Chairman's Report

The Pacific Fishing Company ("PAFCO") is the mainstay of the economy of Ovalau. As the largest provider of employment on the island, with the Government of Fiji as the majority shareholder, PAFCO is the Government's fiscal 'front-line' in the province providing immense contribution to the social and economic development of the island and in the maritime province of Lomaiviti.

Government expects PAFCO to remain in Levuka and provide employment to the people of Ovalau and Lomaiviti, and to continue to earn foreign exchange and to operate without sustaining a loss.

The 2015 financial year has been full of challenges – the inconsistent supply of Tuna has been an ongoing concern and this hampered the operations. The slight profit level achieved in the financial year is a result of the commitment and dedication of the management, staff and the employees.

PAFCO continues to embrace its existing business arrangements with established international players in the global tuna industry.

PAFCO received a Government Loan of $9M dollars in the 2015 national budget – the allocation was for the construction of new 4000Metric Tonnes Cold Storage. The construction works are in progress and, barring any further delays due to elements beyond the control of PAFCO and the contractor, completion is targeted to be in mid 2016. PAFCO has also secured a $10.5M note funding from Bumble Bee Foods – this note funding has been allocated to funding the balance of the Cold Storage project and also for the factory upgrade works that were identified during the structural analysis that was conducted in 2014. Refurbishment works will also be funded by a loan from ANZ Bank.

During the financial year, PAFCO negotiated a better deal with the ANZ and transferred its banking needs from Westpac to ANZ. PAFCO also secured a new Government Guarantee for $11.3M.

Breakdown	Amount ($)	Amount ($)
Fund part of the refurbishment works required		**6,000,000**
Refinance and Update Loans from WESTPAC:		**5,320,241**
Overdraft	3,000,000	
Facilitate Insurance Premium payments	1,000,000	
Establish Bank Guarantees/Bonds	1,000,000	
Refinance existing debt with Westpac Banking Corporation	320,241	
Total		**11,320,241**

Ikbal Jannif, Chairperson.

Chief Executive Officers Report

"Profitability is coming from productivity, efficiency, management, austerity and the way to manage the business"- Carlos Slim

2015, though very challenging, was a productive year for PAFCO. We slightly grew our business, increased our profit and advanced key strategic initiatives which enabled us to improve our competitiveness and create value for shareholders.

We aim to continuously enhance and progress our organisation in order to improve the operational excellence, increase efficiency and create a competitive advantage. A number of major Capital Projects have been undertaken during the year.

- Construction of a new 4000 Metric Tonne cold storage facility- in progress
- Upgrade of the forklift fleet
- Upgrade of the plant flooring
- Upgrade of the plate freezer cooling system
- Fishmeal Plant upgrade

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.

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

Performance

In 2015, we measured ourselves against some key financial and operational objectives. In doing so, we enabled creating sustainable, longer term shareholder value.
Our sound investment in some assets led to an improvement in the financial indicators. The Return on Equity has shown an improvement.

PAFCO History

Pacific Fishing Company has been in existence for over 50 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. Currently the company has a Chairman and 2 directors.

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 twice, with the current extension valid until March 2017. PAFCO and Bumble Bee are now in the process of discussions to extend the processing agreement for a further 10 year period.

PAFCO Operations

PAFCO processes whole round tuna into cooked frozen tuna loins, and produces canned products. The cooked tuna loins are vacuum-packed, sealed, frozen and palletized. 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. Fish-flakes and pieces are collected and further processed for local canning. 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 the productivity of the cleaners as well as the species of tuna, size of Tuna and experience of the cleaners. Percentage yield is based on the amount of usable tuna meat recovered from the tuna processing. The wastage from the processing operation (guts, skin, bones, heads, tails) are 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 relatively complicated and time consuming. Accordingly, a number of key skilled employees are required. PAFCO's main production facility is located in Levuka, on the island of Ovalau, about 60 nautical miles from Suva. Ovalau and the surrounding islands have a population of about 9,000 and the majority of the workforce comes from this area.

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 component of PAFCO's operations are canning, fishmeal production, and fish oil extraction 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 could also include more value adding, increased canning, expanded product range, and canning for Bumble Bee Foods. 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 & international regulatory standards,
- Ensure that our activities are environmentally friendly and sustainable,
- Remain an 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

Corporate Social Responsibility

PAFCO, being the premier industry on the island of Ovalau, recognizes 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 our employees, the local communities and the environment whilst maintaining clear focus on its strategic business objectives and statutory obligations.

Capital Based Growth

PAFCO will invest substantially in the development and maintenance of its infrastructure, plant and equipment. This will not only allow PAFCO to increase capacity but also to improve efficiency.

The new labelling machine is a perfect example of this as it has replaced a 45 year old machine and improved efficiency significantly. The new machine can do between 250 to 300 cans per minute, compared to the old machine which could only do up to 100 cans per minute.

Capacity Based Growth

The local demand for PAFCO canned products is in excess of the current level of supply. There is substantial amount of additional cans that PAFCO can produce which can easily be sold within Fiji.

Hence, PAFCO on an annual basis intends to invest more funds into purchasing more Tuna that will be used for the production of canned Tuna products for local sales.

