PATEL

RB Patel Group Limited

ANNUAL REPORT 2016

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RB PATEL GROUP LTD
ANNUAL REPORT 2016

DIRECTORY

Directors

Iowane Naiveli - Chairman
Surendra K Patel
Nouzab Fareed
Kaliopate Tavola
Malakai Naiyaga

Company Secretaries

Jayesh Patel
Deepak Rathod

Auditors

BDO
Chartered Accountants
Suva

Solicitors

Sherani & Company
Barristers and Solicitors
Suva

Bankers

Australia & New Zealand Banking Group Limited
Westpac Banking Corporation

Registered Office

RB Patel CentrePoint Building
Ratu Dovi Road
Laucala Beach Estate,
Nasinu.

CHAIRMAN'S REPORT

This is my second year as Chairman of your Board and I am indeed very pleased to present your company's 2016 Annual Report. The operating results for the year ended 30 June 2016 are very impressive and clearly signifies the trust that you as shareholders place in your company.

Financial Performance

Your company's total revenue including other income this year increased by 9.5% taking the total revenue to $117 million from $107 million last year.

Operating profit for the year after tax was $7.4 million compared to $5.9 million last year – an increase of just over 24% over the previous year! This reflects earnings per share of 25 cents, an increase of 25% over last year.

Gross profit on sales increased slightly to 19.25% from 18.7% last year. RB Patel continues to place great emphasis on increasing the level of profitability within the competitive supermarket industry. This is a reflection of the importance management places on pricing of products and control of operating costs.

	12 months ended 30 June 2014	12 months ended 30 June 2015	12 months ended 30 June 2016
Revenue including other income	$103,706,632	$107,449,038	$117,672,362
Growth	*1.4%*	*3.6%*	*9.5%*
Profit for the year (before tax)	$5,919,126	$6,582,045	$8,209,633
Growth	*(7.0%)*	*11.2%*	*24.7%*
Profit for the year (after tax)	$5,927,552	$5,919,319	$7,351,154
Growth	*11.0%*	*(0.1%)*	*24.2%*
Dividends per share	14 cents	14 cents	15 cents
Earnings per share	20 cents	20 cents	25 cents

Your Board proposed a final interim dividend of 11 cents per share bringing the total dividend declared and paid or proposed for the year to 15 cents per share; an increase of 7% over last year. Your company's share price at the end of the year was $3.10; an increase of 4% over the price last year at $2.99.

Economic Outlook

The Fijian economy is expected to grow by 2.4% in 2016 despite the devastating impact of Tropical Cyclone Winston and the floods in April. This upbeat forecast takes into account the pickup in construction activity led by post-cyclone reconstruction and rehabilitation work. A pickup in wholesale and retail activity was also evident as households replenished domestic items and increased purchases of reconstruction materials, facilitated by the assistance provided through the Fiji National Provident Fund, Social Welfare benefits and the Hope for Homes initiatives following Cyclone Winston and the floods.

Sectors that are driving the growth this year include the transport & storage; wholesale and retail trade; construction; accommodation & food services; financial & insurance activities and the public administration & defence sectors whose positive contributions outweighed the declines in agriculture, electricity and forestry & logging sectors.

Inflation has remained under check with recent increases mainly caused by shortages as a result of the natural disasters. The forecast for growth of the Fijian economy in 2017 is 3.6% and 3.2% in 2018. The company is optimistic for the future and these forecasts provide greater confidence in the Fijian economy.

Industry Update

The year did not see many new entrants or increase in the number of stores generally. Most supermarket chains and individual stores however continued their emphasis on pricing with the resulting pressures on product margins which required consistent attention by management.

Although the Fiji Commerce Commission has generally decreased the number of products under price control since its inception, price control continues to cause distortions for the industry.

CHAIRMAN'S REPORT [CONT'D]

Expansion and Growth

Construction work on the three level car park and retail space building at our JetPoint Complex in Martintar Nadi commenced during the year and is expected to be completed in December 2016 with the residential apartment's development in Suva expected to be completed in late 2017.

Your Board is considering further developments on our property at HarbourPoint Lami and the property recently acquired in Tamavua, Suva.

The search for new sites for stores continues and has proved to be very challenging.

Customers and Service

Your company continues to build on the "We make it easy!" branding together with our core commitment to deliver "value for money" in all our stores. Our commitment to providing the most affordable and attractive range of products continues to drive our purchasing plans.

Future Outlook

Directors and management continue to look for growth opportunities as they have done during the year. Business confidence in government's policies is evident from the increase in investments in Fiji and we are certain that this will continue to provide the impetus for future growth.

Your company will continue its expansion plans as opportunities for further investments are identified.

Staff and Management

I take this opportunity to thank the staff and management for their sterling efforts during the year. The exceptional results achieved during the year would not have been possible without their joint efforts.

I would also like to thank my fellow directors for all their effort, dedication and counsel over the year.

....
Chairman

CORPORATE GOVERNANCE

The RB Patel Group Limited (RBG) Board acknowledges the requirement to report on the company's Corporate Governance Code under the principles and guidelines provided by the Capital Markets Unit of the Reserve Bank of Fiji.

In line with the 10 core principles and the best practice recommendations RB Patel Group Limited has developed policies to improve the standard of Corporate Governance in the company. These policies are reviewed periodically to incorporate new developments in good corporate governance principles.

Principle	RBG comments
Establish clear responsibilities for board oversight	The RBG Memorandum & Articles of Association set out the powers and duties of directors in terms of managing the company effectively and efficiently. The company continuously reviews its policy guidelines to strengthen the oversight role.
Constitute an effective Board	Directors are selected for their experience and competencies and are inducted and evaluated on the basis of their suitability for the Board. The board has one independent director.
Appointment of a Chief Executive Officer	RBG has a Management Agreement with FHL Retailing Limited (the holding company) under which operations of the company are managed. Executive appointments are made under this framework by the Board.
Board and Company Secretary	The Company Secretaries maintain a close link with the Board and executive officers and the company to ensure all duties and responsibilities are effectively discharged.
Timely and balanced reporting	Board meetings are held quarterly to update directors on the company's performance and to review and provide approvals and confirmations of major aspects of the operations of the company.
Promote ethical and responsible decision-making	RBG guides its directors and other officers through its policies and code of conduct in making ethical and responsible decisions.
Register of interests	Directors and officers of the company are obliged to disclose any conflicts of interest that may arise in the course of the business. The interests of directors, if any, are noted during meetings of the company's Board.
Respect the rights of shareholders	Shareholders are encouraged to participate at the Annual General Meeting of the company. The company's Annual Report is forwarded to shareholders so as to allow adequate time to review the performance of the company and seek clarification on any aspects of the company's performance for the year and forecasts for the future.
Accountability and audit	RBG is audited annually by independent auditors who provide their report to the shareholders. Regular internal audits are also conducted and reported in line with established company procedures.
Recognise and manage risk	RBG has established risk management procedures and practices to identify and manage operational and industry risks together with appropriate controls and procedures to manage these risks.

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of RB Patel Group Limited (the company) as at 30 June 2016, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and report as follows:

Directors

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

Iowane Naiveli - Chairman	Surendra Kumar Patel
Nouzab Fareed	Kaliopate Tavola
Malakai Naiyaga	

Principal Activities

The principal activities of the company during the year were that of retailing and wholesaling of general merchandise, owners and administrators of properties and equity investments. The company operates supermarket stores in Nausori, Nakasi, Nasinu, Suva, Sigatoka, Nadi, Lautoka, Labasa and Lami.

There were no significant changes in the nature of these activities during the financial year.

Results

The profit for the company for the year was $7,351,154 after providing for income tax expense of $858,479 (2015: Profit of $5,919,319 after providing for income tax expense of $662,726).

Dividends

During the year, the company declared and paid an interim dividend of $1,200,000 (2015: $1,200,000). Furthermore, during June 2016, the directors proposed the payment of a final interim dividend of $3,300,000 (2015: Proposed dividends of $3,000,000) from the profits for the year ended 30 June 2016.

