Pacific Green Industries (Fiji) Limited and Subsidiary
Annual Report
For the year ended 31 December 2012

Pacific Green Industries (Fiji) Limited and Subsidiary

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Pacific Green Industries (Fiji) Limited and Subsidiary

Directors

Mr Peter Ryan - Chairman
Mr Ravin Chandra
Mr Qui Hui
Mr Jaoji Koroi
Mr Pita Mawi
Mr Alipate Vosaicake
Ms Kesaia Palu Tuisawau (resigned 7th November 2012)
Mr Dominic Ryan (as alternate to Peter Ryan and Ravin Chandra)

Managing Director
Mr Peter Ryan

Company Secretary
Mr Ravin Chandra

Independent Auditors
PricewaterhouseCoopers
Chartered Accountants
Level 8 Civic Tower, 272 Victoria Parade
Suva, Fiji

Bankers
Australia and New Zealand Banking Group Limited
Main Street
Nadi

Registered office and principal place of business
Queens Road
Malaqereqere
Sigatoka
Fiji
Phone contact: 679 6500055

Subsidiary
Dongguan Golden Palmwood Furniture Pty Ltd
Waihuan Road, Daluosha
Industrial Area, Daojiao Town
Dongguan, Guandong
Republic of China

Pacific Green Industries (Fiji) Limited and Subsidiary

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of Pacific Green Industries (Fiji) Limited will be held at 2.00pm on 14 June 2013 at the Pacific Green Showroom, Queens Road, Malaqereqere, Sigatoka to transact the following business:

1. Confirmation of the minutes of the previous Annual General Meeting held on 15th June 2012.
2. Matters arising from the minutes.
3. To receive and adopt the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2012.
4. To elect directors in accordance with Article 107 of the Articles of Association. Mr. Qui Hui and Mr. Pita Mawi, who retire by rotation and, being eligible, offer themselves for re-election.
5. To appoint auditors from the conclusion of this meeting until the conclusion of the next annual general meeting at a fee to be agreed by the directors. The retiring auditors, PricewaterhouseCoopers, being eligible, offer themselves for re-appointment.
6. To approve a final dividend of $0.02 per share for the year ended 31 December 2012 as recommended by the directors.
7. Any other business permitted by the Articles of Association.

By order of the Board of Directors

....

Ravin Chandra
Company Secretary

Dated 26th March 2013
Malaqereqere, Sigatoka, Fiji

Pacific Green Industries (Fiji) Limited and Subsidiary

Chairman's report

Dear Shareholders,

During the 2012 year your company concentrated on the restructuring program commenced in late 2011. As a result we had a good solid and progressive year. Consolidated group sales were $9.92m. Growth was 8.1%. Net profit slightly over $0.3m (compared to a loss of over half million in 2011). Borrowings zero. In our opinion, despite the volatile global environment, the improvement was a noteworthy achievement.

Highlight for 2012 was the opening of the Fijian Manufacturing plant and its partner the adjourning Ecopark. This was the beginning of reestablishing ourselves as a Fijian manufacturer by getting back to what we had established prior to 2004 which provided such good dividends for shareholders. We strongly believe in the idea of sustainable development, conservation of natural resources and the economic and social development of Fiji and its people. In this vein, your company will continue focusing on building and expanding its niche market both in the short term and long term. Our continuing investment in the eco park is part of our long term strategy.

Short term, the continuance of operational stability is our current direction with emphasis on quality of production, improving our market position and its geographic spread, controlling costs whilst increasing the Fijian workforce and their skill set. Another part of our strategy was to put PGIs shares in its subsidiary Dongguan Golden Palmwood on sale. Your board discussed several options but all agreed this was in the best interest of all shareholders. The key conditions were the sale must (a) provide a solid basis for shareholders dividends during the period of time it takes to rebuild the Fijian export market (b) comply with corporate governance, risk management and Government requirements (these should not be an issue as compliance to these issues are included in our boardroom discussions on a regular basis). This sale is programmed to be finalised in 2013.

Finally it needs to be remembered that many people and institutions contribute to the Pacific Green story. We especially thank our staff. We thank the people of Yadua for their loyal support. We recognise and thank the past contributions of the Fijian Government, and its incentives for Fijian exports (we look forward to this continuing because exporters such as PGI need special assistance so that it can compete on a level playing field with Asian products). But most importantly we extend our appreciation to our shareholders for their patience and understanding. The Management team and all the employees of PGI are thankful for your support.

Vinaka vakalevu

....

Peter Ryan
Chairman

Pacific Green Industries (Fiji) Limited and Subsidiary

Directors' report

The directors present their report together with the financial statements of the Company and the Group for the year ended 31 December 2012 and the auditors' report thereon.

Directors

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

Mr Peter Ryan - Chairman
Mr Ravin Chandra
Mr Qi Hui
Mr Jaoji Koroi
Mr Pita Mawi
Mr Alipate Vosaicake
Mr Dominic Ryan (as alternate to Peter Ryan and Ravin Chandra)

Principal Activity

The principal activity of the Company and the Group during the year was the manufacture and sale of furniture and architectural products made from coconut palmwood.

Results

The net profit after income tax of the Group for the year ended 31 December 2012 was $352,528 (2011: loss of $559,194) and net profit after tax for the holding company was $301,960 (2011: loss of $29,139).

Dividends

There was a further dividend of $0.05 per share from the year 2010 profit that was generated by the insurance payout paid out during the year as recommended by the directors. The total dividend paid out during the year was $380,962 (2011: $380,962).

First Interim dividend of $0.02 per share for the year 2012 was approved by the directors and declared on 1st March 2013.

Reserves

The directors recommend that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Subsequent events

On 19th January 2013, there was a fire in the company factory which destroyed one of the buildings. The company has lodged a claim with the insurance company and is awaiting confirmation on the claims.

The Group had its extraordinary general meeting of the shareholders on 28th February 2013, to consider and make a decision on the offer received by PGI to sell its 70% shareholding in its Chinese subsidiary company, Dongguan Golden Palmwood Furniture Pty Ltd for FJ$2,500,000. The shareholders approved the sale. The resolution was passed on poll and the agreed percentage received in favor of this resolution was 97% of the total PGI shareholding.

Director's equity interests

Mr. Peter Ryan and Mr. Ravin Chandra as directors own 1,367,310 and 1,474,360 ordinary shares respectively of $1.00 each as at 31 December 2012. There are no other director held interests in the holding company.