Financial Strategies

PAFCO has secured the required funding for the capital works. The funds for the additional raw Tuna that will be processed into local cans will be sourced from the cash flow.

The Company has secured a Government guaranteed loan at concessionary rates and has also secured a loan from its Bankers. A Funding Facility with Bumble Bee Foods is also available. The facility from Bumble Bee Foods is interest free.

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

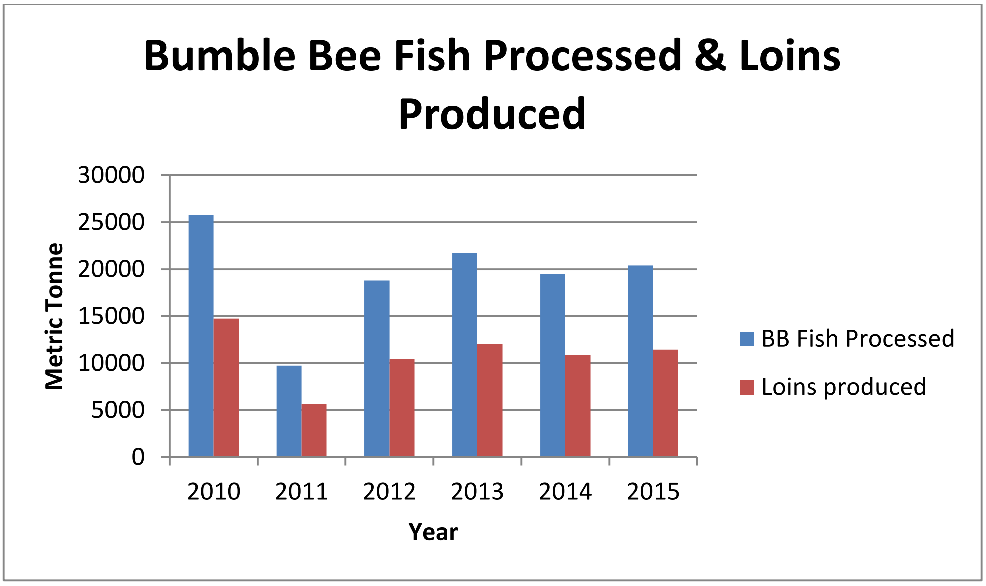
Board of Directors

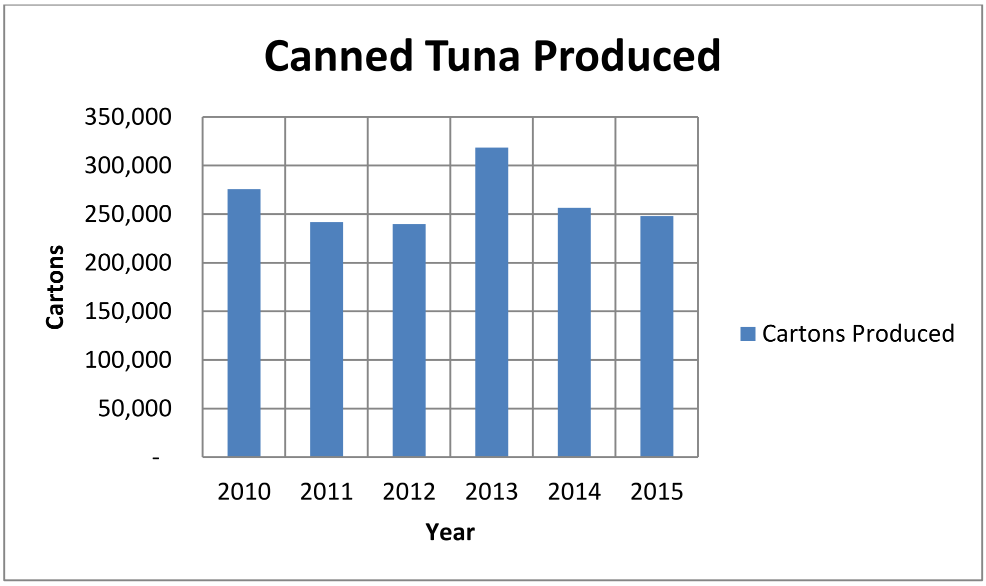
Chairperson	-	Mr. Ikbal Jannif
Director	-	Ratu Etonia Seru
Director	-	Mr. Bhupendra Kumar