Total dividends declared and paid or proposed for the year ended 30 June 2016 amounted to $4,500,000 (2015: $4,200,000).

Reserves

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

Bad and Doubtful Debts

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

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

DIRECTORS' REPORT [CONT'D]

Current and Non-Current Assets

Prior to the completion of the financial statements of the company, the directors took reasonable steps to ascertain whether any current and 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 current and non-current assets in the company's financial statements misleading.

Unusual Transactions

In the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report, any item, transaction or event of a material unusual nature, likely in the opinion of the directors, to affect substantially the results of the operations of the company in the current financial year.

Events Subsequent to Balance Date

No matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Other Circumstances

As at the date of this report:

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

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

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

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

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 and in accordance with a resolution of the directors.

Dated this 26th day of July 2016.

.... Director

.... Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the board of directors of RB Patel Group Limited, we state that in the opinion of the directors:

[i] the accompanying statement of profit or loss and other comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 30 June 2016;

[ii] the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 30 June 2016;

[iii] the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 30 June 2016;

[iv] the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 30 June 2016;

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

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

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

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

Dated this 26th day of July 2016.

....
Director

....
Director

Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
GPO Box 855
Suva, Fiji

INDEPENDENT AUDITOR'S REPORT

To the Members of RB Patel Group Limited

We have audited the accompanying financial statements of RB Patel Group Limited (the company), which comprise the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 9 to 39.

Director's and Management's Responsibility for the Financial Statements

Directors and management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1983, and for such internal control as the directors and management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the company as at 30 June 2016, and its financial performance, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion:

a) proper books of account have been kept by the company, so far as it appears from our examination of those books;
b) the financial statements are in agreement with the books of account; and
c) to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1983 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

SUVA, FIJI
26 JULY 2016

BDO
BDO
CHARTERED ACCOUNTANTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note		2016	2015
Revenue		$	114,815,886	104,944,604
Cost of sales			(92,717,947)	(85,368,219)
Gross profit			**22,097,939**	**19,576,385**
Other income	6		2,856,476	2,504,434
			24,954,415	22,080,819
Operating expenses			(15,586,372)	(14,254,252)
Selling and marketing expenses			(353,616)	(309,848)
Finance costs	7		(804,794)	(934,674)
Profit before income tax	8		**8,209,633**	**6,582,045**
Income tax (expense) / benefit	9(a)		(858,479)	(662,726)
Profit for the year			**7,351,154**	**5,919,319**
Other comprehensive income			-	-
Total comprehensive income for the year		$	**7,351,154**	**5,919,319**
Dividends per share (including proposed dividends)	20		**15 cents**	**14 cents**
Basic & diluted earnings per share	21		**25 cents**	**20 cents**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note		2016	2015
CURRENT ASSETS				
Cash on hand and at bank		$	162,184	283,421
Trade and other receivables	10		4,094,668	2,314,492
Inventories	11		14,842,643	12,538,555
Held-to-maturity investments	12(a)		200,000	100,000
Current tax asset	9(b)		-	35,262
Total current assets			**19,299,495**	**15,271,730**
NON-CURRENT ASSETS				
Available-for–sale financial assets	12(b)		505,000	235,000
Property, plant and equipment	13		27,089,915	27,874,947
Investment property	14		13,436,608	11,633,520
Deferred tax assets	9(c)		10,300	8,946
Advances	10		585,000	335,000
Total non-current assets			**41,626,823**	**40,087,413**
TOTAL ASSETS			**60,926,318**	**55,359,143**
CURRENT LIABILITIES				
Trade and other payables	15		9,784,423	7,241,298
Interest bearing borrowings	16		11,607,700	11,034,756
Current tax liability	9(b)		181,449	-
Provisions	17		33,246	18,396
Total current liabilities			**21,606,818**	**18,294,450**
NON-CURRENT LIABILITIES				
Interest bearing borrowings	16		7,361,000	8,435,215
Deposits	18		169,410	154,596
Deferred tax liabilities	9(d)		1,740,977	1,577,923
Total non-current liabilities			**9,271,387**	**10,167,734**
TOTAL LIABILITIES			**30,878,205**	**28,462,184**
NET ASSETS			**30,048,113**	**26,896,959**
SHAREHOLDERS' EQUITY				
Share capital	19		15,000,000	15,000,000
Investment revaluation reserve			51,230	51,230
Retained earnings			11,696,883	8,845,729
Proposed dividends	20		3,300,000	3,000,000
TOTAL SHAREHOLDERS' EQUITY		$	**30,048,113**	**26,896,959**

The above statement of financial position should be read in conjunction with the accompanying notes.

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

....

Director Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Share Capital	Investment Revaluation Reserve	Retained Earnings	Proposed Dividends	Total
	$	$	$	$	$
Balance as at 1 July 2014	15,000,000	51,230	7,126,410	3,000,000	25,177,640
Profit for the year	-	-	5,919,319	-	5,919,319
Dividends paid (note 20)	-	-	(1,200,000)	(3,000,000)	(4,200,000)
Proposed dividends (note 20)	-	-	(3,000,000)	3,000,000	-
Other comprehensive income for the year:	-	-	-	-	-
Balance at 30 June 2015	**15,000,000**	**51,230**	**8,845,729**	**3,000,000**	**26,896,959**
Profit for the year	-	-	7,351,154	-	7,351,154
Dividends paid (note 20)	-	-	(1,200,000)	(3,000,000)	(4,200,000)
Proposed dividends (note 20)	-	-	(3,300,000)	3,300,000	-
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2016	**15,000,000**	**51,230**	**11,696,883**	**3,300,000**	**30,048,113**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note		2016	2015
Cash flows from operating activities				
Receipts from customers		$	117,341,113	107,218,600
Payments to suppliers and employees			(109,394,619)	(96,686,728)
Cash generated from operations			7,946,494	10,531,872
Interest and other costs of finance paid / received, net			(821,017)	(976,726)
Income tax paid			(480,068)	(630,118)
Net cash provided by operating activities			6,645,409	8,925,028
Cash flows from investing activities				
Payment for property, plant and equipment and investment property			(1,499,278)	(3,537,060)
Proceeds from sale of plant and equipment			39,653	44,511
Dividends received			14,250	13,500
Payment to acquire available-for-sale financial asset			(270,000)	(180,000)
Payment for held to maturity investment			(100,000)	(100,000)
Net cash used in investing activities			(1,815,375)	(3,759,049)
Cash flows from financing activities				
Advances received from related parties			-	2,000,000
Repayment of advances received from related parties			-	(2,000,000)
Advances provided to related party			(300,000)	-
Repayment of advances provided by related parties			300,000	-
Funds received held on behalf of related party			750,000	-
Advances to service provider			(250,000)	(250,000)
Proceeds from borrowings			857,785	2,750,568
Repayment of borrowings			(1,932,000)	(1,512,000)
Dividends paid			(4,200,000)	(4,200,340)
Net cash used in financing activities			(4,774,215)	(3,211,772)
Net increase in cash and cash equivalents			**55,819**	**1,954,207**
Cash and cash equivalents at the beginning of the financial year			(5,695,335)	(7,649,542)
Cash and cash equivalents at the end of the financial year	24(a)	$	**(5,639,516)**	**(5,695,335)**

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1. GENERAL INFORMATION

a) Corporate Information

RB Patel Group Limited (the company) is a limited liability company incorporated and domiciled in Fiji. The address of its registered office and principal place of business is located at RB Patel CentrePoint Building, Ratu Dovi Road, Laucala Beach Estate, Nasinu. The company is listed on the South Pacific Stock Exchange.

b) Principal Activities

The principal activities of the company during the year were that of retailing and wholesaling of general merchandise, owners and administrators of properties and equity investments. The company operates supermarket stores in Nausori, Nakasi, Nasinu, Suva, Sigatoka, Nadi, Lautoka, Labasa and Lami.

There were no significant changes in the nature of these activities during the financial year.