State of affairs

In the opinion of the directors the accompanying statements of financial position give a true and fair view of the state of affairs of the Company and Group as at 31 December 2012 and the accompanying statements of comprehensive income, statements of changes in equity and statements of cash flows give a true and fair view of the results, changes in equity and cash flows of the Company and Group for the year then ended, and all related party transactions have been recorded and adequately disclosed in the attached financial statements.

Dated 26th March 2013

Signed in accordance with a resolution of the directors.

Director ______________________
(Peter Ryan)

Director ______________________
(Ravin Chandra)

Independent Auditor's Report

To the Shareholders of Pacific Green Industries (Fiji) Limited

Report on the financial statements

We have audited the accompanying financial statements of Pacific Green Industries (Fiji) Limited (the 'Company') and the consolidated financial statements of the Company and its subsidiary (together the 'Group'). The financial statements comprise the statements of financial position of the Company and the Group as at 31 December 2012 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 9 to 32.

Directors' and Management's Responsibility for the Financial Statements

Directors and Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Fiji Companies Act, 1983, and for such internal control as the directors and management determine 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 of financial statements that give a true and fair view 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 directors and 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.

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Basis for Qualified Opinion

As detailed in note 21(c) to the financial statements, the directors of the subsidiary company believe that the company was entitled to income tax concessions in 2009 and prior years. However, tax advice has been obtained which raises doubt as to the applicability of income tax concessions in 2009 and earlier years and also raises the possibility of further taxes being applicable. The directors of the subsidiary rely principally on the tax consultant to ascertain and advise them of the subsidiary's tax obligations. Other than the consultant's confirmation that the subsidiary has settled all its tax obligations until 31 December 2012, the subsidiary does not have any other information to confirm the above concessions, what its existing tax obligations are, and how is it that it has ensured compliance with those obligations. We are unable to obtain sufficient appropriate audit evidence to enable us to conclude as to whether any additional tax liability should be recognised and, if so, the quantum thereof and whether the subsidiary has fulfilled all its tax obligations.

Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2012, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph:

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

b) the accompanying financial statements are in agreement with the books of account and to the best of our information and according to the explanations given to us give the information required by the Fiji Companies Act, 1983 in the manner so required.

Except for the effects of the matter described in the basis for qualified opinion paragraph, 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.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 165(1) of the Fiji Companies Act 1983. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

26 March 2013
Suva, Fiji

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of comprehensive income
For the year ended 31 December 2012

	Notes	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Revenue		9,915,049	9,118,415	2,589,858	2,370,367
Cost of sales		(5,703,605)	(5,592,608)	(1,645,976)	(1,897,646)
Gross profit		4,211,444	3,525,807	943,882	472,721
Other operating income	**5**	48,522	25,883	18,092	-
Distribution expenses		(487,252)	(655,972)	(83,130)	(76,463)
Administrative and other operating expenses	**6**	(3,430,175)	(3,409,575)	(599,904)	(451,427)
(Loss) / profit from operations		342,539	(513,857)	278,940	(55,169)
Finance income	**7**	39,098	43,969	36,494	43,969
Finance expenses	**7**	(29,109)	(35,543)	(13,474)	(17,939)
(Loss) / profit before income tax		352,528	(505,431)	301,960	(29,139)
Income tax expense	**9**	-	(53,763)	-	-
Net (loss) / profit after income tax		**352,528**	**(559,194)**	**301,960**	**(29,139)**
Other comprehensive income					
Foreign currency translation differences on foreign operations		(82,748)	(7,909)	-	-
Total comprehensive (loss)/ income for the year – net of income tax		**269,780**	**(567,103)**	**301,960**	**(29,139)**
(Loss) / profit attributable to:					
Owners of the company		337,358	(400,178)	301,960	(29,139)
Non-controlling interest		15,170	(159,016)	-	-
		352,528	**(559,194)**	**301,960**	**(29,139)**
Total comprehensive (loss)/ income attributable to :					
Owners of the company		279,434	(405,713)	301,960	(29,139)
Non-controlling interest		(9,654)	(161,390)	-	-
		269,780	**(567,103)**	**301,960**	**(29,139)**
Basic earnings per share	**18**	0.04	-0.05		
Diluted earnings per share	**18**	0.04	-0.05		

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 14 to 32.

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of changes in equity
For the year ended 31 December 2012

	Share capital	Share premium reserve	Foreign currency translation reserve	Accumulated losses	Total	Non Controlling Interest	Total equity
	$	$	$	$	$	$	$
Group							
2011							
Balance at 1 January 2011	7,619,234	504,210	170,244	(1,968,176)	6,325,512	1,305,677	7,631,189
(Loss) after income tax	-	-	-	(400,178)	(400,178)	(159,016)	(559,194)
Other comprehensive income:							
Foreign currency translation differences on foreign operations	-	-	(5,535)	-	(5,535)	(2,374)	(7,909)
Transactions with owners of the Company, recognised directly in equity:							
Dividends paid (5 cents per share)	-	-	-	(380,962)	(380,962)	-	(380,962)
Balance at 31 December 2011	7,619,234	504,210	164,709	(2,749,316)	5,538,837	1,144,287	6,683,124
2012							
Balance at 1 January 2012	7,619,234	504,210	164,709	(2,749,316)	5,538,837	1,144,287	6,683,124
Profit after income tax	-	-	-	337,358	337,358	15,170	352,528
Other comprehensive income:							
Foreign currency translation differences on foreign operations	-	-	(57,924)	-	(57,924)	(24,824)	(82,748)
Transactions with owners of the Company, recognised directly in equity:							
Dividends paid (5 cents per share)	-	-	-	(380,962)	(380,962)	-	(380,962)
Balance at 31 December 2012	7,619,234	504,210	106,785	(2,792,920)	5,437,309	1,134,633	6,571,942

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 14 to 32.

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of changes in equity (continued)
For the year ended 31 December 2012

	Share capital	Share premium reserve	Accumulated losses	Total
	$	$	$	$
Company				
2011				
Balance at 1 January 2011	7,619,234	504,210	(4,010,341)	4,113,103
(Loss) after income tax	-	-	(29,139)	(29,139)
Transactions with owners of the Company, recognised directly in equity:				
Dividends paid (5 cents per share)	-	-	(380,962)	(380,962)
Balance at 31 December 2011	7,619,234	504,210	(4,420,442)	3,703,002
2012				
Balance at 1 January 2012	7,619,234	504,210	(4,420,442)	3,703,002
Profit after income tax	-	-	301,960	301,960
Transactions with owners of the Company, recognised directly in equity:				
Dividends paid (5 cents per share)	-	-	(380,962)	(380,962)
Balance at 31 December 2012	7,619,234	504,210	(4,499,444)	3,624,000

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 14 to 32.

