



RB PATEL GROUP LIMITED

ANNUAL REPORT

2014

RB PATEL GROUP LTD ANNUAL REPORT 2014

DIRECTORY

Directors

Padam R Lala - Chairman
Surendra K Patel
Kaliopate Tavola
Iowane Naiveli
Nouzab Fareed
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.

CONTENTS

	Page No.
Chairman's Report	2-3
Corporate Governance	4
Directors' Report	5-7
Statement by Directors	8
Independent Auditors' Report	9
Statement of Profit or Loss and other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14-40
Additional Information - SPSE Listing Rules	41-42
Graphical Analysis of Financial Data	43-44

CHAIRMAN'S REPORT

It gives me great pleasure to present the company's Annual Report for 2014 to you the shareholders. The year has been disappointing but satisfying and it is pleasing to report to you the results for the year ended 30 June 2014

Financial Performance

The company's total revenue including and other income this year increased to almost \$104 million. This is an increase of just over 1.4%.

Profit for the year after tax was \$5.9 million compared to \$5.3 million last year – an increase of 11% over the previous year. Profit before tax however decreased. This anomaly in the pre and post-tax profit is a result of the change in tax rate for listed companies from the next financial year and adjustment to the company's deferred tax balances. This is explained in more detail in the financial statements.

The decrease in pre-tax profit is a reflection of the subdued economic conditions and competitive nature of the industry together with the continuing margin pressures from competitors. Although the company managed its costs exceptionally well the gross profit on sales went down by 1% from 19.3% to 18.3% and resulted in the decrease in pre-tax profit.

	12 months ended 30 June 2012	12 months ended 30 June 2013	12 months ended 30 June 2014
Revenue including other income	\$95,569,646	\$102,228,943	\$103,706,632
<i>Growth</i>	1.2%	7.0%	1.4%
Profit for the year (after tax)	\$5,109,674	\$5,338,685	\$5,927,552
<i>Growth</i>	5.6%	4.5%	11.0%
Dividends	14 cents	14 cents	14 cents
Earnings per share	17 cents	18 cents	20 cents

The Board proposed a final interim dividend of 10 cents per share bringing the total dividend for the year to 14 cents per share. This is the seventh consecutive year the company has maintained dividend at 14 cents per share. The company's recent share price of \$2.70 continues to reflect confidence in its performance and stability (share price in June 2013 was \$2.25).

Economic Environment

The Fijian economy is expected to grow by 3.6% this year and 2.4% for 2015 and 2016. Partial indicators suggest a recent increase in aggregate demand. Net Value Added Tax (VAT) collections and imports of consumption goods rose by 6.4% and 16.4% respectively. Fiji's investment outcomes were mixed. Imports of investment goods and domestic cement, indicators of investment and construction activity, rose by 22.6% and 7.6% respectively. Sectoral performances were also mixed with visitor arrivals and woodchip production increasing with gold and mahogany production decreasing.

Industry Update

The increase in the number of supermarkets last year has contributed to the added competition for customers. Most chains and individual stores continued their emphasis on pricing and the resultant erosion of margins.

The Fiji Commerce Commission's price determination on price controlled products continues to present challenges for the industry. The pricing on a number of high volume items causes market distortions in an industry that is already the most competitive in Fiji.



CHAIRMAN'S REPORT (CONT'D)

Expansion and Growth

Construction of the company's Cinema Multiplex at its JetPoint Complex in Martintar, Nadi is progressing well although there have been some delays. The construction is expected to be completed by the end of 2014. The structure of the management company for the operation of the multiplex is also in its final stages.

During the year the company partnered with Sunergise (Fiji) Limited and installed a photovoltaic solar system at its JetPoint supermarket in Nadi. The system has to date provided a saving in carbon emission of 85.2 tonnes which is equivalent to the use of 30 tonnes of diesel!

A similar system has been installed at the WestPoint supermarket in Lautoka. The systems supply a significant amount of the daytime energy of the supermarkets.

The company closed its Waimanu Road supermarket in May 2014 due to the significant shift of customers from the store to our MarketPoint supermarket opposite the Suva municipal markets.

