2,419
Travelling and accommodation	171,080	142,921
Wages and salaries	297,619	258,147
Water rates	12,000	13,996
Total Administration Expenses	1,637,102	1,463,875
	(Transfer to page 34)	
Finance Costs		
Interest on overdraft	27,867	32,421
Interest on loans	551,543	55,816
Total Finance Costs	579,410	88,237
	(Transfer to page 34)	



Species of Tuna Processed at PAFCO

ALBACORE		Albacore is one of the smaller tuna species, reaching sizes between skipjack and yellowfin. They are bullet-shaped with a dark blue back and lighter blue-gray sides and belly. Albacore tuna also have very long pectoral fins and live for around 12 years. They tend to travel in single species schools, without the level of mixing as seen in other species and migrate throughout all ocean waters and the Mediterranean (WWF)
YELLOWFIN		Yellowfin tuna are torpedo-shaped with dark metallic blue backs, yellow sides, and a silver belly. They have very long anal and dorsal fins and finlets that are bright yellow. Yellowfin can live up to six or seven years. They are highly migratory and are found throughout the Pacific, Atlantic and Indian Oceans. They form schools with other tunas like skipjack and bigeye, and are also known to associate with dolphins. Yellowfin are able to breed year-round. (WWF)
BIG EYE		Bigeye tuna are generally the size of yellowfin, and smaller than bluefin. They are long and streamlined, have dark metallic blue on their backs and upper sides, and are nearly white on their lower sides and belly. They can live as long as 15 years. Bigeye are found in the subtropical and tropical areas of the Atlantic (but not in the Mediterranean), Indian and Pacific Oceans (WWF)
SKIPJACK		Skipjack are the smallest and most abundant of the major commercial tuna species. They have a streamlined body that is mostly without scales. Their backs are dark purple-blue and their lower sides and bellies are silver with four to six dark bands. (WWF)



