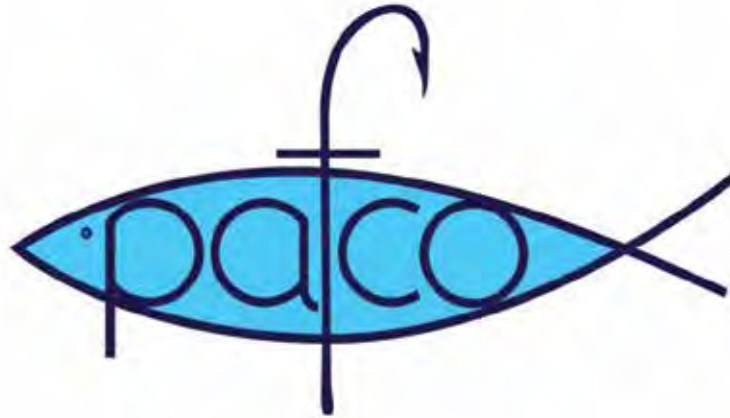


Pacific Fishing Company Pte Ltd Annual Report 2019





Pacific Fishing Company Pte Ltd
Annual Report
2019

CHAIRMAN'S REPORT



Dear Shareholders

I am pleased to present our Annual Report for the year ended 31st December 2019.

2019 was a challenging year for PAFCO as we continued to face issues with the lack of albacore tuna throughout the year. Supply was inconsistent and this forced the factory to adjust its processing operations throughout to match incoming fish stock. To overcome this shortfall in albacore supply, the company started to process other species of Tuna to boost its canning operations and to satisfy the local market demands and explore new export opportunities.

In spite of this initiative, the company's financial status was adversely affected. The erratic production schedule caused issues with our workers union, and the matter has been referred to the Labour Tribunal.

On the positive side, the installation of a new seamer machine to fix lids to cans faster enabled the company to increase its canning operations during the year.

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 WAF customers in Levuka.

Despite these challenges, the company was resilient and continued in its efforts to improve infrastructure, plant and equipment.

During the year, the company recruited five Graduate Cadets in the Quality Control and Production Departments, and an Accountant. It also celebrated the success of PAFCO's Apprenticeship program. Five apprentices successfully completed their 4-year programs and one was the runner up in the Apprentice of the Year Award given by the Fiji National University. The challenge of attracting qualified and experienced people in the technical areas of operations in the factory continues.

Our strategic customer, Bumble Bee Seafoods Limited changed ownership to Fong Chin Formosa (FCF) of Taiwan, but continues still operate under the Bumble Bee Seafood Limited banner. We have been advised that Bumble Bee is excited with this new ownership as it already had a long-standing relationship with FCF.

Looking ahead, PAFCO expects 2020 will be even more challenging. Global growth is expected to slow down, and investment is forecasted to be subdued. This new disease, COVID-19 if not controlled, is anticipated to drastically affect the global economy. If it takes hold in Levuka, PAFCO's operations will have to be stopped.

We believe that improved raw material supply is the key to our success. If our traditional supplier is unable to provide the required quantity of fish, PAFCO will need to source fish from somewhere else. That is the reality of the situation, but will need to be done within the terms of the processing agreement between Bumble Bee and PAFCO.

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

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

Note: Late Mr. Jannif passed away on 4th August, 2021.

CHIEF EXECUTIVE OFFICER'S REPORT



Dear Shareholders

The year 2019 saw many of its own opportunities and challenges. The upgrade of the plant and machinery and the infrastructure continued with focus on the most critical areas.

Two new pre-cookers made of stainless-steel material and fitted with upgraded control equipment were purchased from China. The task of removing the 2 old pre-cookers and carting the new equipment from the Kings Wharf in Suva to Levuka, and placing these in position was a very challenging process. The contractors used specialised equipment for safe handling and installation of the equipment. Technicians from the equipment supplier were engaged to assist in the installation, testing and commissioning of the new pre-cookers.

The management team has continued to focus on the progress and development of the factory operations as well as diversifying operations. Canning capacity has been gradually upgraded with the objective of adding an additional product range with value added products, better marketing and distribution and supplying niche markets with customer specified products. A special product for a customer in the United States was developed and processed. Single Cooked Canned MSC Certified Skipjack in Extra Virgin Olive Oil and Sea Salt and a single cooked MSC Certified Skipjack with no additives was processed and exported to the customer. Vital Choice is a seafood distributor in the US. In addition, a new premium canned product, with chili added, was processed for a local customer under a private label.

The Loining process was affected due to the low supply of Albacore Tuna. The processing had to be reduced from 80MT to 60MT per day during periods of low Albacore Tuna supply. Although we came close to having to stop Loining operations altogether several times, fortunately we did not have to take this action.

Compliance to Food Safety Audits has been well maintained: February 2019- Passed SQF (Safe Quality Food Audit) with a score of 98%, August 2019-Passed FDA audit with a good rating. This has enabled us to continue exporting to USA. December 2019- Passed 3rd party customer audit (Costco) with a good rating.

Unlike prior years where PAFCO was able to process around 19,000MT, this year we only processed close to 16,000MT, as a result of inconsistencies in supply of Tuna to the factory.

The company's sales fell by 1%. There was a 2% decrease in total revenue. Overall 2019 financial year recorded a loss for the company. Expenses increased by 8%, adding to the loss for the year.

During the year, a new seawall was constructed along the sea side boundary of the new cold storage facility. The new seawall structure will ensure long term safety and stability of the new cold storage.

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**”



Bhan P Singh

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. The Company 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.

Shareholders List

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 McGOWN	C/- PEAT MARWICK, SUVA	7,000	14,000.00
8	TRUSTEES OF ESTATE OF J R McGOWN	C/- PEAT MARWICK, SUVA	990	1,980.00
	AS TRUSTEE FOR B&M MORGAN			
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	FIJIAN 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

PAFCO Operations

The factory processes whole round Tuna into cooked frozen Tuna loins 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. 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

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 | 5. Safety and Security Conscious |
| 2. Integrity and Fairness | 6. Doing the Right Thing |
| 3. Customer Focused | 7. Consideration of all stakeholder |
| 4. People Focused | |

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:

- Plant upgrade – infrastructural upgrades
- New Pre-cookers
- Upgrade seawall in the vicinity of the new cold storage
- Solar lights for the perimeter.