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of financial position
As at 31 December 2012

	Notes	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Assets					
Non-current assets					
Property, plant and equipment	10	3,614,011	3,677,049	2,859,477	2,768,399
Investment	11	-	-	834,168	834,168
Biological Asset - Eco Park Project	12	80,173	-	80,173	-
Total non-current assets		3,694,184	3,677,049	3,773,818	3,602,567
Current assets					
Cash and cash equivalents	13	1,817,226	2,009,823	740,770	898,440
Trade and other receivables	14	235,303	270,311	45,310	214,144
Inventories	15	2,287,523	2,645,023	1,420,656	1,460,631
Prepayments and other deposits	16	246,634	298,172	133,004	64,970
Total current assets		4,586,686	5,223,329	2,339,740	2,638,185
Total assets		8,280,870	8,900,378	6,113,558	6,240,752
Equity					
Share capital	17a	7,619,234	7,619,234	7,619,234	7,619,234
Share premium reserve	17b	504,210	504,210	504,210	504,210
Foreign currency translation reserve	17c	106,785	164,709	-	-
Accumulated losses		(2,792,920)	(2,749,316)	(4,499,444)	(4,420,442)
		5,437,309	5,538,837	3,624,000	3,703,002
Non controlling interest		1,134,633	1,144,287	-	-
Total equity		6,571,942	6,683,124	3,624,000	3,703,002
Liabilities					
Current liabilities					
Bank overdraft	13	53,104	77,160	-	-
Trade and other payables	19	1,530,690	2,007,569	2,489,558	2,533,125
Income tax payable	9b	125,134	127,900	-	-
Borrowings	20	-	4,625	-	4,625
Total current liabilities		1,708,928	2,217,254	2,489,558	2,537,750
Total liabilities		1,708,928	2,217,254	2,489,558	2,537,750
Total equity and liabilities		8,280,870	8,900,378	6,113,558	6,240,752

Signed for and on behalf of the board of directors

Director .... *(Peter Ryan)*

Director .... *(Ravin Chandra)*

The above statements of financial position are to be read in conjunction with the notes to financial statements set out on pages 14 to 32.

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of cash flows
For the year ended 31 December 2012

	Notes	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Operating activities					
Cash receipts in the course of operations		9,987,197	9,037,496	2,795,186	2,268,154
Cash payments in the course of operations		(9,396,712)	(8,415,103)	(2,296,214)	(1,908,657)
Interest paid		(29,109)	(30,952)	(13,474)	(17,939)
Interest income		-	93,486	-	93,486
		561,376	684,927	485,498	435,044
Insurance proceeds		36,727	-	36,727	-
Cash flows from operating activities		598,103	684,927	522,225	435,044
Investing activities					
Proceeds from disposal of property, plant and equipment		46,158	-	15,728	-
Payments for property, plant and equipment	**10**	(324,617)	(1,050,076)	(229,863)	(1,018,079)
Biological Asset - Eco Park Project		(80,173)	-	(80,173)	-
Maturity of term deposits		-	1,800,000	-	1,800,000
Cash flows used in investing activities		(358,632)	749,924	(294,308)	781,921
Financing activities					
Repayment of borrowings and lease liability		(4,625)	(9,250)	(4,625)	(9,250)
Dividends paid		(380,962)	(380,962)	(380,962)	(380,962)
Cash flows used in financing activities		(385,587)	(390,212)	(385,587)	(390,212)
Net increase/ (decrease) in cash held		(146,116)	1,044,639	(157,670)	826,753
Effect of exchange rate movement		(22,425)	4,815	-	-
Cash and cash equivalents at 1 January		1,932,663	883,209	898,440	71,687
Cash and cash equivalents at 31 December	**13**	1,764,122	1,932,663	740,770	898,440

The above statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 14 to 32.

1. Reporting Entity

Pacific Green Industries (Fiji) Limited (the "Company") is a public company domiciled in Republic of Fiji . The address of the Company's registered office and principal place of business is Queens Road, Malaqereqere, Sigatoka, Republic of Fiji. The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiary (together referred to as the "Group"). The Company's subsidiary, Dongguan Golden Palmwood Furniture Pty Limited is a foreign private company, incorporated and domiciled in the Republic of China. The Group is primarily involved in the manufacture and sale of furniture and architectural products made from coconut palmwood.

Stock exchange listing

The company was listed on the South Pacific Stock Exchange on 5 June 2001.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board and the requirements of Fiji Law.

The financial statements were approved by the Board of Directors on 26th March 2013.

(b) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied.

(c) Functional and presentation currency

These consolidated financial statements are presented in Fiji Dollars, which is the holding Company's functional currency. The functional currency of the subsidiary Dongguan Golden Palmwood Furniture Pty Limited is Chinese Yuan and its presentation currency is US Dollars.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(m) – Income tax
- Note 3(d) – Property plant & equipment
- Note 3(h) – Impairment
- Note 3(j) – Trade and other payables

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are those entities controlled by the holding company. Control exists when the holding company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non controlling interest represents the equity in subsidiary company Dongguan Golden Palmwood Furniture Pty Limited not attributable to the members of Pacific Green Industries (Fiji) Limited.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised gains or losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency

(i) Foreign currency transactions

Foreign currency transactions are translated to Fiji dollars at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the statement of comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Fiji dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Fiji dollars at average exchange rates during the year.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

(c) Financial Instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

3. Significant accounting policies (continued)

(c) Financial Instruments (continued)

(i) Non-derivative financial assets (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available for sale.

Held-to-maturity investments are carried at amortised cost using fixed interest rate.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less, net of bank overdraft.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Equity investments not held for trading are classified under this category. Available-for-sale financial assets are subsequently carried at cost less provision for impairment. Provision for impairment of investments is made where in the opinion of the Directors there has been a permanent diminution on the value of the investments.

Available-for-sale financial assets comprise investment in subsidiaries.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's non-derivative financial liabilities comprise loans and borrowings, bank overdraft and trade and other payables and these are carried at cost.

Bank overdraft that is repayable on demand and forms an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Share premium reserves

Share premium is the amount by which the fair value of the consideration received exceeds the nominal value of the shares issued.

(d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials, direct labour and an appropriate proportion of overheads, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing costs.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in the statement of comprehensive income.