NOTE 2. BASIS OF PREPARATION

a) Basis of Preparation

The financial statements of RB Patel Group Limited have been prepared on the basis of historical cost convention, except for the revaluation of financial instruments and revaluation of certain non-current assets which were taken as "deemed cost" on transition to IFRS during the year ended 31 March 2007. Cost is based on the fair values of the consideration given in exchange for goods and services.

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 future periods are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving a 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.

b) Statement of Compliance

The financial statements have been prepared in accordance with the Companies Act, 1983 and International Financial Reporting Standards ('IFRS') as required by the Fiji Institute of Accountants.

c) Comparatives

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

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Changes in Accounting Policies

New Standards, Interpretations and Amendments Effective from 1 July 2015

A number of amendments are effective for the first time for annual periods beginning on (or after) 1 January 2015. None of the amendments have a material effect on the company's annual financial statements.

The following amendment is relevant to the company:

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The company discloses management fees in Note 25(e) of the financial statements.

New standards, interpretations and amendments that have been issued but are not mandatorily effective as at 30 June 2016

The following new standards, interpretations and amendments, which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the company's future financial statements. The company intends to adopt these standards, interpretations and amendments, if applicable, when they become effective.

1) IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the company's financial assets, but no impact on the classification and measurement of the company's financial liabilities.

2) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

NOTE 2. BASIS OF PREPARATION (CONT'D)

d) Changes in Accounting Policies (Cont'd)

New standards, interpretations and amendments that have been issued but are not mandatorily effective as at 30 June 2016 (Cont'd)

3) IFRS 16 - Leases

On 13 January 2016, the IASB issued IFRS 16 Leases, which 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.

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

IFRS 16 applies to annual periods commencing on or after 1 January 2019. Earlier adoption is permitted, but only if IFRS 15 Revenue from Contracts with Customers is also adopted. The Company is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

4) Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

5) Amendments to IAS 1 – Disclosure Initiative

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, Plant and Equipment

Property, plant and equipment are measured at cost and deemed cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including buildings and leasehold land but excluding freehold land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

Freehold land is not depreciated. Other property, plant and equipment is depreciated on a straight-line basis over its estimated useful life using the following rates:

Leasehold lands	Terms of leases
Buildings	1.25% - 2.50%
Furniture, fittings and office equipment	12% - 40%
Motor vehicles	18%

Buildings on leasehold land are depreciated using the straight-line method over their estimated useful lives or the remaining period of the lease whichever is shorter.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the results for the year.

Capital work in progress principally relates to costs incurred in respect of property construction. Capital work in progress is not depreciated.

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

(b) Investment Property

Investment property principally comprising freehold land, leasehold land and building is held to earn rentals and/or for capital appreciation, is measured initially at its cost including transaction costs. Subsequent to initial recognition, investment property is measured at its cost less any accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other investment property is on a straight line basis over its estimated useful life using the following rate:

Leasehold Land	Term of lease
Building	1.50% - 2.50%

Investment property is derecognised when either it has been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is taken into consideration in determining the results for the year.

(c) Impairment of Non - Financial Assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible 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. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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 the statement of profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on actual cost on first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Provisions for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete or un-saleable are written off in the period in which they are identified.

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

(e) Financial Assets

The company classifies its financial assets in the following categories: held-to-maturity investments, available-for-sale assets and loans and receivables. The classification depends on the nature and purpose for which the financial assets were acquired and is determined at the time of initial recognition.

Held-to-maturity investments

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to- maturity when the company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Investments are initially recognised at fair value plus transaction costs. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as 'gains and losses from investment securities'.

Dividends on available-for-sale financial assets are recognised in the statement of profit or loss as part of other income when the company's right to receive payments is established.

The company assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of profit or loss is removed from equity and recognised in the statement of profit or loss.

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 receivables comprise 'trade and other receivables' disclosed in the statement of financial position (note 10). Bad debts are written off during the period in which they are identified.

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(f) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful debts. An allowance for doubtful debts of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Allowance is raised on a specific debtor level. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs.

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

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2016

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

(g) Allowance for Doubtful Debts

The company establishes an allowance for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period when they are identified.

(h) Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand and cash in banks, net of outstanding bank overdrafts. Bank overdrafts are shown within interest bearing borrowings in current liabilities in the statement of financial position.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings 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.

(j) Trade and Other Payables

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(k) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(l) 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 and sick leave

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

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

(l) Employee Benefits (Cont'd)

Annual leave and sick leave (Cont'd)

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates prevailing at that time.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

(m) Share Capital

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

(n) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred 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 accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the period

Current and deferred tax is recognised as an expense or income in the statement of 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.

Capital Gains Tax

Capital Gains Tax (CGT) is applicable on capital gains realised on disposal of certain 'non-depreciable capital assets' as set out in the Income Tax Act. Accordingly, where these capital assets are stated at fair value, a corresponding deferred tax liability is recognised on surplus / gain on valuation of non-depreciable capital assets at the rate of 10%.

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

(o) Value Added Tax

Revenues, expenses and assets are recognised 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 recognised 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 recognised inclusive of VAT.

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

The VAT component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as operating cash flows.

(p) Foreign Currency

Functional and Presentation Currency

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

Transactions and Balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the statement of profit or loss in the period in which they arise.

(q) 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.

(r) Revenue Recognition

Sale of Goods

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

Sales revenue represent revenue earned from the sale of merchandise and is stated net of returns, trade allowances and Value Added Tax.

Rental Income

Rental income is recognised on a normal accrual basis.

Rental income represents income earned from renting out of building space and is stated net of Value Added Tax.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2016

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

(r) Revenue Recognition (Cont'd)

Dividend

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

Interest Income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(s) 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 intended use of sale, are added to 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 in the statement of profit or loss in the period in which they are incurred.

(t) Earnings Per Share

Basic earnings per share

Basic earnings per share (EPS) is determined by dividing profit after income tax attributable to members of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

(u) Dividend Distribution

Dividend declared but not distributed is recognised as a liability in the company's financial statements in the period in which the dividend is declared by the company's directors.

(v) Segment Reporting

Operating Segment

An operating segment is a component of the company which may earn revenue and incur expenses and the operating results are regularly reviewed by the directors of the company to make decisions about resources to be allocated to the segments and assess its performance.

The company has identified supermarket segment and rental segment as two major reportable operating segments.

The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting financial statements of the company.

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

(v) Segment Reporting (Cont'd)

Geographic Segment

A geographical segment constitutes the provision of products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The company predominantly operates in Fiji and business from outside Fiji is not material. Accordingly, the company is in one geographical area for reporting purposes.

The segment reporting has been disclosed under note 26.

NOTE 4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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 executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units. The board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rate, equity prices, and credit spreads will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Unfavourable changes to duty and tax regulations may expose the company to a decline in revenues. To minimise this risk, the company implements appropriate strategies to ensure that products and prices remain attractive. The company operates in Fiji and changes to Governments and the policies they implement affect the economic situation and ultimately the revenue of the company. To address this, the company reviews its pricing and product range regularly and responds appropriately to these changes.

(i) Foreign exchange risk

The company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuation. Exchange rate exposures are managed within approved policy parameters. Major foreign exchange transactions relates to importation of goods of which settlement is based on spot rates. Foreign currency risk arises from recognised assets and liabilities that are denominated in a currency that is not the company's functional currency (refer note 3(p)). As a measure, the company negotiates competitive rates with its bankers to minimise losses and maximise gains when foreign exchange receipts and payments become due.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign exchange risk (Cont'd)

The carrying amount of the company's significant foreign currency denominated monetary liabilities (aggregating over $100,000) at the end of reporting period are as follows:

	Liabilities	
	2016	**2015**
	F$	**F$**
US Dollars	585,858	516,654
NZ Dollars	206,545	209,540
AUD Dollars	236,311	-

Changes in the exchange rate by 10% (increase and decrease) are not expected to have a significant impact on the net profit and equity balances currently reflected in the company's financial statements.