Capacity Based Growth

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.

Board of Directors



Ikbal Jannif
Chairperson



Ratu Etonia Seru
Director



Bhupendra Kumar
Director

Senior Management



Bhan Pratap Singh
*Chief Executive Officer
& Company Secretary*



Ganeshwar Lal
Financial Controller



Kelera Ratinaisiwa
*Human Resource
Manager*



Jagbir Singh
Automotive Manager



Ashok Kumar
Production Manager



Thomas McGoon
*Raw Material & Logistic
Manager*



Vasiti Komainalovo
*Assistant Quality
Control Manager*



Rolando Yambao
Maintenance Manager

Team Leaders



Philip Murray
*Team Leader
Mechanical*



Atunaisa Draunidalo
*Team Leader
Electrical*

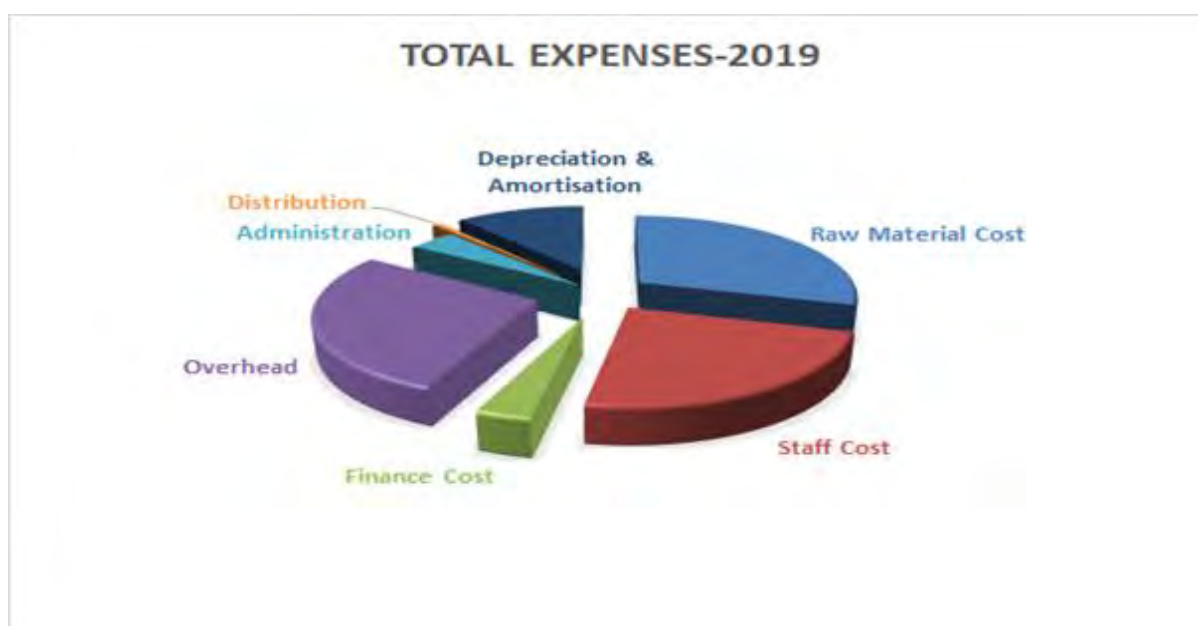
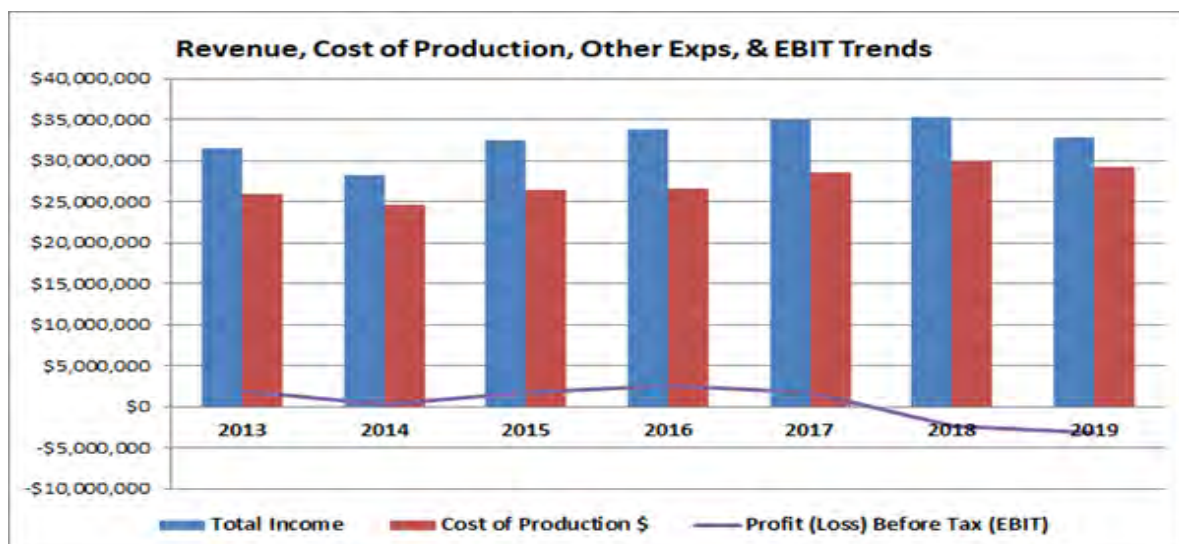
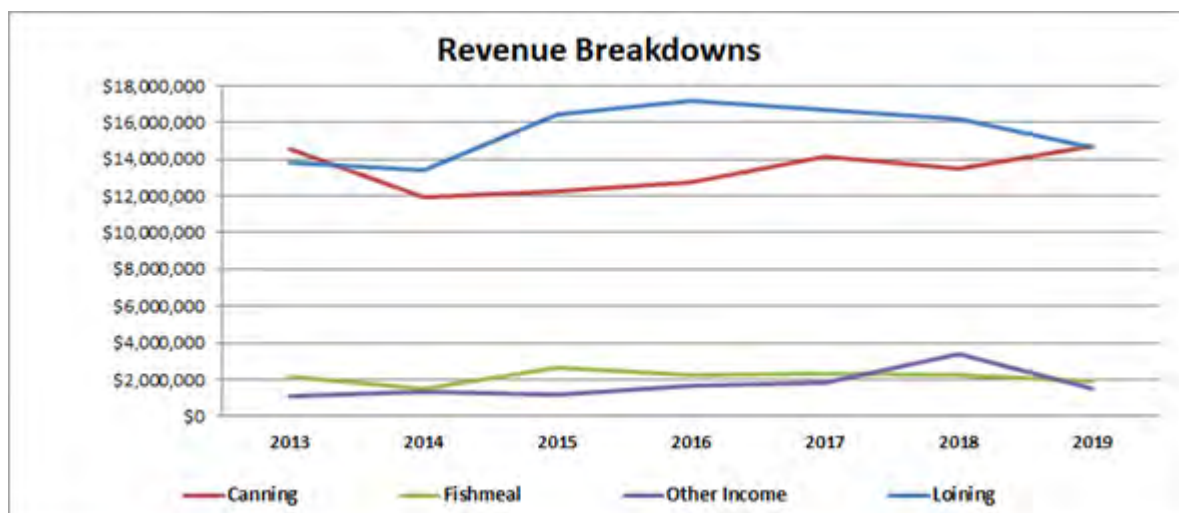