Subsequent costs

The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced item is derecognised. The costs of the day-to-day servicing of the property, plant and equipment are recognised in the statement of comprehensive income as incurred.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The straight-line method of depreciation is used and depreciation rates have been applied as follows:

Leasehold land	term of lease
Buildings	1.25%
Motor vehicles	20%
Office furniture and equipment	10%
Plant and equipment	5%

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

(e) Biological assets

The Group has engaged in an Eco park project which consists of planting exotic, high-end hardwoods (sandalwood, teak, mahogany and coconut). In measuring fair value of the plants, management estimates and judgements are required for the determination of fair value.

At this stage the fair value of these plants cannot be reliably measured and since very little biological transformation has taken place since initial cost incurrence and the impact of the biological transformation on price is not expected to be material, its cost is approximated to be its fair value.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment

(i) Financial assets

A financial asset not carried at fair value through the statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and receivables or held-to-maturity investment. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease the impairment loss is reversed through the statement of comprehensive income.

Impairment losses on available-for-sale financial assets measured at fair value are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to the statement of comprehensive income. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation and the current fair value, less any impairment loss recognised previously in the statement of comprehensive income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the statement of comprehensive income, then the impairment loss is reversed, with the amount of the reversal recognised in the statement of comprehensive income. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater value of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of comprehensive income.

(i) Employee benefits

Contributions paid to the Fiji National Provident Fund on behalf of employees to secure retirement benefits are included in the statement of comprehensive income. Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the relative service is provided.

(j) Trade and other payables

Trade and other payables are not interest-bearing and are stated at cost. A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3. Significant accounting policies (continued)

(k) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For furniture sales, transfer usually occurs when the product is received by the customer, however, for some international shipments transfer occurs upon loading of goods onto the relevant carrier at the port.

(l) Lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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3. Significant accounting policies (continued)

(n) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to members of the Company by the weighted average number of shares of the Company.

Diluted earnings per share is the same as basic earnings per share for the Group as there are no ordinary shares that are considered to be dilutive.

(o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments.

4. Financial risk management

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(a) Foreign currency risk management

The Group undertakes various transactions denominated in foreign currencies. The Group is exposed to foreign exchange risk arising from various currency exposures with respect to purchase of inventory, primarily with respect to the RMB, AUD and USD. Foreign exchange risk arises from future commercial transactions and liabilities. Management has set up bank accounts in USD, RMB, AUD, GBP, HKD and FJD to reduce any negative impact.

(b) Credit risk management

Credit risk refers to the risk that a customer or counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with credit worthy customers as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counter parties are continuously monitored. Credit exposure is controlled by customer credit limits that are reviewed and approved by the management on a regular basis.

Customers that fail to meet the Group's benchmark credit worthiness may transact with the Group only on a prepayment basis. In any case, the Group predominantly requires that a deposit be paid before commencing production and that the balance is settled before the product is dispatched. The Group does not require collateral in respect of trade and other receivables.

4. Financial risk management (continued)

(b) Credit risk management (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group	Group	Company	Company
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Cash at bank	1,798,272	2,001,974	739,670	897,690
Trade and other receivables	235,303	270,311	45,310	214,144
	2,033,575	2,272,285	784,980	1,111,834

(c) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate banking facilities and collecting advance deposits from clients and continuously monitoring forecast and actual cash flows.

(d) Interest rate risk management

The Group is exposed to interest rate risk as its overdraft facility is on variable interest rates. This balance however is relatively small to the Group.

(e) Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to its shareholders.

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

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
5. Other operating income				
Insurance proceeds for Fire Loss	36,727	-	36,727	-
Fire Loss	(19,144)	-	(19,144)	-
Net insurance proceeds	17,583	-	17,583	-
Gain on disposal of property, plant & equipment	30,939	-	509	-
Other	-	25,883	-	-
	48,522	25,883	18,092	-

6. Administrative and other operating expenses
Included in administrative and other operating expenses are:

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Depreciation	354,056	304,290	123,566	92,193
Audit fees	30,000	30,000	10,000	10,000
Consultancy fees paid to related parties (note 22(b))	1,432,021	1,436,005	-	-

7. Finance income and expenses

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Finance income				
Unrealised exchange gain	39,098	661	36,494	661
Interest income	-	43,308	-	43,308
	39,098	43,969	36,494	43,969
Finance expenses				
Unrealised exchange loss	-	4,591	-	-
Bank charges and interest expense	29,109	30,952	13,474	17,939
	29,109	35,543	13,474	17,939

8. Personnel expenses

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Wages and salaries included in cost of sales	1,238,459	1,002,321	447,374	296,915
Other wages and salaries	287,259	286,439	104,137	102,064
Executive directors remuneration	84,000	47,000	84,000	47,000
Contributions to FNU	5,264	4,911	5,264	4,911
Contributions to superannuation	47,205	38,958	47,205	38,958
	1,662,187	1,379,629	687,980	489,848

In addition to the executive director’s remuneration as detailed above, consultancy fees are paid to the other directors and key management personnel (refer to note 22).

9. Income tax

(a) Income tax expense recognised in the statements of comprehensive income

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Current tax expense - current year	-	53,763	-	-
Deferred tax expense	-	-	-	-
Income tax expense	-	53,763	-	-
Reconciliation of income tax expense				
Operating (loss)/profit	352,528	(505,431)	301,960	(29,139)
Income tax expense/(benefit)	72,965	(127,232)	60,392	(8,159)
Non-deductible expenses	(10,737)	14,694	(10,737)	14,694
Tax losses utilised during the year	(47,260)	(2,529)	(47,260)	(2,529)
Deferred tax assets & liabilities not brought to account	(14,968)	168,830	(2,395)	(4,006)
Income tax expense	-	53,763	-	-

The company has tax losses of $362,163 at year end (2011: tax losses of $4,781,961) which have not been recognised in the statement of financial position.

Refer Note 21(c) regarding potential tax liabilities of the subsidiary company.