(ii) Interest rate risk

The company has significant interest-bearing borrowings. Borrowing from banks are at variable interest rates. This exposes the company to interest rate risk. These risks are managed closely by the directors and the management within the approved policy parameters. For additional borrowings, the company negotiates an appropriate interest rate with banks and other lenders with the board approval and borrows from banks and other financial institutions which offers the overall favourable terms, including the interest rate. Changes in the interest rate by 1% (increase and decrease) are not expected to have a significant impact on the net profit and equity balances currently reflected in the company's financial statements.

The carrying amounts of the company's financial instruments that are exposed to interest rate risk as at 30 June 2016 is summarised below:

Financial Instruments	Less than 1 year $	1 year and over $	Total $
Financial liabilities:			
Bank overdraft	5,801,700	-	5,801,700
Bank loans	2,016,000	7,361,000	9,377,000
Advances	3,790,000	-	3,790,000
Total financial liabilities	**11,607,700**	**7,361,000**	**18,968,700**

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only 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.

Trade accounts receivable consist of a large number of customers, spread across geographical areas. Ongoing credit evaluations are performed on the financial condition of accounts receivables.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations for its financial liabilities. Prudent and careful management of the company's liquidity position is essential in order to ensure that adequate funds are available to meet the company's ongoing financial obligations.

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.

Financial Liabilities	Less than 1 year ($)	Between 1 and 2 years ($)	Between 3 and 5 years ($)	Over 5 Years ($)	Total ($)
At 30 June 2016					
Bank loans	2,016,000	1,669,000	2,952,000	2,740,000	9,377,000
Advances	3,790,000	-	-	-	3,790,000
Bank overdraft	5,801,700	-	-	-	5,801,700
Trade and other payables	9,784,423	-	-	-	9,784,423
At 30 June 2015					
Bank loans	2,016,000	2,016,000	3,637,000	2,782,215	10,451,215
Advances	3,040,000	-	-	-	3,040,000
Bank overdraft	5,978,756	-	-	-	5,978,756
Trade and other payables	7,241,298	-	-	-	7,241,298

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.1 Financial risk factors (Cont'd)

(d) Other Risks

(i) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud to external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The company cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the company is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

(ii) Regulatory risk

The company's profitability can be impacted by regulatory agencies established which govern the business sector in Fiji. Specifically retail and wholesale prices of various products are regulated by the Fiji Commerce Commission.

The salaries and wages payable to workers are subject to relevant wages regulations and employment legislation.

4.2 Capital risk management

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 and/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. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 30 June 2016 and 2015 were as follows:

	2016	**2015**
	$	**$**
Total borrowings (note 16)	18,968,700	19,469,971
Less: Cash on hand and at bank	(162,184)	(283,421)
Net debt	18,806,516	19,186,550
Total equity	30,048,113	26,896,959
Total capital (Equity + Net debt)	48,854,629	46,083,509
Gearing ratio % (Net debt / Total capital)	38.5%	41.6%

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities are estimated to approximate their fair values.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

Critical Judgments in Applying the Entity's Accounting Policies

(a) Provision for stock obsolescence

Provision for stock obsolescence is assessed and raised on a specific basis based on a review of inventories. Inventory balances are reviewed continuously and inventories considered obsolete or non-saleable are written off in the period in which they are identified. The management's decision in maintaining provision for stock obsolescence requires judgment and estimates of future realisable values in relation to slow moving and old inventories.

(b) Deferred tax liabilities

Deferred tax liability is recognized on taxable temporary differences over accounting and tax carrying amounts in respect of company properties and is measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled. The management's decision in recording its deferred tax liability requires significant judgment and estimates of future tax rates and future tax payables. Accordingly, subsequent events may result in outcomes that may be different from the judgments and estimates applied.

(c) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual level. All debtors in the 90+ days category are considered impaired and provided for on a specific basis after detailed review of individual account balances. Receivables considered uncollectable are written off in the year in which they are identified.

(d) Depreciation of property, plant and equipment

In relation to property, plant and equipment, the directors and the management apply judgment to determine the depreciation period based on the expected useful lives of the respective assets. Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, depreciation is accelerated. The director's and management's assessment of useful lives or recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgments in Applying the Entity's Accounting Policies (Cont'd)

(e) Impairment of property, plant and equipment and investment property

The company assesses whether there are any indicators of impairment of all property, plant and equipment and investment property at each reporting date. Property, plant and equipment and investment property are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. The director's and management's assessment of recoverable amount involves making a judgement, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

For the year ended 30 June 2016, no provision for impairment has been made as the company reasonably believes that no indicators for impairment exist.

NOTE 6. OTHER INCOME

		2016	2015
Rental revenue	$	2,796,342	2,441,955
Gain on disposal of property, plant and equipment		-	3,790
Dividends – non related entity		14,250	13,500
Commission		7,949	11,195
Insurance claim		-	8,001
Reversal of allowance for doubtful debts		1,309	-
Reversal of provision for employee entitlements		-	5,264
Miscellaneous income		36,626	20,729
Total other income		2,856,476	2,504,434

NOTE 7. FINANCE COST / (INCOME) - NET

		2016	2015
Finance income:			
Interest income on advances		(42,773)	-
Finance cost:			
Bank and loan administration charges		205,855	192,684
Interest expense on borrowings from ANZ Banking Group Limited and Westpac Banking Corporation		516,807	593,480
Interest expense on borrowings from Fijian Holdings Unit Trust		107,275	148,510
Interest expense on borrowings from Fiji Television Limited		17,630	-
Finance cost / (income) - net	$	804,794	934,674

Borrowing costs amounting to $Nil (2015: $42,052) was capitalized to investment property (note 14).

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8. PROFIT BEFORE INCOME TAX		2016	2015
Profit before income tax has been arrived at after charging the following expenses:			
Auditor's remuneration for:			
- Audit fees	$	45,000	43,000
- Other services		4,710	5,325
Directors fees		24,000	27,000
Management fees		3,988,458	3,206,605
Depreciation of property, plant and equipment		1,002,546	963,383
Depreciation of investment property		147,911	116,446
Operating lease rental expenses		867,419	1,082,461
Loss on disposal of property, plant and equipment		196,558	-
Personnel costs:			
- Salaries, wages, and training levy		5,408,263	4,978,836
- FNPF contribution		511,375	429,775

NOTE 9. INCOME TAX

(a) Income Tax Expense

The prima facie tax payable on profit is reconciled to the income tax expense as follows:			
Profit before income tax		8,209,633	6,582,045
Prima facie tax thereon at 10%		820,963	658,205
Tax effect of permanent differences:			
Non-deductible expenses		63,458	46,212
Non-taxable income – dividend income		(1,425)	(1,350)
Income tax deductions and concessions		(23,810)	(25,318)
Over provision for income tax expense in prior year		(707)	(10,542)
Over provision of deferred tax liability in prior year			(4,481)
Income tax expense attributable to profit		858,479	662,726
Income tax expense comprises movements in:			
Current tax liabilities		696,779	494,640
Deferred tax liabilities		163,054	172,925
Deferred tax assets		(1,354)	(4,839)
		858,479	662,726

(b) Current Tax Liability / (Asset)

Balance at the beginning of the year		(35,262)	100,216
Income tax paid		(480,068)	(630,118)
Over provision of income tax in the prior year		(707)	(10,542)
Income tax liability for the current year		697,486	505,182
Balance at the end of the year	$	181,449	(35,262)

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9. INCOME TAX (CONT'D)		2016	2015
(c) Deferred Tax Assets			
Deferred tax assets comprise the estimated future benefit at future income tax rate of 10% of the following items:			
Provision for employee entitlements	$	3,325	1,840
Allowance for doubtful debts		6,975	7,106
		10,300	8,946
(d) Deferred Tax Liabilities			
Deferred tax liabilities comprise the estimated expense at future income tax rate of 10% of the following item:			
Difference in net carrying value of property, plant and equipment and investment property for accounting and income tax purpose		1,633,077	1,480,023
Capital gains tax (at the rate of 10%) on the revaluation gain on freehold land		87,900	87,900
Cyclone reserve deposit		20,000	10,000
		1,740,977	1,577,923

NOTE 10. TRADE AND OTHER RECEIVABLES

		2016	2015
Current			
Trade receivables		1,535,130	1,241,411
Allowance for doubtful debts		(69,749)	(71,058)
		1,465,381	1,170,353
Other receivables (a)		1,370,748	176,960
Deposits		590,039	460,606
Prepayments		668,500	506,573
Total current trade and other receivables		4,094,668	2,314,492
Non-Current			
Advances to Sunergise (Fiji) Limited (b)	$	585,000	335,000

Trade receivables principally comprise amounts outstanding for sale of merchandise goods. Trade receivables are non-interest bearing and are generally settled on 7 – 60 days term.