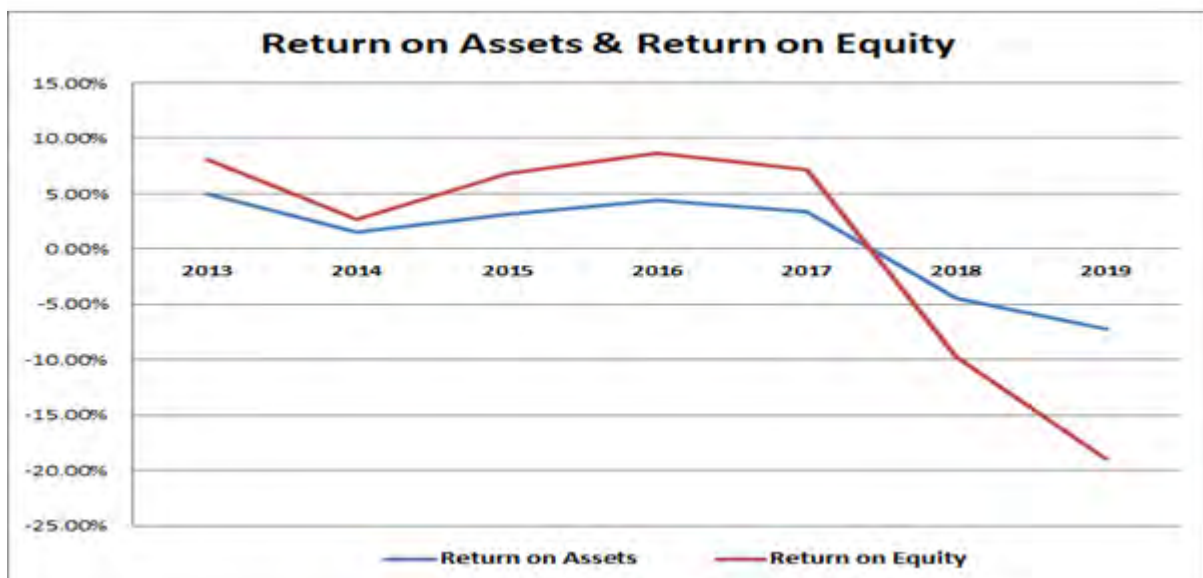
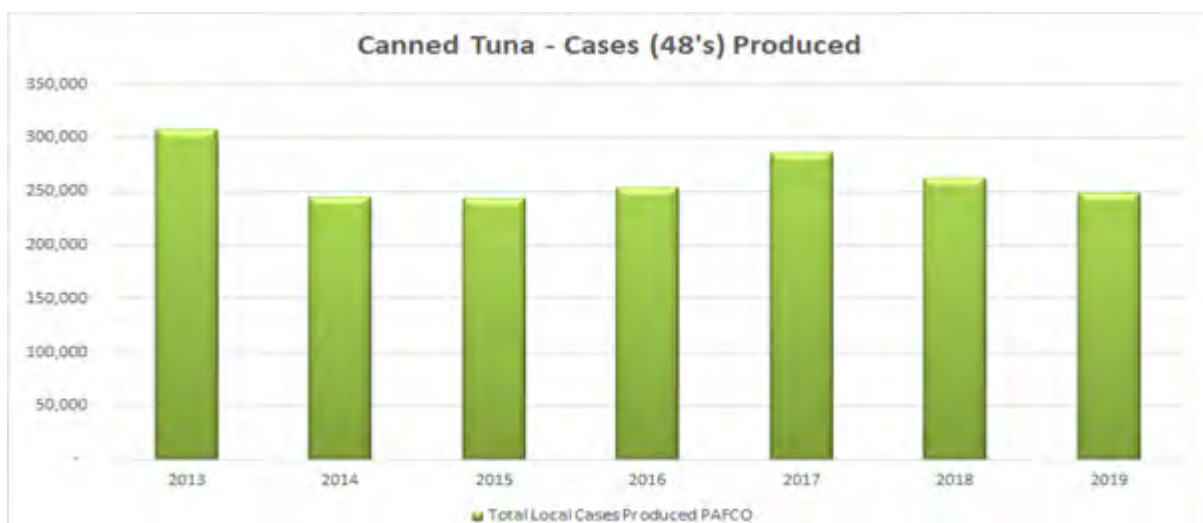
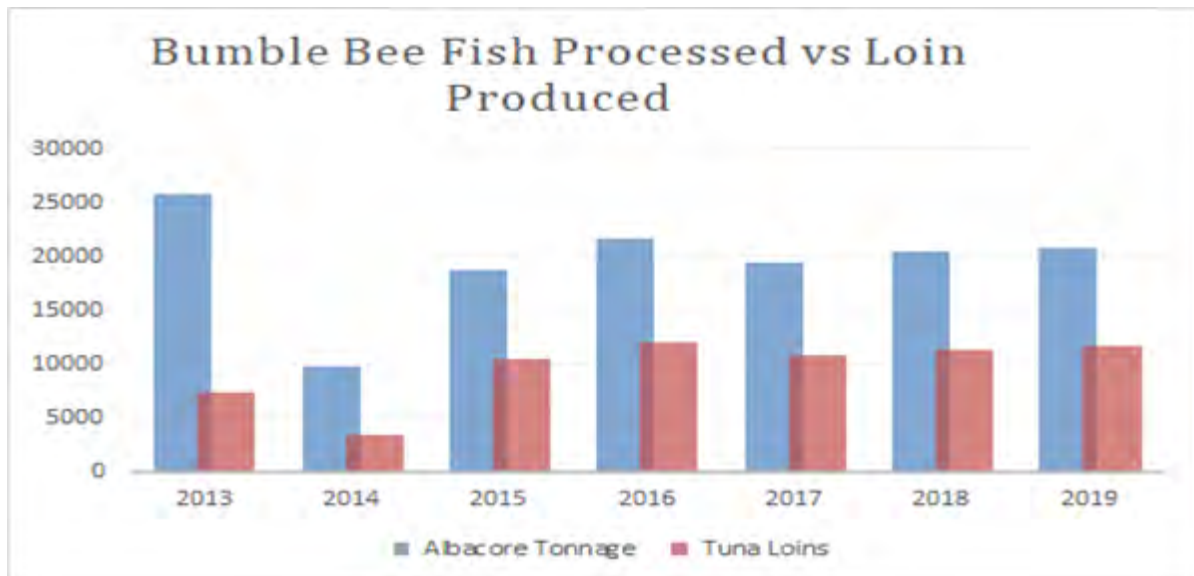
Paula Bale
*Team Leader
Services*