Senior Management

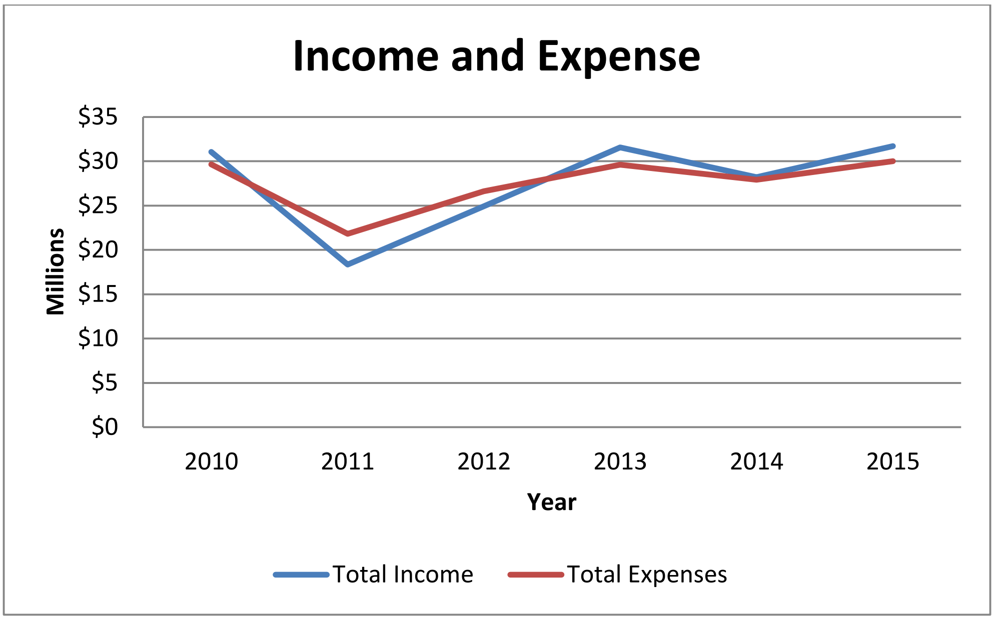
Chief Executive Officer	-	Bhan Pratap Singh
Financial Controller and Company Secretary	-	Arveen Aklesh Chand
Human Resources Manager	-	Tavite Racumu
Production Manager	-	Ashok Kumar Raj
Raw Materials and Logistics Manager	-	Thomas McGoon
Assistant QC Manager	-	Vasiti Komainalovo
Automotive Manager	-	Jagbir Singh
Maintenance Manager	-	Ronaldo Yambao