(a) Other receivables includes $1,260,300 (2015: $126,141) receivable from fellow subsidiary, Life Cinema Limited.

(b) Advance provided to Sunergise (Fiji) Limited is for funding of the installation of solar panel system at Lautoka, CentrePoint and HarbourPoint supermarkets and RB Patel JetPoint complex. The advance has been provided to obtain competitive electricity rates. The advance is subject to fixed interest rate for the first 5 years and thereafter, is subject to variable interest rate for the next 5 years. The advance is unsecured and the principal amount is repayable at the end of the term of 10 years.

NOTE 10. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables that are less than 3 months past due are not considered impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of trade receivables is as follows:

Ageing of past due but not impaired trade accounts receivable:		2016	2015
30 – 60 days	$	596,231	364,020
60 – 90 days		39,871	39,401
Over 90 days		14,043	24,073
Total past due unimpaired trade receivables		650,145	427,494

As of 30 June 2016, trade receivables of $69,749 (2015: $71,058) were considered impaired. The individually impaired receivables generally relate to receivables over 90 days. The movement in allowance for doubtful debts is as follows:

Movement in the allowance for doubtful debts:

Balance at the beginning of the year	71,058	17,405
Additional allowance during the year	-	53,653
Reversal of allowance for doubtful debts	(1,309)	-
Balance as at 30 June	69,749	71,058

NOTE 11. INVENTORIES

Finished goods	13,879,766	11,499,718
Goods in transit	962,877	1,038,837
Total inventories	14,842,643	12,538,555

Finished goods are generally stated at cost. The value of inventories carried at net realisable values as at the year end is insignificant. Inventories considered to be un–saleable or obsolete are written off in the period in which they are identified as un-saleable or obsolete.

NOTE 12. FINANCIAL ASSETS

(a) Held-to-Maturity Investments

Current

Cyclone reserve deposit	200,000	100,000

(b) Available-for-Sale Financial Assets

Non-Current

Equity investments in Motibhai & company Limited	55,000	55,000
Equity investments in Life Cinema Limited	450,000	180,000
	505,000	235,000

Reconciliation for available-for-sale investments

Opening balance		235,000	55,000
Additions		270,000	180,000
Total available-for-sale investments	$	505,000	235,000

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land at deemed cost $	Leasehold land at deemed cost $	Buildings at deemed cost $	Office equipment at cost $	Motor vehicles at cost $	Capital Work in progress $	Total $
Gross carrying amount							
Balance at 30 June 2014	**6,250,409**	**2,056,199**	**20,765,391**	**5,874,116**	**1,286,734**	**2,261,495**	**38,494,344**
Additions	-	-	108,323	745,370	72,477	-	926,170
Disposals	(26,250)	-	-	-	(31,053)	-	(57,303)
Transfer to investment property (note 14)	-	-	-	-	-	(2,261,495)	(2,261,495)
Balance at 30 June 2015	**6,224,159**	**2,056,199**	**20,873,714**	**6,619,486**	**1,328,158**	**-**	**37,101,716**
Additions	-	-		310,707	136,305	5,652	452,664
Disposals	(8,750)	-	(272,924)	-	(65,085)	-	(346,759)
Balance at 30 June 2016	**6,215,409**	**2,056,199**	**20,600,790**	**6,930,193**	**1,399,378**	**5,652**	**37,207,621**
Accumulated depreciation							
Balance at 30 June 2014	**-**	**479,323**	**2,661,114**	**4,312,841**	**826,689**	-	**8,279,967**
Depreciation expense	-	35,701	299,574	563,317	124,196	-	1,022,788
Disposals	-	-	-	(97,365)	(79,384)	-	(176,749)
Balance at 30 June 2015	**-**	**515,024**	**2,967,468**	**4,812,185**	**932,092**	-	**9,226,769**
Depreciation expense	-	35,701	302,431	531,876	132,538	-	1,002,546
Disposals	-	-	(58,339)	-	(53,270)	-	(111,609)
Balance at 30 June 2016	**-**	**550,725**	**3,211,560**	**5,344,061**	**1,011,360**	-	**10,117,706**
Net book value							
As at 30 June 2016	**6,215,409**	**1,505,474**	**17,389,230**	**1,586,132**	**388,018**	**5,652**	**27,089,915**
As at 30 June 2015	**6,224,159**	**1,541,175**	**17,906,246**	**1,807,301**	**396,066**	**-**	**27,874,947**

Prior to April 2006, land and buildings were revalued by the directors based on independent valuation. Upon adoption of IFRS (effectively from April 2006), the company had elected the option provided under IFRS 1 to apply the cost model (deemed cost) for land and buildings previously re-valued, and accordingly, the cost value of land and buildings include revaluation increments amounting to $2,780,237 (2015: $2,890,471).

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14. INVESTMENT PROPERTY

		2016	2015
Land and Building			
Freehold land – at cost	$	2,169,211	2,169,211
Leasehold land – at cost		1,339,000	-
Building – at cost		9,772,574	7,511,079
Transfer from capital work in progress (note 13)		-	2,261,495
Less: accumulated depreciation		(663,079)	(515,168)
		12,617,706	11,426,617
Work in Progress		818,902	206,903
Total investment property, net		13,436,608	11,633,520

In July 2016, an independent valuation was carried out by Rolle Associates for the company's property at Martintar, Nadi. The land at Martintar, Nadi is apportioned between property, plant and equipment and investment property.

The property had been valued above its carrying value in books. The excess of market value over book value has not been brought to accounts.

In accordance with the security arrangements for borrowings from the bank, this investment property has been pledged as security (refer note 16).

Borrowing costs amounting to $Nil (2015: $42,052) in relation to the construction of the Cinema Multiplex at JetPoint complex in Martintar, Nadi was capitalized to investment property.

NOTE 15. TRADE AND OTHER PAYABLES

		2016	2015
Trade payables		6,582,263	5,516,697
Other payables (a)		3,191,230	1,574,986
VAT payable		-	138,685
Dividends payable		10,930	10,930
	$	9,784,423	7,241,298

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.

(a) Other payables includes $1,182,205 (2015: $739,118) payable to the holding company.

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16. INTEREST BEARING BORROWINGS		2016	2015
Secured			
Current			
Bank overdrafts	$	5,801,700	5,978,756
Bank Loan – ANZ Banking Group Limited (a)		1,032,000	1,032,000
Bank Loan – ANZ Banking Group Limited (b)		480,000	480,000
Bank Loan – ANZ Banking Group Limited (c)		504,000	504,000
Advance from Fijian Holdings Unit Trust (d)		3,040,000	3,040,000
Money held in trust on behalf of Fiji Television Limited (e)		750,000	
Total current secured borrowings		11,607,700	11,034,756
Non-Current			
Bank Loan – ANZ Banking Group Limited (a)		685,000	1,717,000
Bank Loan – ANZ Banking Group Limited (b)		2,600,000	3,080,000
Bank Loan – ANZ Banking Group Limited (c)		4,076,000	3,638,215
Total non-current secured borrowings	$	7,361,000	8,435,215

(a) The loan has been taken for construction of RB Patel JetPoint complex and purchase of land in Nadi. The loan is subject to variable interest rate. Bank loan is payable at monthly repayments of $86,000 plus interest.

(b) The loan has been taken for construction of RB Patel HarbourPoint complex in Lami. The loan is subject to variable interest rate. Bank loan is payable at monthly repayments of $40,000 plus interest.