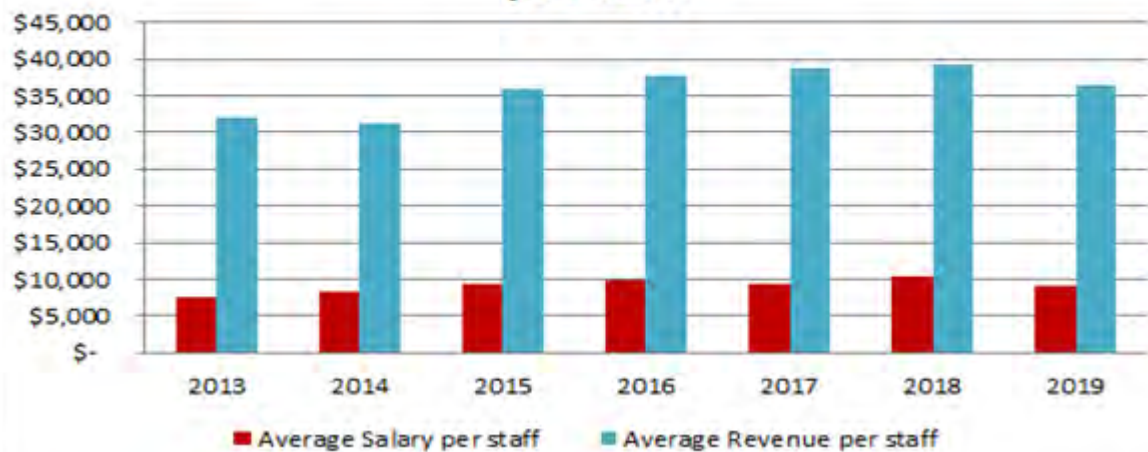
Abinesh Karan
*Team Leader
Procurement*

Current Trends





Average Staff Salaries vs Average Revenue per staff



Production Costs by Category



NPAT (Loss) Margin



2019 Performance Framework

Measure	Definition	Target	Achieved
Revenue	Total \$ value of sales	\$40,797,137	\$32,769,539
Loin Processing Fee	\$ Value	\$18,513,600	\$14,596,336
Canned Products	\$ Value	\$18,352,000	\$14,749,580
EBIT Margin	EBIT / Total Revenue	3%	-10%
Expense to revenue	Exps / Revenue	97%	110%
Net Profit (NPAT)	Revenue less expenses	\$1,335,650	(3,262,145.00)
NPAT Margin	NPAT/Total Revenue	3%	-10%
Return on Assets	Net Profit / Total Average Assets	3%	-7%
Return on Equity	Net Profit/Total Equity	6%	-19%
Cost of Production (COP)	All production exps	\$33,816,175	\$29,183,178
COP Margin	COP/ Total Revenue	83.00%	89%
Operational			
Throughput	Overall Tonnes Processed	20,450	16,733
Albacore	Tonnes Processed	18,500	15,751
Canned Products	Cases Produced	320,000	248,080
Compliance	Non - Financial Audits	95%	95%
Plant reliability (Uptime)	Possible vs actual	98.0%	98%
Operational audits	Ratings or scores	96.50%	87%

Notes:

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

Board Meeting held on the 19th of December 2019.



Annual General Meeting – December 2019



Strategic Planning Workshop 2020-2023 held at PAFCO Board room in Levuka



Workshop training on Ammonia handling



PAFCO Apprenticeship graduates



Graduates with the Board



Chairman's address to the staff of PAFCO



Chairman's address to the staff of PAFCO (Continued)



New set of forklifts acquired



New Pre-cooker being offloaded from MV St Mary



PACIFIC FISHING COMPANY PTE LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

PACIFIC FISHING COMPANY PTE LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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PACIFIC FISHING COMPANY PTE LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors herewith submit the statement of financial position of the Pacific Fishing Company Pte Limited as at 31 December 2019, 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)	(Appointed on 22/05/19)
Bhupendra Kumar - Member	(Appointed on 09/05/19)
Ratu Etonia Seru - Member	(Appointed on 03/06/19)
Fay Yee - Member	(Appointed on 01/01/20)
Mahmood Khan - Member	(Appointed on 01/01/20)

Principal Activities

The principal activities of the company in the course of the year was loin processing, canning and fish meal production 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 \$3,262,145 (2018: Loss of \$2,008,898) after providing for income tax expense of \$46,583 (2018: income tax credit of \$381,686)

Dividends

The Directors did not declare or propose any dividends to be paid for the year ended 31 December 2019.

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 PTE LIMITED
DIRECTORS REPORT [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 than what is disclosed in Note 26.