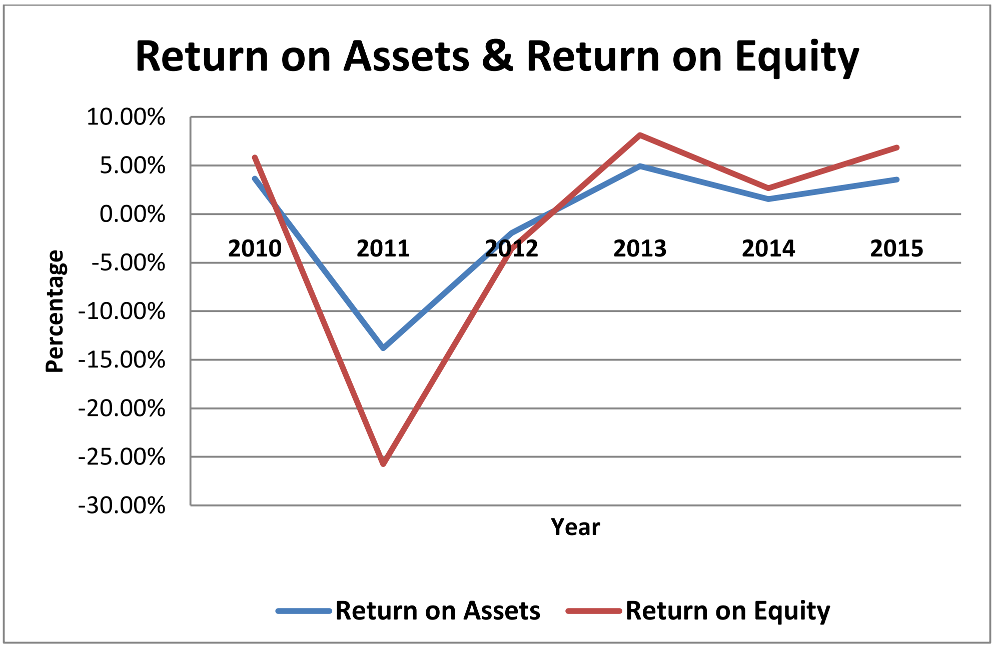
Current Trends

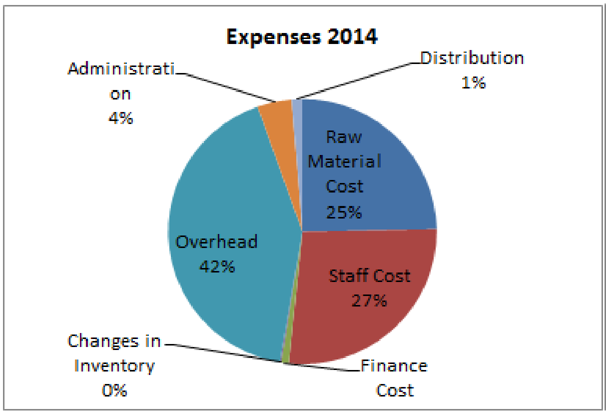


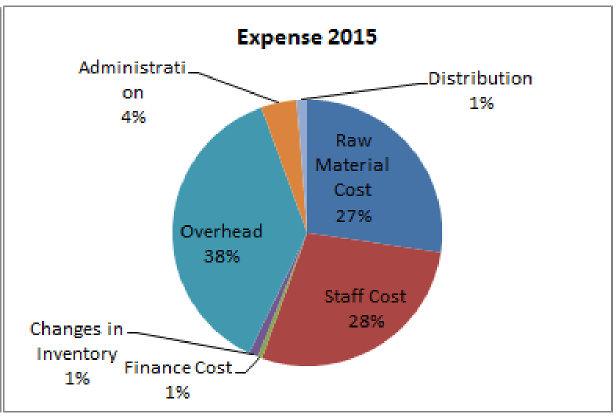


PACIFIC FISHING COMPANY 2015 ANNUAL REPORT









Ground Breaking Ceremony for New Cold Storage

The ground breaking ceremony was held on the 18th November, 2015. Director and Tui Levuka Ratu Etonia Seru officiated as the chief guest at the function. Representatives from Bumble Bee Foods and other guests were present at the site to witness and take part in the important event.

2015 Performance Framework

Measure	Definition	Target	Achieved
Sales	Total $ value of sales	$31,011,883	$31,317,974
Loin Processing Fee	$ Value	$15,373,957	$16,451,942
Canned Product (Cases)	$ Value	$13,212,900	$12,239,340
EBIT Margin	EBIT / Total Revenue	3.67%	5.89%
Expense to revenue	Exps / Revenue	96.33%	94.62%
Net Profit(NPAT)	Revenue less expenses	$910,302	$1,320,874
NPAT Margin	NPAT/Total Revenue	2.94%	4.22%
Return on Assets	Net Profit / Total Average Assets	2.76%	3.17%
Return on Equity	Net Profit/Total Equity	4.77%	6.84%
Cost of Production (COP)	All production exps	$27,413,463	$27,859,627
COP Margin	COP/ Total Revenue	89%	88.96%
Operational			
Throughput	Overall Tonnes Processed	21,281	21,278
Albacore	Tonnes Processed	20,000	20,404
Cases	Cases Produced	277,000	250,375
Compliance	Audits	95%	98%
Plant reliability (Uptime)	Possible vs actual	98.0%	99.0%
Operational audits	Ratings or scores from Audits	96.50%	98%
Market Share Growth	To be established	55%	

PACIFIC FISHING COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

CONTENTS	PAGE NO

PACIFIC FISHING COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT

The Directors herewith submit the statement of financial position of the Company as at 31 December 2015, 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
Ikbal 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 profit for the year was $1,320,874 (2014: Profit of $476,949) after providing for income tax expense of $362,693 (2014: income tax benefit of $166,728)

Dividends

The Directors did not declare or propose any dividends to be paid for the year ended 31 December 2015.

Reserves

It is proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Bad and Doubtful Debts

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

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

Non-Current Assets

Prior to the completion of the financial statements of the Company, the Directors took reasonable steps to ascertain whether any non-current assets were unlikely to 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.

PACIFIC FISHING COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT [CONT'D]

Unusual Transactions

In the opinion of the Directors, the results of the operations of the company during the financial year were substantially affected by the sinking of MV Suilven, which carried PAFCO's finished products from Levuka to Suva. PAFCO lost 4 full container loads of canned tuna products with a sales value of $347,925 vep. Although the cost of production has been included in the accounts, the proceeds from the above sale have neither been included nor accrued.

Events Subsequent to Balance Date

The company was affected by Cyclone Winston which hit Fiji on 20th February 2016. As a result, PAFCO was closed for two months and started operation on the 18th of April 2016 with 50MT of fish. The estimated cost of damage as per assessment done by the Company amounts to $4,635,000. This 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 C ompany in which he has a substantial financial interest.

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

Dated this 19th day of May 2016.

....

Director Director

STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT BY THE DIRECTORS

In accordance with a resolution of the Board of Directors of Pacific Fishing Company Limited, we state that in the opinion of the Directors:

[i] the accompanying statement of comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 December 2015;

[ii] the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the Company for the year ended 31 December 2015;

[iii] the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2015;

[iv] the accompanying statement of cash flow of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 31 December 2015;

[v] the financial statements have been properly prepared in accordance with International Financial Reporting Standards;

[vi] at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and

[vii] all related party transactions have been adequately recorded in the books of the Company.

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

Dated this 19th day of May 2016.

.... Director

.... Director

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing

6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P.O.Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
Email:info@auditorgeneral.gov.fj
Website:http://www.oag.gov.fj

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pacific Fishing Company Limited

I have audited the accompanying financial statements of Pacific Fishing Company Limited, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the summary of significant accounting policies and other explanatory information as set out on notes 1 to 27.

Directors' and Management's Responsibility for the Financial Statements

Directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

Audit Opinion

In my opinion:

a) proper books of account have been kept by the Pacific Fishing Company Limited, so far as it appears from my examination of those books, and

b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:

   i) are in agreement with the books of account; and

   ii) to the best of my information and according to the explanations given to me:

   - give a true and fair view of the state of affairs of the Pacific Fishing Company Limited as at 31 December 2015 and of the results, cash flows and changes in equity of the Company for the year ended on that date; and
   - give the information required by the Companies Act 1983 in the manner so required.