(b) Income tax payable

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Balance at 1 January	127,900	131,702	-	-
Current tax expense	-	53,763	-	-
Payments made during the year	-	(53,763)	-	-
Effect of exchange rate movement	(2,766)	(3,802)		
Balance at 31 December	125,134	127,900	-	-

Pacific Green Industries (Fiji) Limited and Subsidiary
Notes to the financial statements (continued)
For the year ended 31 December 2012

10 Property, plant and equipment

Group	Leasehold land and buildings	Plant and equipment	Motor vehicles	Office furniture and equipment	Total
	$	$	$	$	$
Cost					
Balance at 1 January 2011	2,037,638	1,904,095	347,871	315,971	4,605,575
Additions	806,820	137,831	51,049	54,376	1,050,076
Disposals	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-
Balance at 31 December 2011	2,844,458	2,041,926	398,920	370,347	5,655,651
Balance at 1 January 2012	2,844,458	2,041,926	398,920	370,347	5,655,651
Additions	95,363	80,535	138,944	9,775	324,617
Disposals	-	-	(142,177)	-	(142,177)
Effect of movement in exchange rates	(10,345)	(30,152)	(3,827)	(1,577)	(45,901)
Balance at 31 December 2012	2,929,476	2,092,309	391,860	378,545	5,792,190
Depreciation					
Balance at 1 January 2011	393,242	878,881	255,251	142,251	1,669,625
Depreciation for the year	66,297	163,462	42,279	32,252	304,290
Disposals	-	-	-	-	-
Effect of movements in exchange rates	1,035	3,014	480	158	4,687
Balance at 31 December 2011	460,574	1,045,357	298,010	174,661	1,978,602
Balance at 1 January 2012	460,574	1,045,357	298,010	174,661	1,978,602
Depreciation for the year	77,834	172,703	67,286	36,233	354,056
Disposals	-	-	(126,959)	-	(126,959)
Effect of movements in exchange rates	(5,410)	(18,205)	(2,958)	(947)	(27,520)
Balance at 31 December 2012	532,998	1,199,855	235,379	209,947	2,178,179
Carrying amounts					
At 31 January 2011	1,644,396	1,025,214	92,620	173,720	2,935,950
At 31 December 2011	2,383,884	996,569	100,910	195,686	3,677,049
At 31 December 2012	2,396,478	892,454	156,481	168,598	3,614,011

Pacific Green Industries (Fiji) Limited and Subsidiary

Notes to the financial statements (continued)

For the year ended 31 December 2012

10 Property, plant and equipment (continued)

	Leasehold land and buildings	Plant and equipment	Motor vehicles	Office furniture and equipment	Total
Company	**$**	**$**	**$**	**$**	**$**
Cost					
Balance at 1 January 2011	1,559,222	517,296	193,641	244,575	2,514,734
Additions	806,820	130,051	28,356	52,852	1,018,079
Disposals	-	-	-	-	-
Balance at 31 December 2011	2,366,042	647,347	221,997	297,427	3,532,813
Balance at 1 January 2012	2,366,042	647,347	221,997	297,427	3,532,813
Additions	95,363	65,997	62,435	6,068	229,863
Disposals	-	-	(77,645)	-	(77,645)
Balance at 31 December 2012	2,461,405	713,344	206,787	303,495	3,685,031
Depreciation					
Balance at 1 January 2011	202,846	211,570	150,101	107,704	672,221
Depreciation for the year	19,490	27,019	20,566	25,118	92,193
Disposals	-	-	-	-	-
Balance at 31 December 2011	222,336	238,589	170,667	132,822	764,414
Balance at 1 January 2012	222,336	238,589	170,667	132,822	764,414
Depreciation for the year	30,768	34,045	30,066	28,687	123,566
Disposals	-	-	(62,426)	-	(62,426)
Balance at 31 December 2012	253,104	272,634	138,307	161,509	825,554
Carrying amounts					
At 31 January 2011	1,356,376	305,726	43,540	136,871	1,842,513
At 31 December 2011	2,143,706	408,758	51,330	164,605	2,768,399
At 31 December 2012	2,208,301	440,710	68,480	141,986	2,859,477

Leased assets

The Company leases a motor vehicle under finance lease agreement – refer Note 20. At the end of each lease period the Company has the option to purchase the motor vehicle at a beneficial price. At 31 December 2012 the net carrying amount of the leased motor vehicle was Nil (2011: $4,625).

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
11. Investment				
Investment in subsidiary	-	-	834,168	834,168

The Company established a subsidiary, Dongguan Golden Palmwood Furniture Pty Limited in China in 2004 and has 70% ownership interest.

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
12. Biological asset				
Eco park project	80,173	-	80,173	-

The ecological park was opened in January 2012 in conjunction with the new factory opening. The Eco park is a key element in the rebuilding of the Sigatoka factory. The Park is about promoting sustainability in action as it would allow visitors to learn about the 'tree of life'.

The Group has engaged in an Eco park project which consists of planting exotic, high-end hardwoods (sandalwood, teak, mahogany and coconut). At this stage the fair value of these plants cannot be reliably measured as very little biological transformation has taken place since initial cost incurrence and the impact of the biological transformation on price is not expected to be material, its cost is approximated to be its fair value. The major cost incurred in relation to the Eco park project is buying and planting the seedlings, fencing, landscaping, machinery and tools used and labour cost.

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
13. Cash and cash equivalents				
Cash at bank	1,368,421	2,001,974	739,670	897,690
Short term deposit	429,851	-	-	-
Cash on hand	18,954	7,849	1,100	750
	1,817,226	2,009,823	740,770	898,440
Bank overdraft	(53,104)	(77,160)	-	-
Cash and cash equivalents in the statements of cash flows	1,764,122	1,932,663	740,770	898,440
14. Trade and other receivables				
Trade receivables	198,008	56,167	8,015	-
Amounts owed by directors	27,095	33,041	27,095	33,041
Amounts owed by employees	10,200	12,031	10,200	12,031
VAT receivable	-	169,072	-	169,072
	235,303	270,311	45,310	214,144

		Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
15.	**Inventories**				
	Raw materials	988,637	1,253,056	276,192	329,719
	Work in progress	560,097	313,747	522,701	275,600
	Finished goods	703,410	982,600	586,384	759,692
	Goods in transit	35,379	95,620	35,379	95,620
		2,287,523	2,645,023	1,420,656	1,460,631
16.	**Prepayments and other deposits**				
	Prepayments and deposits	246,634	298,172	133,004	64,970
		246,634	298,172	133,004	64,970
17.	**(a) Share capital**				
	Authorised capital				
	20,000,000 shares of $1.00 each	20,000,000	20,000,000	20,000,000	20,000,000
	Issued share capital				
	7,619,234 shares of $1.00 each fully paid	7,619,234	7,619,234	7,619,234	7,619,234

(b) Share premium reserve

Share premium is the amount by which the consideration received exceeds the nominal value of shares issued.