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 24th day of June 2021.


.....
Director
.....
Director

**PACIFIC FISHING COMPANY PTE LIMITED
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 2019:
 - 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 2019 and of the performance and cash flows of the company for the year ended 31 December 2019; 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 24th day of June 2021.


.....
Director


.....
Director

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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

Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



PACIFIC FISHING COMPANY PTE LIMITED

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF PACIFIC FISHING COMPANY PTE LIMITED

As auditor for the audit of Pacific Fishing Company Pte Limited for the financial year 31 December 2019, I declare to the best of my knowledge and belief that there have been:

- (a) No contravention of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and
- (b) No contravention of any applicable code of conduct in relation to the audit.

This declaration is in respect to Pacific Fishing Company Pte Limited during the year.

Ajay Nand
AUDITOR-GENERAL

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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Website: <http://www.oag.gov.fj>



INDEPENDENT AUDITOR'S REPORT

To the Directors of Pacific Fishing Company Limited

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Pacific Fishing Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2019, 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 the Company as at 31 December 2019, 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

I draw attention to the following matters:

1. Note 5 of the financial statements explains the financial risk management objectives and policies of the Company. The Company does not have documented risk management policy. In addition, the human resources manual is yet to be approved by the Board.
2. Note 26 of the financial statements discloses the novel coronavirus (COVID-19) global pandemic impact subsequent to 31 December 2019. No adjustments have been made to the financial statements as at 31 December 2019 for the financial implication if any that may be arising in future.

My opinion is not modified in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the Annual report but does not include the financial statements and the auditor's report thereon.

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

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

Responsibilities of the management and those charged with governance for the Financial Statements

The management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the management and Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional scepticism 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 the Company's internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (con't)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that 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.

I communicate with those charged with governance 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.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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

- a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.



Ajay Nand
AUDITOR-GENERAL



Nasinu, Fiji
02 July 2021

PACIFIC FISHING COMPANY PTE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
Revenue	7.1	31,235,362	31,864,121
Operating Costs:			
Raw materials and consumables used		(10,384,818)	(10,286,473)
Changes in inventories of raw materials and finished goods		(800,286)	401,298
Distribution costs		(234,439)	(227,203)
Staff and employee benefits		(8,235,328)	(9,345,329)
Other operating expenses		(11,176,184)	(12,333,212)
Depreciation and Amortization Expense		(3,945,921)	(3,120,142)
Finance costs	7.2(b)	(1,208,125)	(579,410)
Total Operating Expenses		(35,985,101)	(35,490,471)
Total Operating Loss		(4,749,739)	(3,626,326)
Add Other Income	7.1	1,534,177	3,421,106
Less Non-Operating Expense			
Loss on Disposal of Fixed Asset		-	(2,185,364)
Total Non-Operating Expense		(3,215,562)	(2,185,364)
Profit before income tax		(3,215,562)	(2,390,584)
Income tax credit/(expense)	8(a)	(46,583)	381,686
Profit for the year after tax		(3,262,145)	(2,008,898)
Other comprehensive income		-	-
Total comprehensive income for the year		(3,262,145)	(2,008,898)

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

PACIFIC FISHING COMPANY PTE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital \$	Retained Earnings \$	Total \$
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
Effect of adoption of new IFRSs	-	(99,587)	(99,587)
Loss for the year	-	(3,262,145)	(3,262,145)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(3,361,732)	(3,361,732)
Balance as at 31 December 2019	14,800,000	2,424,543	17,224,543

PACIFIC FISHING COMPANY PTE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	35,960,486	35,189,714
Intangible Asset	10(a)	47,978	43,560
ROU Asset	10(b)	2,286,232	-
Deferred tax assets	8(b)	549,067	595,648
Total non-current assets		38,843,763	35,828,922
CURRENT ASSETS			
Inventories	12	2,682,928	4,445,821
Trade receivables	9	2,746,343	3,116,717
Prepayments and other receivables	11	1,622,668	1,241,082
Cash on hand and at bank	13	317,483	284,495
Advance tax paid		374,907	374,906
Total current assets		7,744,329	9,463,021
TOTAL ASSETS		46,588,092	45,291,943
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	20	14,800,000	14,800,000
Retained earnings		2,424,543	5,786,275
Total shareholders' equity		17,224,543	20,586,275
NON-CURRENT LIABILITIES			
Deferred income	17	7,283,695	6,551,108
Borrowings	15(a)	13,204,596	13,119,273
Lease Liability	18	2,286,037	-
Total non-current liabilities		22,774,328	19,670,381
CURRENT LIABILITIES			
Trade and other payables	14	2,246,582	2,520,864
Borrowings	15(b)	4,061,533	2,422,606
Lease Liability	18	180,685	-
Income Tax Payable	8(a)	-	-
Provisions	16	100,421	91,817
Total current liabilities		6,589,221	5,035,287
Total liabilities		29,363,549	24,705,668
TOTAL EQUITY AND LIABILITIES		46,588,092	45,291,943

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 PTE LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 Inflows/ (Outflows) \$	2018 Inflows/ (Outflows) \$
Cash flows from operating activities			
Receipts from customers		34,048,181	33,122,476
Insurance Proceed		-	2,220,183
Payments to suppliers and employees		(30,744,945)	(32,055,519)
Net cash provided by operating activities		<u>3,303,236</u>	<u>3,287,140</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(4,716,693)	(4,167,720)
Proceed from sale of fixed asset		-	26,200
Net cash used in investing activities		<u>(4,716,693)</u>	<u>(4,141,520)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,178,193	371,423
Payment of lease liability		(277,805)	-
Net cash used in financing activities		<u>900,388</u>	<u>371,423</u>
Net increase in cash and cash equivalents		(513,069)	(482,957)
Cash equivalents and overdraft at the beginning of the year		<u>(1,012,722)</u>	<u>(529,766)</u>
Cash equivalents and overdraft at the end of the year	19(a)	<u>(1,525,791)</u>	<u>(1,012,723)</u>

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

**PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 28 and note 29 to the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2021.

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 is effective as at 1 January 2019.

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

NOTE 3. SUMMARY 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 PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

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 PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY 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 9 and 11).

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 PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY 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 PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY 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 PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY 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 PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

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

q) Revenue recognition (Cont'd)

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.