Atunaisa Nadakuitavuki
for <u>AUDITOR GENERAL</u>

AUDITOR-GENERAL FIJI

19 May 2016
Suva, Fiji

PACIFIC FISHING COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015	2014
		$	$
Revenue	6.1	31,317,974	26,900,607
Operating costs:			
Raw materials and consumables used		(8,210,996)	(6,910,977)
Changes in inventories of raw materials and finished goods		(333,516)	46,119
Distribution costs		(376,358)	(355,581)
Staff and employee benefits		(8,716,230)	(7,786,955)
Other operating expenses		(10,517,057)	(11,059,757)
Finance costs	6.2(b)	(162,419)	(253,445)
Total operating expenses		(28,316,576)	(26,320,596)
Total operating profit		**3,001,398**	**580,011**
Add other income	6.1	1,140,024	1,311,737
Less Non – operating expense			
Depreciation and amortization expense		(1,700,196)	(1,574,457)
Loss on disposal of fixed asset		(757,659)	(7,070)
Total non-operating expense		**(2,457,855)**	**(1,581,527)**
Profit/(Loss) before income tax		**1,683,567**	**310,221**
Income tax benefit/(expense)	7(a)	(362,693)	166,728
Profit/(Loss) for the year After tax		**1,320,874**	**476,949**
Other comprehensive income		-	-
Total comprehensive income for the year		**1,320,874**	**476,949**

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

PACIFIC FISHING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital	Retained Earnings	Total
	$	$	$
Balance as at 31 December 2013	14,800,000	2,709,684	17,509,684
Profit for the year	-	476,949	476,949
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	476,949	476,949
Balance as at 31 December 2014	14,800,000	3,186,633	17,986,633
Profit for the year	-	1,320,874	1,320,874
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,320,874	1,320,874
Balance as at 31 December 2015	**14,800,000**	**4,507,507**	**19,307,507**

PACIFIC FISHING COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015	2014
		$	$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	33,428,505	23,661,101
Deferred tax assets	7(b)	660,178	1,022,871
Total non-current assets		34,088,683	24,683,972
CURRENT ASSETS			
Inventories	11	2,387,481	2,134,747
Trade receivables	8	2,759,747	3,974,598
Prepayments and other receivables	10	1,248,651	2,181,350
Cash on hand and at bank		1,205,776	16,377
Total current assets		7,601,655	8,307,072
TOTAL ASSETS		**41,690,338**	**32,991,044**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	17	14,800,000	14,800,000
Retained earnings		4,507,507	3,186,633
Total shareholders' equity		19,307,507	17,986,633
NON CURRENT LIABILITIES			
Deferred income	15	4,758,352	4,815,704
Borrowings	13(a)	12,194,572	4,472,912
Total non-current liabilities		16,952,924	9,288,616
CURRENT LIABILITIES			
Trade and other payables	12	3,596,894	2,240,627
Borrowings	13(b)	1,758,423	3,416,406
Provisions	14	74,590	58,762
Total current liabilities		5,429,907	5,715,795
Total liabilities		22,382,831	15,004,411
TOTAL EQUITY AND LIABILITIES		**41,690,338**	**32,991,044**

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 LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 Inflows/ (Outflows) $	2014 Inflows/ (Outflows) $
Cash flows from operating activities			
Receipts from customers		33,615,497	28,405,171
Payments to suppliers and employees		(26,392,199)	(25,230,419)
Cash generated from operations		7,223,298	3,174,752
Net cash provided by operating activities		7,223,298	3,174,752
Cash flows from investing activities			
Payments for property, plant and equipment		(12,112,276)	(4,284,006)
Proceeds from sale of fixed asset		14,700	39,426
Net cash used in investing activities		(12,097,576)	(4,244,580)
Cash flows from financing activities			
Proceeds (repayment) of borrowings		7,721,660	(844,533)
Net cash provided by financing activities		7,721,660	(844,533)
Net increase / (decrease) in cash and cash equivalents		2,847,382	(1,914,361)
Overdraft and cash equivalents at the beginning of the year		(3,400,029)	(1,485,668)
Overdraft and cash equivalents at the end of the year	16 (a)	**(552,647)**	**(3,400,029)**

The accompanying notes form an integral part of the Statement of Cash Flow.

PACIFIC FISHING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1. GENERAL INFORMATION

Pacific Fishing Company Limited ("the Company") is a limited liability company incorporated and domiciled in Fiji under the Companies Act, 1983. Its principal activities, registered office and principal place of business are disclosed in note 24 and note 25 to the financial statements.

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

New 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, 2015 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 15, Revenue from contracts with customers (effective from 1 January 2018).
- IFRS 9, Financial Instruments- Classification and Measurement (effective from 1 January, 2018)

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 Limited have been prepared in accordance with the provisions of the Companies Act 1983 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.

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.

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.

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 neither 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.

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 is 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%

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

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

Revenue comprises the fair value of the consideration received or receivable for the sale of products in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

Revenue from the sale of products is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods.

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 recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Allowance is raised on a specific debtor level as well as on a collective basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited in the profit or loss.

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

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 is capitalized accordingly.