(c) The loan has been taken for construction of Cinema Multiplex at JetPoint complex in Martintar, Nadi. The loan is subject to variable interest rate. Bank loan is payable at monthly repayments of $42,000 plus interest.

(d) Advance from Fijian Holdings Unit Trust, managed by fellow subsidiary company, Fijian Holdings Trust Management Limited, is subject to interest at the rate of 3.5% per annum, is unsecured and is repayable on demand.

(e) Relates to money held in trust on behalf of Fiji Television Limited. The fund is subject to interest at the rate of 3% per annum. The fund is to be released to Fiji Television Limited upon fulfilment of certain agreed terms between Fiji Television Limited and Digicel (Fiji) Limited.

Particulars relating to secured borrowings:

(a) The bank overdraft facility and bank loan (together with letter of credit and guarantee facilities) from ANZ Banking Group Limited is secured by:

i) First registered mortgage debenture given by the company over all its present and future assets and undertakings and its uncalled and unpaid capital.

ii) First registered mortgage over properties (CT No. 23400) situated at corner of Dovi Road and Ratu Mara Road, Laucala Beach Estate, Nasinu, (CT No. 7082) situated at Martintar, Nadi, (CT No. 34330) situated at Tavewa Avenue, Lautoka, (CL No. 53120) situated at Tavewa Avenue, Lautoka and (CT No. 39150) situated at Queens Road, Lami.

iii) A Deed of Pari Passu between the ANZ Banking Group Limited, Westpac Banking Corporation and the company, regarding sharing of securities in the ratio 50/50 with maximum debt of $7 million each.

NOTE 16. INTEREST BEARING BORROWINGS (CONT'D)

Particulars relating to secured borrowings (Cont'd)

(b) The bank overdraft facility (together with letter of credit and guarantee facilities) from Westpac Banking Corporation is secured by:

i) Registered equitable mortgage debenture given by the company over all its assets and undertakings including its uncalled and called but unpaid capital.

ii) A Deed of Pari Passu between Westpac Banking Corporation, ANZ Banking Group Limited and the company, regarding sharing of securities in the ratio 50/50 with maximum debt of $7 million each.

iii) Registered first mortgage over properties (CL No. 718652) situated at the corner of Kings & Adi Davila Roads, Nakasi, Nausori and (NL No. 15761) situated at Labasa.

NOTE 17. PROVISIONS		**2016**	**2015**
Employee benefits	$	33,246	18,396

NOTE 18. DEPOSITS

Deposits from tenants		169,410	154,596

NOTE 19. SHARE CAPITAL

Authorised capital 100,000,000 ordinary shares of $0.50 each		50,000,000	50,000,000
Issued and paid up capital 30,000,000 ordinary shares of $0.50 each		15,000,000	15,000,000

Fully paid ordinary shares carry one vote per share and carry the right to dividends. There has been no movement in share capital during the year.

NOTE 20. DIVIDENDS PAID, DECLARED OR PROPOSED

Interim dividend paid - 4 cents per share (2015: 4 cents)		1,200,000	1,200,000
Final interim dividend – proposed - 11 cents per share (2015: declared - 10 cents)		3,300,000	3,000,000
	$	4,500,000	4,200,000
Dividends per share		15 cents	14 cents

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 21. EARNINGS PER SHARE		2016	2015

Basic and Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

		2016	2015
Operating profit after tax attributable to members	$	7,351,154	5,919,319
Weighted average number of ordinary shares for the purposes of basic earnings per share		30,000,000	30,000,000
Basic and diluted earnings per share		25 cents	20 cents

NOTE 22. COMMITMENTS

(a) Capital Expenditure Commitments

Capital expenditure commitment as at 30 June 2016 is in respect to the construction of the Carpark Complex at Martintar, Nadi and construction of residential apartments at Clarke Street, Suva (2015: Construction of Carpark Complex at Martintar, Nadi).

		2016	2015
- Approved by the board and committed		8,699,520	326,890

(b) Operating Lease Expenses

Operating lease expenses relate to rental payments for building spaces used at certain branches.

Non-cancellable operating lease payables

		2016	2015
Not later than one year		870,996	641,574
Later than one but not later than five years		1,937,826	2,020,827
Later than five years		-	192,000
Total future operating lease expenses	$	2,808,822	2,854,401

(c) Management Fees

The management fees is payable to FHL Retailing Limited (holding company), pursuant to Management Agreement dated 10 June 1999 and was for an initial period of 15 years effective from 1 April 1999 with option to renew for another 15 years. Upon expiry of the initial term of the management agreement in April 2015, the company renewed the management agreement for a further 15 years. The basis for computation of management fees has been disclosed under note 25 (e).

NOTE 22. COMMITMENTS (CONT'D)

d) Operating Lease Income

Operating lease income relates to rental income from building spaces rented out.

Non-cancellable operating lease receivables

		2016	2015
Not later than one year	$	2,863,184	2,450,970
Later than one year but not later than five years		3,893,757	2,833,569
Later than five years		3,670,607	3,029,247
Total future rental income		10,427,548	8,313,786

NOTE 23. CONTINGENCIES

Contingent Liabilities

	2016	2015
Letters of credit	888,897	609,487
Indemnity guarantees	111,578	115,006
Total contingent liabilities	1,000,475	724,493

NOTE 24. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2016	2015
Cash on hand and at bank	162,184	283,421
Bank overdraft	(5,801,700)	(5,978,756)
Total cash and cash equivalents	(5,639,516)	(5,695,335)

(b) Financing Facilities

Fully committed bank overdraft financing facilities available to the company at year end were as follows:

		2016	2015
• Bank overdraft – utilised		5,801,700	5,978,756
• Bank overdraft – unutilised		6,000,300	5,323,244
	$	11,802,000	11,302,000

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 25. RELATED PARTY DISCLOSURES

(a) Holding Company and Ultimate Holding Company

The holding company is FHL Retailing Limited, a company incorporated in Fiji.

The ultimate holding company is Fijian Holdings Limited, a company incorporated in Fiji and listed on the South Pacific Stock Exchange.

(b) Directors

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

Iowane Naiveli – Chairman
Nouzab Fareed
Malakai Naiyaga
Surendra K Patel
Kaliopate Tavola

(c) Amounts due to and Receivable from Related Parties

Appropriate disclosure of these amounts is contained in the respective notes to the financial statements.

(d) Transactions with Related Parties

Significant transactions (transaction value of over $25,000) with related parties during the year ended 30 June 2016 with approximate transaction values are summarized as follows:

Related Party	Relationship	Nature of transaction	2016 ($)	2015 ($)
FHL Retailing Limited	Holding company	Management fees	3,988,458	3,206,605
Fijian Holdings Unit Trust	Unit Fund managed by fellow subsidiary company, Fijian Holdings Trust Management Limited	Advances taken	-	2,000,000
Fijian Holdings Unit Trust	Unit Fund managed by fellow subsidiary company, Fijian Holdings Trust Management Limited	Advances repaid	-	2,000,000
Fijian Holdings Unit Trust	Unit Fund managed by fellow subsidiary company, Fijian Holdings Trust Management Limited	Interest expense	107,274	148,510
Fiji Television Limited	Fellow subsidiary	Funds held in trust	750,000	-
Fiji Television Limited	Fellow subsidiary	Advertising expense	48,899	71,999
Basic Industries Limited	Fellow subsidiary	Purchase of materials	58,145	69,136
Merchant Finance Limited	Fellow subsidiary	Term deposit	100,000	100,000
Marsh Limited	Fellow subsidiary	Gross insurance premium	384,768	419,898
Life Cinema Limited	Fellow subsidiary	Rent income	276,000	161,000
Life Cinema Limited	Fellow subsidiary	Sales	124,178	97,582
Life Cinema Limited	Fellow subsidiary	Advances given	300,000	-
Life Cinema Limited	Fellow subsidiary	Advances repaid	300,000	-

In addition, during the year, the company had paid and recharged expenses in relation to purchase of equipment, administration and operating expenses for Life Cinema Limited amounting to $1,260,299 (2015: $4,760,975).

NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 25. RELATED PARTY DISCLOSURES (CONT'D)

(e) Management Fees

Management fees expense of $3,988,458 (2015: $3,206,605) was incurred for the year and was paid / payable to FHL Retailing Limited. The management fees is payable pursuant to Management Agreement dated 10 June 1999. Upon expiry of the initial term of the management agreement in April 2015, the company renewed the management agreement for a further 15 years.

The Management Agreement provides for management fees based on turnover of the company and incentive fees based on the level of profit before income tax. FHL Retailing Limited has retained RB Patel family members for the provision of consultancy services in relation to daily operation of RB Patel Group Limited.

(f) Key Management Personnel

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.

During the year, Chief Operating Officer, General Manager, Group Purchasing Officer and Financial Controller (2015: Chief Operating Officer, Group Purchasing Officer and Financial Controller) were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the company.

The remuneration of the key management personnel during the year was as follows:

	2016 ($)	2015 ($)
Salaries and other benefits	403,307	314,310

Furthermore, management fees was paid for the management services obtained during the year (refer note 25 (e)). FHL Retailing Limited has retained RB Patel family members for the provision of consultancy services in relation to daily operation of RB Patel Group Limited.

(g) Key Management Personnel Equity Holdings

Fully paid ordinary shares of RB Patel Group Limited

Direct interest in the share capital of the company by the key management personnel and executive directors is $Nil (2015: $Nil).

(h) Directors Fees

Directors fees of $24,000 (2015: $27,000) was paid to the non-executive directors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 26. SEGMENT INFORMATION	Supermarket	Rental	Total
30 June 2016	$	$	$
Sales and other revenue	114,876,020	2,796,342	117,672,362
Segment results	7,082,691	1,323,500	8,406,191
Gain / (loss) on disposal of assets	18,841	(215,399)	(196,558)
Profit before income tax			8,209,633
Income tax expense			(858,479)
Profit after income tax			7,351,154
Assets			
Segment non-current assets	27,089,915	13,436,608	40,526,523
Other non–current assets			1,100,300
Total non-current assets			41,626,823
30 June 2015			
Sales and other revenue	105,003,293	2,441,955	107,445,248
Segment results	5,594,286	983,969	6,578,255
Gain on disposal of assets	3,790	-	3,790
Profit before income tax			6,582,045
Income tax expense			(662,726)
Profit after income tax			5,919,319
Assets			
Segment non-current assets	27,874,947	11,633,520	39,508,467
Other non–current assets			578,946
Total non-current assets			40,087,413

Segment Assets and Liabilities

Current assets and current and non-current liabilities cannot be reasonably allocated between operating segments. Accordingly, this information has not been provided under segment information. Non-current assets noted above under 'Rental' are those stated as Investment Property in Note 14 and relate to buildings that are exclusively rented to third parties. Properties where supermarkets are operated together with part of the buildings rented to third parties have not been able to be reasonably allocated between operating segments. Accordingly, this information has not been provided under segment information.

NOTE 27. EVENTS SUBSEQUENT TO BALANCE DATE

No matter 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.

NOTE 28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 26 July 2016.

ADDITIONAL INFORMATION – SPSE LISTING RULES INFORMATION (NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

1. Shareholding:

a. As at 30 June 2016, no director has interest (direct and indirect) in the share capital of the company.

b. Distribution of shareholding:

Holding	No. of Holders	Total % Holding
0 - 500 shares	50	0.06%
501 to 5,000 shares	177	1.26%
5,001 to 10,000 shares	34	0.98%
10,001 to 20,000 shares	14	0.67%
20,001 to 30,000 shares	7	0.60%
30,001 to 40,000 shares	-	-
40,001 to 50,000 shares	2	0.33%
50,001 to 100,000 shares	4	1.03%
100,001 to 1,000,000 shares	9	10.51%
Over 1,000,000 shares	5	84.56%
Total	**302**	**100%**

c. Top 20 shareholders

	Name	No. of shares
1.	FHL Retailing Limited	15,223,796
2.	iTaukei Trust Fund Board	4,000,000
3.	Fiji National Provident Fund	2,847,835
4.	BSP Life (Fiji) Limited	2,164,681
5.	Unit Trust of Fiji (Trustee Co) Limited	1,130,435
6.	FHL Media Limited	817,702
7.	FHL Trustees Ltd ATF Fijian Holdings Unit Trust	505,305
8.	Kalidas Kasabia Memorial Trust	500,000
9.	Kirit Patel	400,000
10.	Mahendra Patel	220,000
11.	Kishori Patel	200,000
12.	Kanu Patel	200,000
13.	Vinod Patel	200,000
14.	J.P Bayly Trust	110,665
15.	Moala Tikina Council	100,000
16.	Chiman Bhai	96,500
17.	FijiCare Insurance Limited	62,500
18.	Pushpa Wati Kapadia	51,357
19.	Punja & Sons Limited	50,000
20.	Vikram Patel	50,000

ADDITIONAL INFORMATION – SPSE LISTING RULES INFORMATION [CONT'D] (NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

2. Share Price details:
Highest share price during year was $3.11.
Lowest share price during year was $2.98.
Share price at year end was $3.10.

3. Attendance at Board Meetings:

Name	No of Meeting	No attended
Surendra K Patel	3	3
Iowane Naiveli	3	3
Nouzab Fareed	3	3
Malakai Naiyaga	3	2
Kaliopate Tavola	3	3

4. Share Register
Central Share Registry Ltd
Level 2, Plaza 1
FNPF Boulevard
33 Ellery Street
Suva

5. Five Year Financial Review

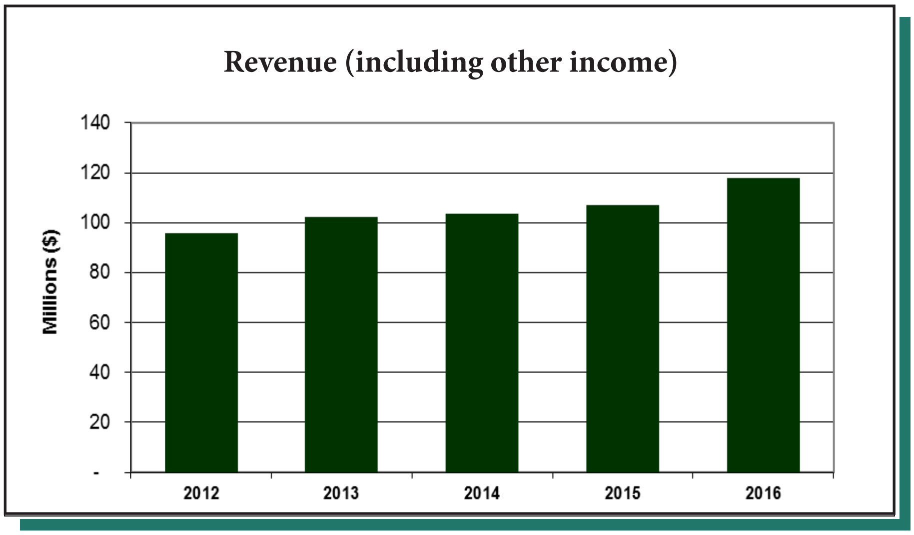
	2016 $	2015 $	2014 $	2013 $	2012 $
Revenue – Sales and Other Income	117,672,362	107,449,038	103,706,632	102,228,943	95,569,646
Profit before Depreciation and Tax	9,360,090	7,661,874	7,014,308	7,428,779	6,662,768
Depreciation	1,150,457	1,079,829	1,095,182	1,064,557	991,593
Income Tax Expense / (Benefit)	858,479	662,726	(8,426)	1,025,537	561,501
Profit after Tax	7,351,154	5,919,319	5,927,552	5,338,685	5,109,674
Earnings per Share	0.25	0.20	0.20	0.18	0.17
Dividends per Share (including proposed dividends for year)	0.15	0.14	0.14	0.14	0.14
Total Liabilities	30,878,205	28,462,184	28,148,877	27,296,359	29,504,691
Total Assets	60,926,318	55,359,143	53,326,517	50,731,447	48,801,094
Net Asset backing per Share	1.00	0.90	0.84	0.78	0.64
Shareholders' Funds	30,048,113	26,896,959	25,177,640	23,435,088	19,296,403