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	\$
Assets	
Right-of-use assets	2,791,231
Less: accumulated amortisation on ROU asset	<u>(261,440)</u>
Total assets	<u>2,529,791</u>
Liabilities	
Interest-bearing loans and borrowings	<u>2,629,529</u>
Total liabilities	<u>2,629,529</u>
Total adjustment on equity	
Retained earnings	(99,587)

The Company has lease contracts for items of machinery and office space. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 3 (n) Leased assets for the accounting policy prior to 1 January 2019.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 3 (n) Leased assets for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

• **Leases previously classified as finance lease**

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

PACIFIC FISHING COMPANY PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

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

• Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 January 2019:

- Right-of-use assets of \$2,791,231 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of \$2,629,529 (included in Interest bearing loans and borrowings) were recognised.
- The net effect of these adjustments had been adjusted to retained earnings \$99,587.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	\$
Assets	
Operating Lease Commitments as at 31 December 2018	3,075,082
Weighted average incremental borrowing rate as at 1 January 2019	4.5%
Discounted operating lease commitments as at 1 January 2019	<u>2,629,529</u>

The Company has lease contracts for items of machinery and office space used in its operations. Leases of machinery generally have lease terms between 5 and 10 years, while office space has lease term of between 10 and 20 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

PACIFIC FISHING COMPANY PTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

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

	Machinery	Office Space	Total
	\$	\$	\$
As at 1 January 2018	-	-	-
Additions	2,079,937	711,294	2,791,231
Depreciation expense	(216,984)	(44,456)	(261,440)
As at 31 December 2018	1,862,953	666,838	2,529,791
Additions	-	-	-
Depreciation expense	(207,994)	(35,565)	(243,559)
As at 31 December 2019	1,654,959	631,273	2,286,232

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2019
	\$
As at 1 January	2,629,529
Additions	-
Accretion of interest	114,998
Payments	(277,805)
As at 31 December	2,466,722
Current	180,685
Non-current	2,286,037
	2019
	\$
The following are the amounts recognised in profit or loss	
Depreciation expense of right-of-use assets	243,559
Interest expense on lease liabilities	114,998
Expense relating to short term leases (included in cost of sales)	-
Expense relating to lease of low valued assets (included in administrative expense)	-
Variable lease payments (included in cost of sales)	-
Total amount recognised in profit or loss	358,557

The Company had total cash outflows for leases of \$277,805 in 2019. The Company also had non-cash additions to right-of-use assets and lease liabilities of \$Nil in 2019.

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

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	
	2019 F\$	2018 F\$	2019 F\$	2018 F\$
US Dollar	313,712	771,888	3,131,736	2,222,418
Australian Dollar	461,459	113,225	-	523
New Zealand Dollar	213,141	38,419	89,077	39,599

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	
	2019 F\$	2018 F\$	2019 F\$	2018 F\$	2019 F\$	2018 F\$
Profit or (loss)						
- Strengthen	(34,857)	(85,765)	(51,273)	(12,581)	(23,682)	(4,269)
- Weaken	28,519	70,172	41,951	10,293	19,377	3,493

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. FINANCIAL RISK MANAGEMENT (CONT'D)

(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, Punjas & Sons Limited and Bumble Bee and Vital Choice (Note 9). 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.

	Less than 1 year \$	Between 1 and 2 years \$	Between 3 and 5 years \$	Over 5 years \$
At 31 December 2019				
Borrowings	4,061,533	3,177,621	4,766,432	7,274,662
Trade and other payables	2,246,582	-	-	-
At 31 December 2018				
Borrowings	1,897,217	2,203,005	4,432,371	8,100,000
Trade and other payables	2,520,864	-	-	-

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. FINANCIAL RISK MANAGEMENT (CONT'D)

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 2019 and 2018 were as follows:

	2019	2018
	\$	\$
Total borrowings including bank overdraft (note 14)	19,280,248	16,250,299
Less: Cash on hand and at bank	(317,483)	(284,494)
Net debt	18,962,765	15,965,805
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)	33,762,765	30,765,805
Gearing ratio (net debt / total capital x 100)	56%	52%

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019, 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 8 (b).

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 7.	REVENUE AND EXPENSES	2019	2018
		\$	\$
7.1	Revenue and other income		
Revenue		31,235,362	31,864,121
Other income			
Realised and Unrealised exchange gain		260,285	88,200
Amortisation of capital grant (note 15)		534,571	577,622
Rent income		60,598	61,099
Insurance Proceed		-	2,220,183
Service income		262,209	311,614
Miscellaneous income		282,996	162,387
Reversal of overprovision of doubtful debts		133,518	-
Total other income		1,534,177	3,421,106
Total revenue		32,769,539	35,285,227
7.2	Other Expenses		
(a) Charging as expenses			
Auditors' remuneration for			
- Audit fees - external		36,444	30,910
- Audit fees - internal		20,000	20,000
Depreciation and amortisation of plant, machinery and equipment		3,945,921	3,267,984
Directors fees		25,000	25,000
Donations		-	-
Fiji National Provident Fund contribution		739,443	845,075
Loss on sale of fixed asset		-	2,185,364
Operating lease		-	54,000
Salaries, wages, TPAF and other allowances		7,885,745	9,468,683
(b) Finance cost			
Interest on overdraft		76,526	27,867
Interest on promissory note		343,854	253,846
Interest on loans		787,745	297,697
		1,208,125	579,410

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 8. INCOME TAX (EXPENSE) / BENEFIT	2019 \$	2018 \$
a) The prima facie tax payable on profit is reconciled to the income tax expense as follows:		
Profit before income tax	(3,215,562)	(2,390,584)
Prima facie tax benefit/(expense) thereon at 20% (2018: 20%):	643,112	478,117
Tax effect of permanent differences:		
Income and expense not deductible for tax	63,515	(86,099)
Tax effect of temporary differences relating to prior years	2,624	27,054
Over provision from prior year	(755,834)	(37,386)
Income tax (expense)/credit	(46,583)	381,686
Income tax expense comprises movements in:		
Deferred tax assets	(46,583)	381,576
Current tax payable	-	110
	(46,583)	381,686
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	20,084	18,363
Provision for estimated credit loss	47,000	47,000
Unrealised Exchange in Loss (Prior Year)	133	491
Unrealised exchange loss	-	-
Unrealised Exchange Gain	(289)	(133)
Other Items	(15,230)	-
Difference in cost base of property, plant and equipment for accounting and tax purpose	40,732	81,185
Tax losses carried forward	456,637	448,741
Deferred tax assets	549,067	595,647