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Share premium	504,210	504,210	504,210	504,210

(c) Foreign currency translation reserve

Foreign currency translation reserve	106,785	164,709	-	-

The results and financial position of the foreign group entity that have a functional currency different to Fiji dollars is translated into the presentation currency of the Company (being Fiji dollars) as follows:

- assets and liabilities are translated at the closing rate at the balance sheet date;
- income and expenses of the income statement is translated at the average exchange rates for the year; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in the foreign entity are taken to the foreign currency translation reserve in shareholder's equity.

Pacific Green Industries (Fiji) Limited and Subsidiary
Notes to the financial statements (continued)
For the year ended 31 December 2012

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $

18. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is as follows:

	Group 2012 $	Group 2011 $
Net profit / (loss) attributable to shareholders	337,358	(400,178)
Weighted average number of shares for the year ended 31 December	7,619,234	7,619,234
Basic earnings per share	0.04	-0.05

Diluted earnings per share

Diluted earnings per share at 31 December 2012 is the same as basic earnings per share as there are no ordinary shares which are considered dilutive.

19. Trade and other payables

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Trade creditors and accruals	1,256,531	1,986,059	684,365	547,430
VAT Payable	1,074	-	1,074	-
Amounts payable to directors	273,085	21,510	-	-
Amounts payable to subsidiary	-	-	1,804,119	1,985,695
	1,530,690	2,007,569	2,489,558	2,533,125

20. Borrowings

(a) Lease
Current

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Lease liability	-	4,625	-	4,625
	-	4,625	-	4,625

21. Commitments and contingencies

(a) (i) Finance lease commitments

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Current	-	4,625	-	4,625
Non-current	-	-	-	-
	-	4,625	-	4,625

Finance lease are payable as follows:

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Not later than one year	-	5,120	-	5,120
Later than one year but not later than two years	-	-	-	-
Future finance charges	-	(495)	-	(495)
	-	4,625	-	4,625

21. Commitments and contingencies (continued)

(a) (ii) Operating lease commitments

On 16 October 1997, the company entered into native lease agreements with the Native Land Trust Board to lease land at Lot 1 and 2 on Plan SO 3011, Cuvu, Nadroga. The leases have a term of 75 years ending on 28 February 2062.

On 29 June 2012, the company entered into an agreement with the Fiji Broadcasting Corporation Ltd to rent its premises for 2 years ending 30 June 2014. Under the agreement rent is payable at $2,500 VIP for the first 12 months and thereafter $2,500 VEP per month.

The future lease commitments are as follow:

	Group 2012 $	Group 2011 $	Company 2012 $	Company 2011 $
Payable not later than 1 year	41,074	13,030	41,074	13,030
Payable later than 1 year but not later than 5 years	67,120	52,120	67,120	52,120
Payable later than 5 years	580,051	593,082	580,051	593,082
	688,245	658,232	688,245	658,232

(b) Capital commitments

Capital commitments for the Group not otherwise provided for in the financial statements amounted to $Nil (2011: $Nil.)

(c) Contingent liability

Dongguan Golden Palmwood Furniture Pty (the Subsidiary) has engaged the services of a China based tax consultant to advice on all China tax matters. Based on the advice received, the directors of the subsidiary believe that the company was entitled to income tax concessions up until 31 December 2009. Since then, based on the consultant's advice, the subsidiary has made some payments for income taxes in 2012 and 2011. In addition, $131,702 was accrued in 2010 by the subsidiary as additional income taxes payable. The balance continues to be accrued for in 2012. The consultant however has confirmed that all tax obligations until 31 December 2012 have been settled. Additional tax advice has, however, been obtained which raises doubt as to the applicability of income tax concessions in 2009 and earlier years and also raises the possibility of further taxes being applicable.

The directors of the subsidiary rely principally on the tax consultant to ascertain and advise them of the subsidiary's tax obligations. Other than the consultant's above confirmation that the subsidiary has settled all its tax obligations until 31 December 2012, the subsidiary does not have any other information to confirm either the above concessions or what its existing tax obligations are and how is it that it has ensured compliance with those obligations.

In view of the above, it has not been possible to reliably assess the quantum of potential additional tax liabilities (if any).

22. Related parties

(a) Directors

The following were directors of the holding company during the year:

Mr Peter Ryan- Chairman /Managing Director
Mr Ravin Chandra – Executive Director
Mr Qui Hui – Executive Director
Mr Jaoji Koroi – Independent Director
Mr Pita Mawi – Independent Director
Ms Kesaia Palu Tuisawau – Independent Director (resigned 7th November 2012)
Mr Alipate Vosaicake - Independent Director
Mr Dominic Ryan – alternate to Peter Ryan and Ravin Chandra

22. Related parties (continued)

(b) Transactions with Directors and Key Management Personnel

The aggregate value of transactions and outstanding balances relating to management personnel were as follows:

Personnel Position	Transaction	Notes	Net transaction value Year ended 31 December 2012 $	2011 $	Group Balance Outstanding As at 31 December Receivable/(Payable) 2012 $	2011 $
Executive director – Ravin Chandra	Advances	14	5,946	(5,366)	27,095	33,041
Employees	Advances	14	1,831	(3,251)	10,200	12,031
Director – Peter Ryan	Consultancy	6	271,871	276,225	-	-
	Advances	19	(23,299)	-	(23,299)	-
Director – Qui Hui	Consultancy	6	737,875	704,781	-	-
	Advances	19	(211,280)	(221,120)	(232,790)	(21,510)
Management – Stan Angelou	Consultancy	6	174,292	245,750	-	-
Director – Dominic Ryan	Consultancy	6	247,982	209,249	-	-
	Advances	19	(16,996)	-	(16,996)	-

Consultancy expenses are paid by the subsidiary Dongguan Golden Palmwood Furniture Pty Limited in China.

Executive director's remuneration for Mr. Ravin Chandra is disclosed in Note 8.

(c) Equity Interest of Related Parties

The interests of directors and employees during the year in the ordinary shares of the company are as follows:

	Additions $	Holding $
Employees	-	8,850
Directors	-	2,842,670

There were no unpaid dividends at year end (2011: Nil).