1. JetPoint Carpark Building - Martintar, Nadi

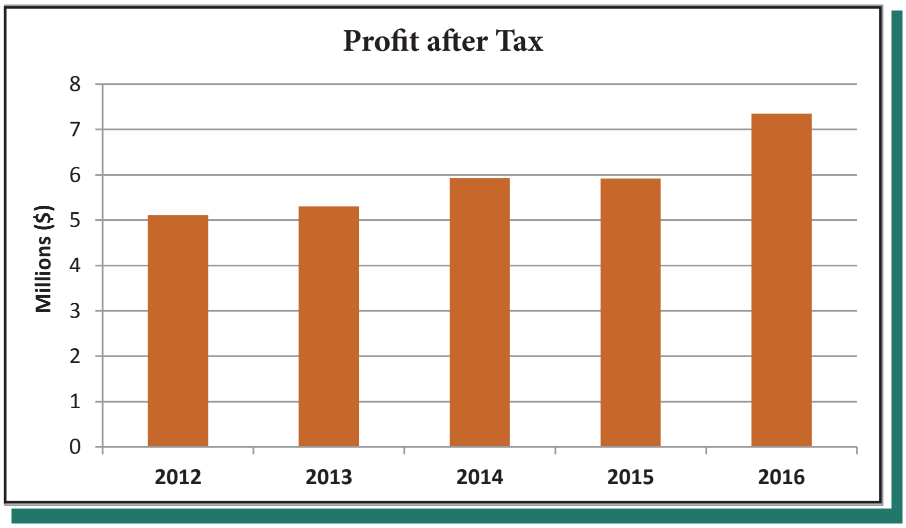
2. Apartment Building - Clarke Street, Suva

GRAPHICAL ANALYSIS OF FINANCIAL DATA

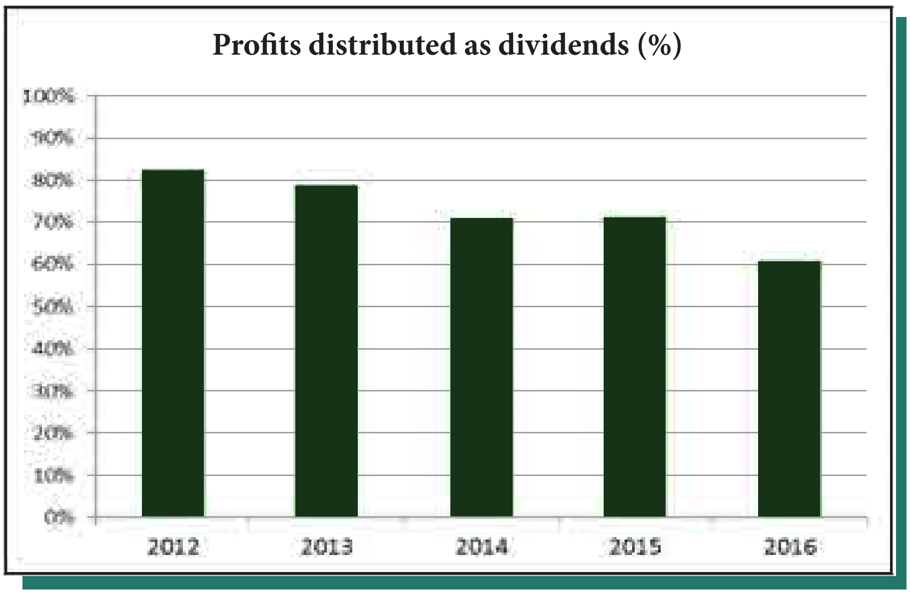
1. Revenue – comparison of revenue over the last five years.



2. Profit after Tax – the trend in Profit after Tax for the last five years.

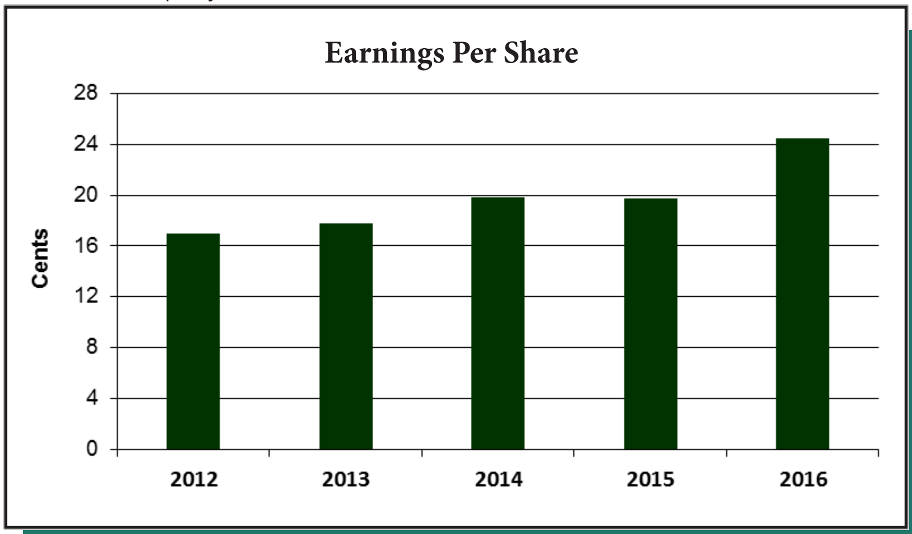


3. Percentage of Profit Distributed – the percentage of Profit after tax distributed to shareholders as dividends for the last five years.

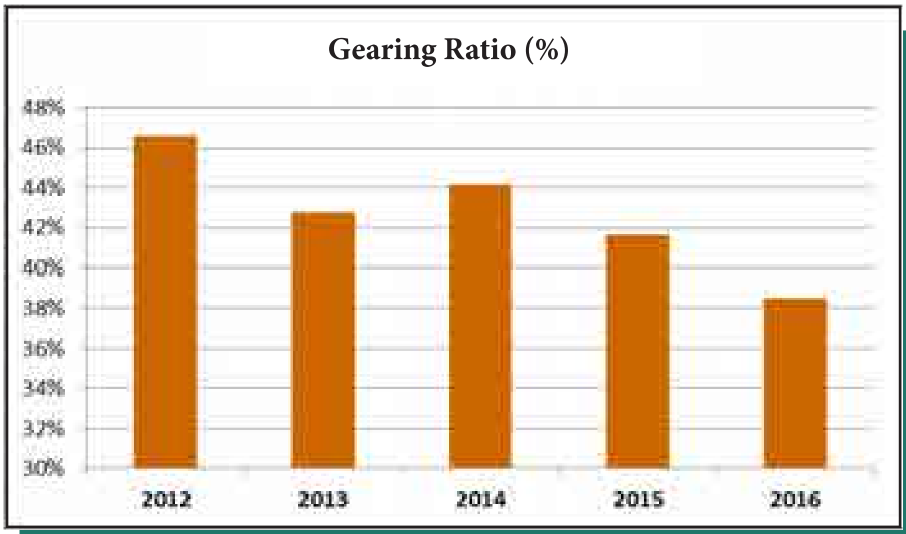


GRAPHICAL ANALYSIS OF FINANCIAL DATA [CONT'D]

4. **Earnings per Share** – company's Profit after tax divided by the total shares of the company.



5. **Gearing Ratio** – is the company's total borrowings as a percentage of shareholders' equity. Indicates the company's ability to continue as a going concern and provide returns to shareholders while maintaining an optimal capital structure.



6. **Share price movements** – the trend for the company's quarterly share price on the South Pacific Stock Exchange from 2011 to 2015.

RB PATEL GROUP LIMITED
P.O. Box 943, Suva, Fiji
Phone : (679) 339 1899
Fax : (679) 334 0087
Email : office@rbpatel.com.fj
Website: www.rbpatel.com.fj