The search for new sites for stores continues keeping in mind that these should add value for our shareholders. Further property developments on the JetPoint and HarbourPoint sites are being considered.

Customers and Service

We continue to demonstrate that "We make it easy!" to our customers through our employees together with our core commitment to deliver "value for money" in all our stores. We also continue to seek out new products internationally that meet these aims.

Future Outlook

Your directors and management have continued to look for growth opportunities. The concerns of doing business in Fiji have increased and continue to do so due to cost structures. New legislations, new and increased licence fees and other costs together with the implementation of new OHS, NFA and health regulations continue to test our ability to maintain costs within the overall growth parameters of businesses. With the upcoming general elections promising a democratically elected government there is optimism for increased confidence in the investment environment.

Staff and Management

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

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

Padam Raj Lala
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 adequate independent directors.
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 of 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.
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 2014, 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:

Padam Raj Lala - Chairman	Surendra Kumar Patel
Iowane Naiveli	Kaliopate Tavola
Nouzab Fareed	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

	2014	2013
	\$	\$
Profit before income tax	5,919,126	6,364,222
Income tax expense before adjustment for change in future income tax rate from 18.5% to 10% (2013: 20% to 18.5%)	(1,106,597)	(1,211,768)
Adjustment to deferred tax balances due to change in future income tax rate from 18.5% to 10% (2013: 20% to 18.5%)	1,115,023	186,231
Income tax benefit / (expense)	8,426	(1,025,537)
Profit after income tax	5,927,552	5,338,685

Dividends

During the year, the company declared and paid an interim dividend of \$1,200,000 (2013: \$1,200,000). Furthermore, during June 2014, the directors proposed the payment of a final interim dividend of \$3,000,000 (2013: Proposed dividends of \$3,000,000) from the profits for the year ended 30 June 2014.

Total dividends declared and paid or proposed for the year ended 30 June 2014 amounted to \$4,200,000 (2013: \$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.

DIRECTORS' REPORT (CONT'D)

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.

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.

Significant Events During the Year

During the year:

- (i) The company commenced construction of a Cinema Multiplex at Martintar, Nadi. For this purpose, the company has obtained a loan amounting to \$5 million from Australia and New Zealand Banking Corporation Limited. Refer note 15(c).
- (ii) The company engaged Sunergise (Fiji) Limited to install and rent to the company a 80KW photovoltaic solar system at its JetPoint supermarket in Martintar, Nadi. The installation was completed in October 2013 and the solar system supplies a significant amount of the daytime energy of the supermarket.
- (iii) The company announced the closure of its Waimanu Road supermarket store in May 2014.

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.



DIRECTORS' REPORT (CONT'D)

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 4th day of August 2014.

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:

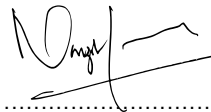
- (i) the accompanying statement of profit or loss and other comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 30 June 2014;
- (ii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 30 June 2014;
- (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 2014;
- (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 2014;
- (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 4th day of August 2014.



.....
Director



.....
Director

INDEPENDENT AUDITORS' 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 2014, and 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 10 to 40.

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 2014, 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
4 AUGUST 2014



BDO
CHARTERED ACCOUNTANTS

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2014**

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Revenue		\$ 101,491,391	100,258,179
Cost of sales		(82,877,992)	(80,862,765)
Gross profit		18,613,399	19,395,414
Other income	5	2,215,241	1,970,764
		20,828,640	21,366,178
Operating expenses		(13,755,277)	(13,764,234)
Selling and marketing expenses		(311,491)	(313,251)
Finance costs	6	(842,746)	(924,471)
Profit before income tax	7	5,919,126	6,364,222
Income tax expense before adjustment for change in future income tax rate from 18.5% to 10% (2013: 20% to 18.5%)		(1,106,597)	(1,211,768)
Adjustment to deferred tax balances due to change in future income tax rate from 18.5% to 10% (2013: 20% to 18.5%)		1,115,023	186,231
Income tax benefit / (expense)	8(a)	8,426	(1,025,537)
Profit for the year		5,927,552	5,338,685
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Gain on remeasurement of available-for-sale investments at fair value		15,000	-
Total comprehensive income for the year		\$ 5,942,552	5,338,685
Dividends per share (including proposed dividends)	19	14 cents	14 cents
Basic & diluted earnings per share	20	20 cents	18 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 2014**