(d) Transactions with Subsidiary

During the year the Company entered into various transactions with the subsidiary which were at normal commercial terms and conditions. Amounts receivable/payable from/to the subsidiary are unsecured. The aggregate value of material transactions with the subsidiary during the year were as follows:

	Net transaction value Year ended 31 December 2012 $	2011 $	Balance Outstanding As at 31 December Receivable/(Payable) 2012 $	2011 $
Purchase of goods and services				
Subsidiary – Dongguan Golden Palmwood Furniture Pty Limited	212,111	476,178	(1,804,119)	(1,985,695)

23. Segment Reporting

Geographical Segments

	Fiji		**China**		**Consolidated**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**	**$**	**$**
Revenue from external customers	2,589,858	2,370,367	7,325,191	6,748,048	9,915,049	9,118,415
Interest revenue	-	43,308	-	-	-	43,308
Interest expense	13,474	17,939	15,635	13,013	29,109	30,952
Depreciation and amortisation	123,566	92,193	230,490	212,097	354,056	304,290
Reportable segment profit (loss) before income tax	301,960	(29,139)	50,568	(476,292)	352,528	(505,431)
Segment assets	6,113,558	6,240,752	4,805,598	5,479,490	8,280,870	8,900,378
Segment liabilities	2,489,558	2,537,750	1,023,488	1,665,199	1,708,928	2,217,254
Cash flows from operating activities	522,225	435,044	75,878	249,883	598,103	684,927
Cash flows (used in) / from investing activities	(294,308)	781,921	(64,324)	(31,997)	(358,632)	749,924
Cash flows used in financing activities	(385,587)	(390,212)	-	-	(385,587)	(390,212)
Capital expenditure	229,863	1,018,079	94,754	31,997	324,617	1,050,076

24. Subsequent events

Fire incident in January 2013
On 19th January 2013, there was a fire in the company factory which destroyed one of the buildings. The Company has lodged a claim with the insurance company and are awaiting confirmation on the claim.

Approval for sale of shares in the subsidiary company
The Group had its extraordinary general meeting of the shareholders on 28th February 2013, to consider and make a decision on the offer received by PGI to sell its 70% shareholding in its Chinese subsidiary company Dongguan Golden Palmwood Furniture Pty Ltd for FJ$2,500,000. The shareholders approved the sale. The resolution was passed on poll and the agreed percentage received in favor of this resolution was 97% of the total PGI shareholding.

Dividends
First Interim dividend of $0.02 per share for the year 2012 was approved by the directors and declared on 1st March 2013.

Pacific Green Industries (Fiji) Limited and Subsidiary
Listing requirements of the South Pacific Stock Exchange (not included elsewhere in the Annual Report)

(1) Schedule of each class of equity security, in compliance with listing requirements under section 6.31 (iv):

(a) Shareholdings of those persons holding twenty (20) largest blocks of shares:

	Name	Shares	Total % Holding
1	Ravin Chandra	1,474,360	19.35%
2	Peter Ryan	1,367,310	17.95%
3	Fiji National Provident Fund	1,244,275	16.33%
4	Yasana Holdings Limited	1,018,274	13.36%
5	iTaukei Trust Fund	1,000,000	13.12%
6	Munswamy Reddy	803,830	10.55%
7	Guardian Trustees Limited-Fijian Holdings Unit Trust	256,527	3.37%
8	Mark Patterson	199,957	2.62%
9	Unit Trust Of Fiji (Trustee Co) Ltd	80,000	1.05%
10	Colonial Fiji Life Limited	35,682	0.47%
11	Radike & Eta Qereqeretabua	25,000	0.33%
12	FHL Securities Limited	20,000	0.26%
13	Ken Kung	20,000	0.26%
14	Jimaima T Schultz	13,500	0.18%
15	FNPF Nominees Limited	6,398	0.08%
16	Vishnu Deo	5,000	0.07%
17	Rajesh Sharma	3,500	0.05%
18	Kamlesh Kumar	3,000	0.04%
19	Dahyabhai Nathubhai Patel & Bipin Chandra Patel	3,000	0.04%
20	Christopher Dard Keung Yee	3,000	0.04%

(b) Details of Shareholdings of Directors and Senior Management :

1	Ravin Chandra	1,474,360
2	Peter Ryan	1,367,310
3	Shabnam Prasad	2,500
4	Pita Mawi	1,000
5	Praveen Padyachi	1,000

(2) Schedule of each class of equity security, in compliance with listing requirements under section 6.31 (v):

Distribution of ordinary shareholders:

No. of Holders	Holdings	Total % Holding
33	Less than 500 shares	0.09%
27	501 to 5,000 shares	0.62%
1	5,001 to 10,000 shares	0.08%
3	10,001 to 20,000 shares	0.70%
1	20,001 to 30,000 shares	0.33%
1	30,001 to 40,000 shares	0.47%
0	40,001 to 50,000 shares	0.00%
1	50,001 to 100,000 shares	1.05%
4	100,001 to 1,000,000 shares	29.67%
4	Over 1,000,000 shares	66.99%

Pacific Green Industries (Fiji) Limited and Subsidiary

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in the Annual Report) (continued)

(3) Disclosure under Section 6.31 (viii) :

Subsidiary Company: Dongguan Golden Palmwood Furniture Pty Limited

	2012 $	2011 $
Turnover	7,537,302	7,224,226
Other Income	30,430	25,883
	7,567,732	7,250,109
Depreciation	230,490	212,097
Interest income	-	-
Other expenses	7,286,674	7,514,304
Income tax expenses	-	53,763
	7,517,164	7,780,164
Profit after tax	50,568	(530,055)
Total Assets	4,805,598	5,479,490
Total Liabilities	1,023,488	1,665,199
Shareholder's Equity	3,782,110	3,814,291

(4) Disclosure under Section 6.31 (ix) :

There were no contracts existing during or at the end of the financial year in which a director of the Group was materially interested, directly or indirectly apart from those disclosed in the financial statements.

(5) Disclosure under Section 6.31 (xii) :

Summary of key financial results for the previous five years for the Group:

	2012 $	2011 $	2010 $	2009 $	2008 $	2007 $
Net Profit/(Loss) after Tax	**352,528**	**(559,194)**	**2,935,405**	**262,897**	**(346,424)**	**741,216**
Current assets	4,586,686	5,223,329	6,022,060	4,320,903	4,283,339	4,361,365
Non-Current Assets	3,694,184	3,677,049	2,935,950	3,189,853	3,192,945	3,145,417
Total Assets	**8,280,870**	**8,900,378**	**8,958,010**	**7,510,756**	**7,476,284**	**7,506,782**
Current Liabilities	1,708,928	2,217,254	1,322,196	1,174,493	1,512,352	1,380,092
Non Current Liabilities	-	-	4,625	855,729	1,072,485	1,246,183
Total Liabilities	**1,708,928**	**2,217,254**	**1,326,821**	**2,030,222**	**2,584,837**	**2,626,275**
Shareholder's Equity	**6,571,942**	**6,683,124**	**7,631,189**	**5,480,534**	**4,891,447**	**4,880,507**

(6) Disclosure under Section 6.31 (xiii) :

(a) Dividends per share:

There was a further dividend of $0.05 per share (15 June 2012) declared and paid during the year ended 31 December 2012, from the year 2010 profit that was generated by the insurance payout paid out during the year as recommended by the directors. The total dividends paid out were $380,962 (2011: $380,962).