NOTE 4. 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	
	2015	2014	2015	2014
	F$	F$	F$	F$
US Dollar	35,739	99,203	767,689	668,266
Australian Dollar	242,896	133,069	-	-
New Zealand Dollar	185,600	362,024	-	-

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

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	
	2015	2014	2015	2014	2015	2014
	F$	F$	F$	F$	F$	F$
Profit or (loss)						
- Strengthen	(8,603)	(22,286)	(42,744)	(24,561)	(30,807)	(64,339)
- Weaken	7,039	18,234	34,972	20,095	25,206	52,641

(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 customer Punja& Sons Limited (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.

PACIFIC FISHING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

(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.

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Over 5 years
At 31 December 2015	$	$	$	$
Borrowings	3,091,467	1,861,528	-	9,000,000
Trade and other payables	3,596,894	-	-	-
At 31 December 2014				
Borrowings	6,556,274	1,333,044	-	-
Trade and other payables	2,035,986	204,641	-	-

(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 2015 and 2014 were as follows:

	2015	2014
	$	$
Total borrowings including bank overdraft (note 13)	13,952,995	7,889,318
Less: Cash on hand and at bank	(1,205,776)	(16,377)
Net debt	12,747,219	7,872,941
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)	**27,547,219**	**22,672,941**
-Gearing ratio (net debt / total capital x 100)	46%	35%

NOTE 5. 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 2015, no provision for impairment has been made in the company's books as the company reasonably believes that no indicators for impairment exists.

(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).

PACIFIC FISHING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 6. REVENUE AND EXPENSES

	2015	2014
	$	$
6.1 Revenue and other income		
Revenue	31,317,974	26,900,607
Realised and Un-realised exchange gain	403,171	644,746
Amortisation of capital grant (note 15)	257,352	257,352
Miscellaneous income	479,501	409,639
Total other income	1,140,024	1,311,737
Total revenue	**32,457,998**	**28,212,344**

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.

6.2 Other Expenses

(a) Charging as expenses

	2015	2014
Auditors' remuneration for		
- Audit fees – external	15,000	13,043
- Audit fees – internal	15,869	10,259
Depreciation and amortisation of plant, machinery and equipment	1,700,196	1,574,457
Directors fees	25,000	25,000
Donations	424	1,547
Fiji National Provident Fund contribution	693,374	513,630
Loss on sale of fixed asset	757,659	7,070
Operating lease	54,000	56,700
Salaries, wages, TPAF and other allowances	8,022,857	7,232,214

(b) Finance cost

	2015	2014
Interest on overdraft	123,064	148,242
Interest on loans	39,355	105,203
	162,419	**253,445**

PACIFIC FISHING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 7. INCOME TAX (EXPENSE) / BENEFIT

	2015	2014
	$	$
a) The prima facie tax payable on profit is reconciled to the income tax expense as follows:		
Profit before income tax	1,683,567	310,221
Prima facie tax expense thereon at 20% (2014: 20%):	(336,713)	(62,044)
Tax effect of permanent differences:		
Income and expense not taxable	23,982	79,442
Tax losses forfeited under 2015 tax reform	(101,575)	146,913
Tax effect of temporary differences relating to prior years	51,613	2,417
Income tax benefit / (expense)	(362,693)	166,728
Income tax benefit / (expense) comprises movements in:		
Deferred tax assets	(362,693)	166,728
	(362,693)	166,728

b) Deferred tax assets

Deferred tax assets comprise of the estimated future tax benefit at future income tax rate of the following items:

	2015	2014
Provision for employee entitlements	14,918	11,752
Tax losses	305,709	688,473
Unrealised exchange loss	8,360	-
Difference in cost base of property, plant and equipment for accounting and tax purpose	331,191	322,646
Deferred tax assets	660,178	1,022,871

PACIFIC FISHING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 8. TRADE RECEIVABLES	2015 $	2014 $
Trade receivables	2,759,747	3,974,598

Trade receivables are non-interest bearing and are generally on 30-90 days term. As at 31 December 2015, no trade receivable was impaired and provided for.

Trade receivable amounting $977,368 (2014:$2,442,539) at year end was due from Punjas & Sons Limited being Pacific Fishing Company 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 but not impaired					
	Total	Current	30 – 60 days	60 – 90 days	>90 days
	$	$	$	$	$
2015	2,759,747	2,266,314	103,151	70,502	319,780
2014	3,974,598	2,506,908	1,290,562	2,324	174,804

NOTE 9. 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.

	2015	2014
PAFCO land		
Cost:		
At 1 January	111,445	111,445
At 31 December	**111,445**	**111,445**
Leasehold land and improvements		
Cost:		
At 1 January	28,004,337	27,809,636
Additions	390,690	194,701
Disposal	(610,614)	
At 31 December	27,784,413	28,004,337
Depreciation and impairment:		
At 1 January	13,880,836	13,257,082
Depreciation charge for the year	623,425	623,754
Disposal	(301,125)	-
At 31 December	14,203,136	13,880,836
Net written down value - leasehold land and improvements	13,581,277	14,123,501