	Note	2014	2013
CURRENT ASSETS			
Cash on hand and at bank		\$ 211,762	157,156
Trade and other receivables	9	2,899,848	2,353,575
Inventories	10	13,347,786	13,050,773
Current tax asset	8(b)	-	231,542
Total current assets		16,459,396	15,793,046
NON-CURRENT ASSETS			
Financial assets – available-for-sale investments	11	55,000	40,000
Property, plant and equipment	12	30,214,377	28,298,482
Investment property	13	6,508,637	6,581,031
Deferred tax assets	8(c)	4,107	18,888
Other receivables - loans	9	85,000	-
Total non-current assets		36,867,121	34,938,401
TOTAL ASSETS		53,326,517	50,731,447
CURRENT LIABILITIES			
Trade and other payables	14	6,365,652	7,068,598
Interest bearing borrowings	15	12,665,304	9,850,819
Current tax liability	8(b)	100,216	-
Provisions	16	23,660	12,213
Total current liabilities		19,154,832	16,931,630
NON-CURRENT LIABILITIES			
Interest bearing borrowings	15	7,448,647	7,821,000
Deposits	17	140,400	138,887
Deferred tax liabilities	8(d)	1,404,998	2,404,842
Total non-current liabilities		8,994,045	10,364,729
TOTAL LIABILITIES		28,148,877	27,296,359
NET ASSETS		25,177,640	23,435,088
SHAREHOLDERS' EQUITY			
Share capital	18	15,000,000	15,000,000
Investment revaluation reserve		51,230	36,230
Retained earnings		7,126,410	5,398,858
Proposed dividends	19	3,000,000	3,000,000
TOTAL SHAREHOLDERS' EQUITY		\$ 25,177,640	23,435,088

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 2014**

	Share Capital	Investment Revaluation Reserve	Retained Earnings	Proposed Dividends	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2012	15,000,000	36,230	4,260,173	-	19,296,403
Profit for the year	-	-	5,338,685	-	5,338,685
Dividends paid (note 19)	-	-	(1,200,000)	-	(1,200,000)
Proposed dividends (note 19)	-	-	(3,000,000)	3,000,000	-
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2013	15,000,000	36,230	5,398,858	3,000,000	23,435,088
Profit for the year	-	-	5,927,552	-	5,927,552
Dividends paid (note 19)	-	-	(1,200,000)	(3,000,000)	(4,200,000)
Proposed dividends (note 19)	-	-	(3,000,000)	3,000,000	-
Other comprehensive income for the year:					
Gain on remeasurement of available-for-sale investments at fair value	-	15,000	-	-	15,000
Balance at 30 June 2014	15,000,000	51,230	7,126,410	3,000,000	25,177,640

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 2014**

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities			
Receipts from customers	\$	103,919,221	102,351,406
Payments to suppliers and employees		(97,735,528)	(95,690,307)
Cash generated from operations		6,183,693	6,661,099
Interest and other costs of finance paid		(862,660)	(924,471)
Income tax paid		(644,879)	(1,450,000)
Net cash provided by operating activities		4,676,154	4,286,628
Cash flows from investing activities			
Payment for property, plant and equipment		(2,920,891)	(853,619)
Proceeds from sale of plant and equipment		43,139	83,261
Dividends received		15,000	12,000
Net cash used in investing activities		(2,862,752)	(758,358)
Cash flows from financing activities			
Advances received from related parties		5,040,000	1,500,000
Repayment of advances received from related parties		(2,000,000)	(1,500,000)
Proceeds from borrowings		1,391,647	3,912,354
Repayment of borrowings		(1,512,000)	(6,837,000)
Dividends paid		(4,200,928)	(4,196,614)
Net cash used in financing activities		(1,281,281)	(7,121,260)
Net increase / (decrease) in cash and cash equivalents		532,121	(3,592,990)
Cash and cash equivalents at the beginning of the financial year		(8,181,663)	(4,588,673)
Cash and cash equivalents at the end of the financial year	23(a)	\$ (7,649,542)	(8,181,663)