		Group	
		2012	**2011**
		$	**$**
(b)	**Earnings per share:**	0.04	-0.05
(c)	**Net tangible assets per share:**	0.86	0.88

(d) Share price during the year:

	2012	**2011**
	$	**$**
Highest	2.10	2.10
Lowest	2.00	0.92
On 31st December	2.00	2.10

(7) Disclosure under Section 6.31 (xvii) :

Corporate Governance

In June 2008, the Capital Markets Development Authority (now the Capital Markets Unit of Reserve Bank of Fiji) published the Corporate Governance Code for the Capital Markets (The Code). The Code attributes 10 core principles together with the best practice recommendations. This code is the basis for the Group corporate governance standards.

Principle	**Group's/Company's Response**
Establish clear responsibilities for board oversight	The Group Policy sets out the powers and duties of directors in terms of managing the Group effectively and efficiently.
Constitute an effective Board	Directors are nominated by Shareholders at the Annual General Meeting and elected upon approval from major shareholders. One third of the total strength of the Board retire by rotation each year and are eligible for re-election.
Appointment of the Chief Executive Officer (CEO)	The Board appoints the Group Managing Director.
Board and Company Secretary	The Company Secretary is the administrative link between the Board and the Management and is responsible for ensuring compliance to company activities. All directors have access to the Company Secretary.
Timely and balanced disclosure	Board meetings are held regularly (at least twice yearly) to update the directors on the Group performance and get major decisions clarified and passed at Board level. The Group Managing Director and the Group General Manager are in constant contact with the directors for any issues arising within the Group. The Group periodically releases the required information to the public by way of market announcements, as required by the rules of the SPSE.

(7) Disclosure under Section 6.31 (xvii) : (continued)

Corporate Governance (continued)

Principle	Group's/Company's Response
Promote ethical and responsible decision-making	The Group promotes and believes that all directors and employees uphold high standards, honesty, fairness, and equity in all aspects of their employment and association with the Group.
Register of interests	The interests of the Directors if any are noted during Board meetings.
Respect the rights of the shareholders	An Annual General Meeting is held every year in accordance with the Articles of Association of the company. The Annual Report is also published each year and circulated to the shareholders of the company.
Accountability and Audit	The Company is audited externally each year and receives an independent audit report which forms part of the Annual Report. The Audit and Finance Committee is responsible for overseeing the financial reporting and disclosure process, performance and independence of the external auditors, monitoring risk management policies and practices with management.
Recognise and Manage Risk	The Group has in place a Risk Management Policy to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

(8) Disclosure under Section 6.31 (vi) :
Board Meetings

Director	Number of Meetings held	Number of meetings Attended	Apology (AP)
Mr Peter Ryan - Chairman	3	3	-
Mr Ravin Chandra	3	3	-
Mr Qi Hui	3	1	AP
Mr Jaoji Koroi (alternate Mr. Suliano Ramanu)	3	3	Alternate
Mr Pita Mawi	3	3	-
Ms Kesaia Palu Tuisawau (resigned 7th November 2012)	3	0	AP
Mr Alipate Vosaicake (joined 7th November 2012)	3	1	-
Mr Dominic Ryan (as alternate to Peter Ryan and Ravin Chandra)	3	1	AP

Board Sub-Committees: The Board has two standing committees.

(i) The Audit and Finance Committee inclusive of Risk and Compliance

The Audit and Finance Committee inclusive of Risk and Compliance are selected by the Board and was formed in 2009. They are responsible for the external audit of the Group's affairs, reviewing half year and annual financial statements. They assist the Board in fulfilling its responsibilities by coming up with recommendations, advice and information concerning accounting and reporting responsibilities and evaluating risk management practices. The Committee meets twice a year or as required. The Committee comprises Mr. Pita Mawi and Mr. Ravin Chandra.

(ii) The Strategic Sub Committee

The Strategic Committee comprises all the Board members and is chaired by the Board Chairman. The Directors are briefed with their roles and responsibilities as Board members of the Group. The Group strategic plans are reviewed annually by all the Board members.

The company Share Registry is maintained at its registered office and principal place of business in Fiji :

Pacific Green Industries (Fiji) Limited
Queens Road
Malaqereqere
Sigatoka
Republic of Fiji
Phone contact: 679 650 0055
Fax contact : 679 6520 014

Company Secretary : Mr. Ravin Chandra

PACIFIC GREEN INDUSTRIES (FIJI) LIMITED AND SUBSIDIARY

Proxy form

I/We*____ of _______________________________

being a member/members* of the above-named company, hereby appoint

___________________________________ of ____________________________________, or failing him

_____________________________of ________________________________, as my/our* proxy to vote

on my/our* behalf at the annual general meeting of the company, to be held on 14 June 2013, and at any adjournment thereof.

This form is to be used in favour of or against the resolutions as follows:

		Tick as desired	
		In favour	**Against**
1.	To receive and adopt the audited balance sheet and income statement and the reports of the directors and auditors for the year ended 31 December 2012.	☐	☐
2.	To elect directors in accordance with Article 107 of the Articles of Association. Two directors. Mr. Pita Mawi and Mr. Qui Hui retire by rotation and, being eligible, offer themselves for re-election.		
	• To elect Mr Pita Mawi as a director	☐	☐
	• To elect Mr Qui Hui as a director	☐	☐
3.	To appoint PricewaterhouseCoopers as auditors	☐	☐

Signed this day of 2013 ____________________________

(Signature of Shareholder)

____________________ _______________________ ______________________________

(Signature of Witness) (Name of Witness) (Designation of Witness -

(Refer note 2 below)

Unless otherwise instructed, the proxy may vote as he or she thinks fit.

Strike out whichever is not applicable.

Note 1 In the case of a company/corporation, the proxy must either be under seal or under the hand of an officer or attorney duly authorised.

Note 2 Unless the appointer is a company/corporation, the proxy must be signed in the presence of a Justice of Peace, Magistrate, Police Officer, Roko or other recognised public official.

Note 3 Please ensure that all details are legible.

Note 4 To be effective, the company must receive this instrument not less than forty-eight hours before the time of the meeting.