PACIFIC FISHING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)	2015	2014
	$	$
Plant, machinery and equipment		
Cost:		
At 1 January	22,818,121	21,837,171
Additions	6,669,120	1,052,931
Disposals	(1,497,770)	(71,981)
At 31 December	27,989,471	22,818,121
Depreciation and impairment:		
At 1 January	18,765,638	17,984,927
Depreciation charge for the year	973,617	806,197
Disposals	(644,211)	(25,486)
At 31 December	19,095,044	18,765,638
Net written down value - Plant, machinery and equipment	**8,894,427**	**4,052,483**
Motor vehicles		
Cost:		
At 1 January	1,344,267	1,277,471
Additions	43,217	135,887
Disposals	(97,162)	(69,091)
At 31 December	1,290,322	1,344,267
Depreciation and impairment:		
At 1 January	1,084,817	1,009,402
Depreciation charge for the year	103,154	144,506
Disposals	(97,162)	(69,091)
At 31 December	1,090,809	1,084,817
Net written down value - Motor vehicles	**199,513**	**259,450**
Work In Progress		
Cost:		
At 1 January	5,114,222	1,839,114
Additions	5,527,621	3,275,108
At 31 December	**10,641,843**	**5,114,222**
Total property, plant and equipment		
Cost:		
At 1 January	57,392,392	52,874,836
Additions	12,630,649	4,658,627
Disposals	(2,205,547)	(141,071)
At 31 December	67,817,494	57,392,392
Depreciation and impairment:		
At 1 January	33,731,291	32,251,411
Depreciation charge for the year	1,700,196	1,574,457
Disposals	(1,042,498)	(94,577)
At 31 December	34,388,989	33,731,291
Net written down value – total property, plant and equipment	**33,428,505**	**23,661,101**

PACIFIC FISHING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 10. PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	$	$
Prepayments	322,148	334,120
Staff debtors	(7,766)	(23,540)
Deposits	23,942	23,942
VAT receivable	824,170	1,218,206
Work in progress - loin fees receivable	86,157	628,622
Total prepayment and other receivables	**1,248,651**	**2,181,350**

NOTE 11. INVENTORIES

Stores	557,929	860,657
Finished goods	294,865	628,381
Raw materials	1,534,687	645,709
Total inventories at the lower of cost and net realizable value	**2,387,481**	**2,134,747**

The amount of write-down of inventories recognised as an expense is nil (2014: nil).

NOTE 12. TRADE AND OTHER PAYABLES

Trade creditors	3,173,460	1,989,448
Other accruals	423,434	251,179
Total trade and other payables	**3,596,894**	**2,240,627**

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 13. BORROWINGS

	Effective interest rate		
<u>13(a) - Non-Current</u>			
Bumblee Bee Loan		3,194,572	3,616,430
Insurance Loan - Westpac		-	207,394
Government Loan	4%	9,000,000	-
Interest Bearing Borrowings	4.5%	-	649,088
		12,194,572	**4,472,912**

(i) In 2015, PAFCO took a loan from Government of Fiji for the new 4,000MT cold storage which will be completed in early 2017.

(ii) Bumble Bee gave an interest free loan to PAFCO to upgrade PAFCO's plant facility.

<u>13(b) Current</u>			
Bank overdraft	4.5%	**1,758,423**	**3,416,406**

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:

(a) a registered equitable mortgage by company over all the assets and including uncalled capital; and

PACIFIC FISHING COMPANY LIMITED
TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 13 . BORROWINGS (CONT'D)

(b) 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)

NOTE 14. PROVISIONS

	2015	2014
	$	$
Annual leave	74,590	58,762
Total provisions	74,590	58,762

NOTE 15. 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 MIT in 2014 amounting to $190,690 for the acquisition of fixed assets, which has been depreciated and amortised as follows during the years:

Grants received	13,765,070	13,565,070
Amortisation:		
At 1 January	(8,749,366)	(8,492,014)
Released to profit or loss	(257,352)	(257,352)
At 31 December	(9,006,718)	(8,749,366)
Net deferred income	**4,758,352**	**4,815,704**

NOTE 16. NOTES TO THE STATEMENT OF CASH FLOW

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	1,205,776	16,377
Bank overdraft (note 13 b)	(1,758,423)	(3,416,406)
Total cash and cash equivalents	**(552,647)**	**(3,400,029)**

b) Financial Facilities

The company has bank overdraft facilities of $3,000,000. The excess amounts are subject to excess fee charges by the bank.

PACIFIC FISHING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17. SHARE CAPITAL

	2015	2014
	$	$
Authorised capital		
8,000,000 ordinary shares of $2 each	16,000,000	16,000,000
2,000,000 5% redeemable preference shares of $2 each	4,000,000	4,000,000
	20,000,000	20,000,000
Issued and Paid-up Capital		
5,900,000 ordinary shares of $2 each	11,800,000	11,800,000
1,500,000 5% redeemable preference shares of $2 each	3,000,000	3,000,000
	14,800,000	14,800,000

On 29 November 2002 the authorised capital was increased by 6,500,000 ordinary shares of $2 each and the paid up capital was increased by 5,000,000 ordinary shares of $2 each.

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 18. CONTINGENT LIABILITIES

Bank guarantee and others at year-end: $ 985,431 (2014: $985,431).