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 2014

NOTE 1. GENERAL 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 disclosed in note 27 to the financial statements. The company is listed on the South Pacific Stock Exchange.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

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 judgements, 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 judgements. 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. Judgements 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 judgement or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in note 4.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Preparation (Cont'd)

New Standards and Amendments effective for the year ended 30 June 2014

A number of new standards and amendments effective for the first time for periods beginning on (or after) 1 January 2013, have been adopted in these financial statements. The nature and effect of each new standard and amendment adopted by the company is detailed below. Not all new standards and amendments effective for the first time for periods beginning on (or after) 1 January 2013 affect the company's financial statements.

(i) *IFRS 12 – Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)*

IFRS 12 is a new disclosure standard that sets out what companies need to disclose in their financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities. IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting company's interests in other entities and the effects of those interests on its financial statements. In addition, IFRS 12 requires extensive disclosures about investments in subsidiaries, joint arrangements, associates or unconsolidated structured entities.

As the new standard affects only disclosure, there is no effect on the company's financial position or performance.

(ii) *IFRS 13 - Disclosures of Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market condition regardless of whether that price is directly observable or estimated using another valuation technique. The application of IFRS 13 may result in changes in how entities determine fair values for financial reporting purposes. In addition, IFRS 13 requires extensive disclosures about fair value measurements.

IFRS 13 did not materially affect any fair value measurements of the company's assets or liabilities, with changes being limited to presentation and disclosure, and therefore has no effect on the company's financial position or performance.

New Standards and Amendments effective for the year ended 30 June 2014 that have no significant impact to the company

The following new standards and amendments are also effective for the first time in these financial statements. However, none have a material effect on the company.

- IFRS 7 (Amendment) – Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).
- IAS 19 (Revised) – Employee Benefits (effective for annual periods beginning on or after 1 January 2013).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) **FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Preparation (Cont'd)

New Standards and Amendments issued but not yet effective

The following new standards and amendments which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the company's future financial statements:

- Amendments to IFRS 9 - Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2015).
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities (effective for annual periods beginning on or after 1 January 2014).
- IAS 32 (Amendment) – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) Comparatives

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

(f) 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) 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.

(h) Employee Benefits

Wages and salaries

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

Annual leave 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.

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.

(i) Financial Assets

The company classifies its financial assets in the following categories: available-for-sale assets 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Assets (Cont'd)

Available-for-sale financial assets (Cont'd)

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.

Receivables

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 9). Bad debts are written off during the period in which they are identified.

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

(j) 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.

(k) 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.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of Non - Financial Assets (Cont'd)

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.

(l) 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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Income Tax (Cont'd)

Capital Gains Tax

The Capital Gains Tax (CGT) is applicable at 10% on capital gains realised on the sale or disposal of 'capital assets' as set out in the Capital Gains Tax Decree. Accordingly, the company provides for deferred tax liability that may arise if capital assets were to be ultimately sold or traded. The potential CGT is disclosed under deferred tax liabilities in the statement of financial position.

(n) Investment Property

Investment property principally comprising freehold 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 depreciated on a straight line basis over its estimated useful life using the following rate:

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 period.

(o) 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.

(p) 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Property, Plant and Equipment (Cont'd)

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.

(q) 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.

(r) 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 considers itself to be operating in one operating segment as it operates predominantly in the retailing and wholesaling industry and revenue from other sources are not material for the purposes of segment reporting.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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.

(t) Trade and Other Payables

Trade payables and other accounts payable 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.

(u) 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.

(v) 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.

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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) 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.

NOTE 3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (foreign exchange risk, price risk and interest rate risk), regulatory risk, credit risk, liquidity risk and operational 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 2(j)). 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 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	
	2014	2013
	F\$	F\$
US Dollars	261,091	815,698
NZ Dollars	104,731	337,748

Foreign currency sensitivity analysis

The company is mainly exposed to the currencies of USD and NZD.

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

	Profit or (loss)		Profit or (loss)	
	2014		2013	
	Strengthen	Weaken	Strengthen	Weaken
	F\$	F\$	F\$	F\$
US Dollars	23,736	(29,010)	74,154	(90,633)
NZ Dollars	9,521	(11,637)	30,704	(37,528)

(ii) Price risk

The company does not have investments in equity securities quoted on stock exchange and hence is not exposed to equity securities price risk. The company is not exposed to commodity price risk.