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 9. TRADE RECEIVABLES	2019	2018
	\$	\$
Trade Receivables	2,847,826	3,351,718
Expected credit loss	(101,483)	(235,001)
	<u>2,746,343</u>	<u>3,116,717</u>

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

At 1 January	235,001	-
Expected credit loss due to implementation of IFRS 9	-	165,457
Charge for the year	(133,518)	69,544
	<u>101,483</u>	<u>235,001</u>

Trade receivable amounting \$2,570,688 (2018: \$2,946,586) at year end was due from Punjas & Sons Limited, Bumble Bee and Vital Choice 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 but not impaired					
	Total	Current	30 - 60 days	60 - 90 days	>90 days
	\$	\$	\$	\$	\$
2019	2,847,826	2,555,318	170,095	8,500	113,913
2018	3,351,718	2,089,770	1,186,247	66,141	9,560

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 10. PROPERTY PLANT AND EQUIPMENT	2019 \$	2018 \$
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.		
<i>PAFCO land</i>		
Cost:		
At 1 January	307,459	307,459
Addition	-	-
	<u>307,459</u>	<u>307,459</u>
<i>Leasehold land and improvements</i>		
Cost:		
At 1 January	27,385,750	27,412,452
Additions	488,178	28,273
Disposal	(8,259)	(54,975)
At 31 December	<u>27,865,669</u>	<u>27,385,750</u>
Depreciation and Impairment		
At 1 January	15,755,337	14,942,271
Depreciation charge for the year	654,435	868,041
Disposal	(8,259)	(54,975)
At 31 December	<u>16,401,513</u>	<u>15,755,337</u>
Net written down value - leasehold land and improvements	11,464,156	11,630,413
<i>Plant, machinery and equipment</i>		
Cost:		
At 1 January	39,960,612	27,498,124
Transfer to Intangible Asset	-	(159,156)
Additions	119,011	18,938,682
Disposals	-	(6,317,038)
At 31 December	<u>40,079,623</u>	<u>39,960,612</u>
Depreciation and impairment:		
At 1 January	18,734,570	20,738,203
Transfer to Intangible Asset	-	(158,934)
Depreciation charge for the year	3,094,345	2,260,798
Disposals	-	(4,105,497)
At 31 December	<u>21,828,915</u>	<u>18,734,570</u>
Net written down value - Plant, machinery and equipment	18,250,708	21,226,042
<i>Motor vehicles</i>		
Cost:		
At 1 January	1,239,892	1,055,156
Additions	272,917	258,214
Disposals	(82,165)	(73,478)
At 31 December	<u>1,430,644</u>	<u>1,239,892</u>

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 10. (CONT'D)	PROPERTY PLANT AND EQUIPMENT	2019 \$	2018 \$
At 1 January		799,613	735,388
Depreciation charge for the year		185,069	137,703
Disposals		(82,165)	(73,478)
At 31 December		902,517	799,613
Net written down value - Motor vehicles		528,127	440,279
Work In Progress			
Cost:			
At 1 January		1,585,521	16,687,775
Additions		4,259,706	2,192,230
Transfer (Capitalize)		(435,191)	(17,294,484)
At 31 December		5,410,036	1,585,521
Total property, plant and equipment			
Cost:			
At 1 January		70,479,234	72,960,966
Additions		5,139,812	21,417,399
Disposals/Transfer to Intangible Assets		(525,615)	(23,899,131)
At 31 December		75,093,431	70,479,234
Depreciation and impairment:			
At 1 January		35,289,520	36,415,862
Depreciation charge for the year		3,933,849	3,266,542
Disposals/Transfer to Intangible Assets		(90,424)	(4,392,884)
At 31 December		39,132,945	35,289,520
Net written down value - total property, plant and equipment		35,960,486	35,189,714
NOTE 10 (a) INTANGIBLE ASSET		\$	\$
Cost:			
At 1 January		203,936	-
Transfer from Plant, Machinery and Equipment		-	159,156
Additions		16,490	44,780
Disposals		-	-
At 31 December		220,426	203,936
Depreciation and impairment:			
At 1 January		160,376	-
Transfer from Plant, Machinery and Equipment		-	158,934
Amortisation charge for the year		12,072	1,442
Disposals		-	-
At 31 December		172,448	60,376
Net written down value - Intangible Asset		47,978	43,560

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 10 (b) RIGHT OF USE ASSET	2019	2018
	\$	\$
Cost:		
At 1 January	2,791,231	-
Additions	-	-
Disposals	-	-
At 31 December	2,791,231	-
Depreciation and impairment:		
At 1 January	261,440	-
Depreciation charge for the year	243,559	-
Disposals	-	-
At 31 December	504,999	-
Net written down value - Intangible Asset	2,286,232	-

NOTE 11. PREPAYMENTS AND OTHER RECEIVABLES	\$	\$
Prepayments	77,303	257,086
Staff debtors	5,567	30,148
Deposits	23,942	23,942
VAT receivable	443,955	898,261
Work in progress - loan fees receivable	261,638	31,647
Advance payment	810,263	-
Total prepayment and other receivables	1,622,668	1,241,082

NOTE 12. INVENTORIES	\$	\$
Stores	437,848	619,525
Finished goods	1,025,078	1,838,170
Raw materials	1,220,002	1,988,126
Total inventories at the lower of cost and net realizable value	2,682,928	4,445,821

The amount of write-down of inventories recognised as an expense is nil (2019: nil).

NOTE 13. CASH ON HAND AND AT BANK	\$	\$
Petty Cash	6,600	6,600
Westpac Banking Corporation Limited	214,724	63,965
Australia and New Zealand Bank	96,159	213,930
Total cash on hand and at bank	317,483	284,495

Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent includes cash on hand, net of outstanding bank overdraft. Cash and cash equivalents at the end financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

NOTE 14. TRADE AND OTHER PAYABLES	\$	\$
Trade creditors	1,991,948	2,375,335
Other accruals	254,634	145,529
Total trade and other payables	2,246,582	2,520,864

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		\$	\$

NOTE 14. TRADE AND OTHER PAYABLES (CONT'D)

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.