NOTE 19. EXPENDITURE COMMITMENTS

(a) Capital commitments

Capital commitments approved by the Board but not committed	17,400,000	26,400,000
	17,400,000	26,400,000

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 7.25 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	195,529	195,529
Later than one year and not later than two years	155,029	195,529
Later than two years and not later than five years	68,447	210,576
Later than five years	998,553	1,011,091
	1,417,558	1,612,725

NOTE 20. 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:

	2015	2014
	$	$
Not later than one year	36,387	36,387
Later than one year and not later than two years	-	-
	36,387	**36,387**

NOTE 21. RELATED PARTY TRANSACTIONS

(a) Shareholding

For the financial year ended as at 31 December 2015, the shareholding of PAFCO is as follows:

Name	Ordinary Shares held in trust for	2015 ($)	2014 ($)
Permanent Secretary	Ministry of Agriculture & Fisheries	11,728,956	11,728,956
Others	Others	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 2015 with approximate transaction value are summarized as follows:

Transaction type	2015 ($)	2014 ($)
Directors fees	25,000	25,000

PACIFIC FISHING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 21. 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 during the year was as follows:

	2015	2014
	$	$
Short term employee benefits (CEO – Bhan Pratap Singh)	113,625	103,500
Post employment benefits (CEO – Bhan Pratap Singh)	5,446	5,827
	119,071	109,327

NOTE 22. EVENTS SUBSEQUENT TO BALANCE DATE

The company was affected by Cyclone Winston which hit Fiji on 20th February 2016. As a result, PAFCO was closed for two months and started operation on the 18th of April 2016 with 50MT of fish. The estimated cost of damage as per assessment done by the Company amounts to $4,635,000. This 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.

NOTE 23. 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 24. 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 25. COMPANY DETAILS

Company Incorporation

The company was incorporated in Fiji under the Companies Act, 1983.

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 26. COMPARATIVES

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

NOTE 27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 19 MAY 2016.

PACIFIC FISHING COMPANY LIMITED
ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

Disclaimer on Additional Financial Information

The additional financial information presented on pages 29 to 30 does not form part of the statutory financial statements. The additional financial information is in accordance with the books and records of Pacific Fishing Company Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 December 2015. My statutory audit did not cover all details of the additional financial information. Accordingly, I do not express an opinion on the additional financial information and no warranty of accuracy and reliability is given.

PACIFIC FISHING COMPANY LIMITED
ADDITIONAL INFORMATION
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	$	$
Revenue		
Loining	16,451,942	13,428,813
Canning	12,239,340	11,933,668
Others	2,626,692	1,538,126
	31,317,974	26,900,607
Less: Cost of distribution		
Distribution cost	376,358	355,581
Less: Cost of production		
Direct materials	8,210,996	6,910,977
Direct labor	8,430,997	7,535,386
Overheads	11,217,634	11,727,496
	27,859,627	26,173,859
Add (less)movement in stock	333,516	(46,119)
Net cost of sales	**28,569,501**	**26,483,321**
Gross profit (Loss)	**2,748,473**	**417,286**
Gross profit (Loss) %	8.8%	1.5%
Total Operating income	**2,748,473**	**417,286**
Add: Non-operating income		
Amortization of capital grant	257,352	257,352
Miscellaneous income	479,501	409,638
Realised exchange gain	444,968	541,924
Unrealised exchange gain	-	102,822
	1,181,821	1,311,736
Less: Non-operating expense		
Loss on disposal of fixed asset	757,659	7,070
Unrealized exchange gain	41,797	-
	799,456	7,070
Net trading and operating result	3,130,838	1,721,952
Less		
Administration expenses - (Transfer from page 32)	1,284,852	1,158,286
Finance costs - (Transfer from page 32)	162,419	253,445
	1,447,271	1,411,731
Profit / (Loss)before income tax	**1,683,567**	**310,221**

PACIFIC FISHING COMPANY LIMITED

ADDITIONAL INFORMATION
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
		$	$
Administration Expenses			
Accounting fees		3,059	3,412
Advertisement		5,854	7,334
Audit fees – external		15,000	13,043
Audit fees – internal		12,810	6,847
Bank charges		105,286	49,388
Board meetings		4,163	9,470
Computer expenses		42,035	46,264
Consulting fees		87,704	97,890
Depreciation		72,142	65,855
Directors fees		25,000	25,000
Donation		424	1,547
Electricity		120,014	118,464
Entertainment		22,924	43,490
FNPF contributions		34,669	25,681
General		26,872	17,934
Insurance		34,787	38,367
Legal		28,815	883
Postage, stationery and supplies		20,126	19,390
Rent		54,000	56,700
Repairs and maintenance		105,534	79,870
Repatriation and recruitment		-	190
Research and development		35,825	43,355
Subscription		76,055	64,166
Telephone and fax		17,607	18,394
Fringe Benefit Tax		2,537	2,537
Travelling and accommodation		82,396	72,102
Wages and salaries		248,028	223,350
Water rates		1,186	7,363
Total Administration Expenses	(Transfer to page 31)	**1,284,852**	**1,158,286**
Finance Costs			
Interest on overdraft		123,064	148,242
Interest on loans		39,355	105,203
Total Finance Costs	(Transfer to page 31)	**162,419**	**253,445**