(iii) 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.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(iii) Interest rate risk (Cont'd)

The carrying amounts of the company's financial instruments that are exposed to interest rate risk as at 30 June 2014 is summarized below:

Financial Instruments	Less than 1 year \$	1 year and over \$	Total \$
Financial liabilities:			
Bank overdraft	7,861,304	-	7,861,304
Bank loans	1,764,000	7,448,647	9,212,647
Advance from Fijian Holdings Unit Trust	3,040,000	-	3,040,000
Total financial liabilities	12,665,304	7,448,647	20,113,951

(b) 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.

(c) 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.

In addition, the company is exposed to credit risk in relation to financial guarantee given to the bank provided by the company. The company's maximum exposure in this respect is the maximum amount the company would have to pay if the guarantee is called upon (refer note 15).

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014
NOTE 3. FINANCIAL RISK MANAGEMENT (CONT'D)
3.1 Financial risk factors (Cont'd)
(d) Liquidity risk (Cont'd)

Financial Liabilities	Less than 1 year (\$)	Between 1 and 2 years (\$)	Between 3 and 5 years (\$)	Over 5 Years (\$)	Total (\$)
At 30 June 2014					
Bank loans	1,764,000	2,016,000	3,792,647	1,640,000	9,212,647
Advance from Fijian Holdings Unit Trust	3,040,000	-	-	-	3,040,000
Bank overdraft	7,861,304	-	-	-	7,861,304
Trade and other payables	6,365,652	-	-	-	6,365,652
At 30 June 2013					
Bank loans	1,512,000	1,512,000	4,536,000	1,773,000	9,333,000
Bank overdraft	8,338,819	-	-	-	8,338,819
Trade and other payables	7,068,598	-	-	-	7,068,598

(e) 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.

3.2 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 2014 and 2013 were as follows:

	2014	2013
	\$	\$
Total borrowings (note 15)	20,113,951	17,671,819
Less: Cash on hand and at bank	(211,762)	(157,156)
Net debt	<u>19,902,189</u>	<u>17,514,663</u>
Total equity	25,177,640	23,435,088
Total capital (Equity + Net debt)	<u>45,079,829</u>	<u>40,949,751</u>
Gearing ratio % (Net debt / Total capital)	44.2%	42.8%

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 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 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, 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 judgements 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 Judgements 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

(d) *Depreciation of property, plant and equipment*

In relation to property, plant and equipment, the directors and the management apply judgement 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.

(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 2014, no provision for impairment has been made as the company reasonably believes that no indicators for impairment exist.

NOTE 5. OTHER INCOME

	<u>2014</u>	<u>2013</u>
Rental revenue	\$ 2,079,599	1,856,169
Gain on disposal of property, plant and equipment	41,017	72,295
Dividends – non related entity	15,000	12,000
Commission	7,153	10,006
Insurance claim	-	11,294
Reversal of allowance for doubtful debts	72,472	9,000
	<hr/>	<hr/>
Total other income	2,215,241	1,970,764

NOTE 6. FINANCE COSTS

Bank and loan administration charges	183,653	162,733
Interest expense on borrowings from ANZ Banking Group Limited and Westpac Banking Corporation	535,928	699,178
Interest expense on borrowings from Fijian Holdings Unit Trust	101,542	48,904
Interest expense on borrowings from Yasana Holdings Limited	-	13,656
Interest expense on borrowings from Fiji Television Limited	21,623	-
	<hr/>	<hr/>
Total finance costs	\$ 842,746	924,471

Borrowing costs amounting to \$19,914 (2013: \$Nil) has been capitalized to capital work in progress (note 12).