		\$	\$
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NOTE 15. BORROWINGS

15(a) Non-Current Liabilities

	Effective interest rate		
Interest Bearing Borrowing	5.75%	-	607,836
Bumble Bee Loan		4,804,596	3,511,437
Government Loan	6.5%	8,400,000	9,000,000
		13,204,596	13,119,273

- (i) In 2015, PAFCO took a loan from Government of Fiji for the new 4,000MT cold storage which was completed in early 2018. The repayment of \$600,000 per annum will commence from April 2020.
- (ii) Bumble Bee gave an interest free loan to PAFCO to upgrade PAFCO's plant facility. The repayment is made through conversion fee credit.

15 (b) Current Liabilities

Bumble Bee Loan		988,811	730,220
Bank overdraft	5.75%	1,843,274	1,297,217
Government Loan		600,000	-
ANZ Loan		629,448	395,169
		4,061,533	2,422,606

The bank overdraft facility and borrowings from ANZ are subject to interest at the rate of 5.75%. The repayment is \$65,861 per month. 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)

15 (c) Capitalization of Borrowing Costs

Amount of Borrowing Cost Capitalized	4% - 6.75%	585,000	-
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NOTE 16. PROVISIONS

	\$	\$
Annual leave	100,421	91,817
Total provisions	100,421	91,817

NOTE 17. DEFERRED INCOME

	\$	\$
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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 (\$1,559,633) from Ministry of Economy (Department of Public Enterprise) as approved in budget for the construction of seawall. In 2019, seawall construction was still under WIP status, thus this has not been depreciated and amortised.

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 17.	DEFERRED INCOME (CONT'D)	2019 \$	2018 \$
Grants received		15,324,703	15,324,703
Amortisation:			
At 1 January		(8,773,595)	(9,540,634)
Effect of IFRS 9		1,267,158	1,344,561
Released to profit or loss		(534,571)	(577,622)
At 31 December		(8,041,008)	(8,773,595)
Net deferred income		7,283,695	6,551,108

NOTE 18.	LEASE LIABILITY	\$	\$
The carrying amounts of lease liabilities and the movements during the period are set out below:			
As at 1 January		2,629,529	-
Additions		-	-
Accretion of interest		114,998	-
Payments		(277,805)	-
As at 31 December		2,466,722	-
Current		180,685	-
Non-current		2,286,037	-

NOTE 19.	NOTES TO THE STATEMENT OF CASH LOW	\$	\$
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		317,483	284,494
Bank overdraft (note 15)		(1,843,274)	(1,297,217)
Total cash and cash equivalents		(1,525,791)	(1,012,723)

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.

NOTE 20.	SHARE CAPITAL	\$	\$
<u>Authorised capital</u>			
8,000,000 ordinary shares		16,000,000	16,000,000
2,000,000 5% redeemable preference shares		4,000,000	4,000,000
		20,000,000	20,000,000

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 20. SHARE CAPITAL (CONT'D)	2019 \$	2018 \$
<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 21. CONTINGENT LIABILITIES	\$	\$
Bank guarantee	558,051	558,051
Others	781,957	-
	<u>1,340,008</u>	<u>558,051</u>

Others comprises of a case brought against the Company by a foreign corporation.

NOTE 22. EXPENDITURE COMMITMENTS	\$	\$
(a) Capital commitments		
Capital commitments approved by the Board but not committed	532,825	10,732,372
	<u>532,825</u>	<u>10,732,372</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	322,852
Later than one year and not later than two years	322,852	322,852
Later than two years and not later than five years	453,023	968,556
Later than five years	1,172,990	1,460,822
	<u>2,271,717</u>	<u>3,075,082</u>

NOTE 23. OPERATING LEASE INCOME	\$	\$
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The company has given its properties under operating leases to the customers on normal commercial terms and conditions on monthly rentals.

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 23.	OPERATING LEASE INCOME (CONT'D)	2019	2018
		\$	\$

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

Not later than one year	60,598	61,487
Later than one year and not later than two years	-	-
	<u>60,598</u>	<u>61,487</u>

NOTE 24.	RELATED PARTY TRANSACTION	\$	\$
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(a) Shareholding

For the financial year ended as at 31 December 2019, the shareholding of PAFCO is as follows:

Name	Ordinary Shares held in trust for		
Permanent Secretary	Ministry of Agriculture & Fisheries (864,478 Shares) and Ministry of Economy (6,500,000 Shares)	11,743,360	11,743,360
Others	Others (35,522 Shares)	71,044	71,044
		<u>11,800,000</u>	<u>11,800,000</u>

(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 2019 with approximate transaction value are summarized as follows:

Transaction type		
Directors fees	25,000	25,000

(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, Team Leaders) during the year was as follows:

Short term employee benefits	540,155	516,712
Post-employment benefits	4,800	27,900
	<u>544,955</u>	<u>544,612</u>

PACIFIC FISHING COMPANY PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 24.	RELATED	PARTY	TRANSACTION	2019	2018
(CONT'D)					
Number of Employees				935	995

NOTE 25. SIGNIFICANT EVENTS

Bumble Bee Seafoods, PAFCO's major customer, had filed for bankruptcy protection in November 2019 amid criminal fines and civil lawsuits stemming from a federal price-fixing case. PAFCO has been assured that business will be as usual and there will be no disturbance in the business. Bumble Bee has planned to sell its asset to FCF (one of the shareholder of Bumble Bee).

NOTE 26. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have not seen a significant impact on our business to date. However, the outbreak and the response of Governments in dealing with the pandemic is affecting general activity levels within the community, the economy and the operations of our business. Whilst the scale and duration of these developments remain uncertain as at the date of this report, we believe they will have an impact on our earnings, cash flow and financial position.

This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the company at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and after considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

NOTE 27. 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 28. 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 29. COMPANY DETAILS

Company Incorporation

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

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]

NOTE 29. COMPANY DETAILS (CONT'D)

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 30. COMPARATIVES

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

This image shows a single page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has rounded corners on the right side. There is no handwriting or other markings on the page.

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)