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 7. PROFIT BEFORE INCOME TAX

	2014	2013
Profit before income tax has been arrived at after charging the following expenses:		
Auditors' remuneration for:		
- Audit fees	\$ 42,000	41,000
- Other services	5,155	4,370
Directors fees	30,000	30,000
Management fees	2,945,636	3,021,554
Depreciation of property, plant and equipment	1,022,788	992,162
Depreciation of investment property	72,394	72,395
Operating lease rental expenses	992,605	995,482
Personnel costs:		
- Salaries, wages, and training levy	4,875,891	4,692,610
- FPNP contribution	363,870	351,522

NOTE 8. INCOME TAX

(a) Income Tax (Benefit) / Expense

The prima facie tax payable on profit is reconciled to the income tax (benefit) / expense as follows:

Profit before income tax	5,919,126	6,364,222
Prima facie tax thereon at 18.5% (2013: 20%)	1,095,038	1,272,844
Tax effect of permanent differences:		
Non-deductible expenses	59,742	87,181
Non-taxable income – dividend income	(2,775)	(2,400)
Income tax deductions and concessions	(43,925)	(52,706)
Under/ (over) provision for income tax in prior year	(1,483)	(93,151)
	1,106,597	1,211,768
Adjustment to deferred tax balances due to change in future income tax rate from 18.5% to 10% (2013: 20% to 18.5%)	(1,115,023)	(186,231)
Income tax (benefit) / expense attributable to profit	(8,426)	1,025,537
Income tax (benefit) / expense comprises movements in:		
Current tax liabilities	976,637	787,164
Deferred tax liabilities	(999,844)	236,402
Deferred tax assets	14,781	1,971
	(8,426)	1,025,537

(b) Current Tax Liability / (Asset)

Balance at the beginning of the year	(231,542)	431,294
Income tax paid	(644,879)	(1,450,000)
Under / (over) provision of income tax in prior year	(1,483)	(93,151)
Income tax liability for the current year	978,120	880,315
Balance at the end of the year	\$ 100,216	(231,542)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014
NOTE 8. INCOME TAX (CONT'D)

	2014	2013
(c) Deferred Tax Assets		
Deferred tax assets comprise the estimated future benefit at future income tax rate of 10% (18.5% as at 30 June 2013) of the following item:		
Provision for employee entitlements	\$ 2,366	2,260
Allowance for doubtful debts	1,741	16,628
	<u>4,107</u>	<u>18,888</u>

(d) Deferred Tax Liabilities

Deferred tax liabilities comprise the estimated expense at future income tax rate of 10% (18.5% as at 30 June 2013) of the following item:

Difference in net carrying value of property, plant and equipment and investment property for accounting and income tax purpose	1,317,098	2,316,942
Capital gains tax (at the rate of 10%) on the revaluation gain on freehold land	87,900	87,900
	<u>1,404,998</u>	<u>2,404,842</u>

NOTE 9. TRADE AND OTHER RECEIVABLES
Current

Trade receivables	1,051,060	1,374,406
Allowance for doubtful debts	(17,405)	(89,877)
	<u>1,033,655</u>	<u>1,284,529</u>
Other receivables	70,190	50,009
Deposits	478,805	465,805
Prepayments	1,317,198	553,232
	<u>2,899,848</u>	<u>2,353,575</u>

Non - Current

Other receivables - loans (a)	\$ 85,000	-
-------------------------------	-----------	---

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) Loan represents loan provided to Sunergise (Fiji) Limited to fund the installation of solar panel system at Lautoka supermarket. The loan is subject to interest at a rate of 8% per annum and unsecured. The principal amount of the loan is repayable at the end of the term of 10 years.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 9. 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:	2014	2013
7 – 60 days	\$ 239,656	315,493
61 – 90 days	37,460	84,363
Over 90 days	36,483	72,282
Total past due unimpaired trade receivables	<u>313,599</u>	<u>472,138</u>

As of 30 June 2014, trade receivables of \$17,405 (2013: \$89,877) 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	89,877	98,877
Reversal of allowance for doubtful debts	(72,472)	(9,000)
Balance as at 30 June	<u>17,405</u>	<u>89,877</u>

NOTE 10. INVENTORIES

Finished goods	12,192,660	12,001,433
Goods in transit	1,155,126	1,049,340
Total inventories	<u>13,347,786</u>	<u>13,050,773</u>

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 11. FINANCIAL ASSETS – AVAILABLE – FOR - SALE INVESTMENTS

Non-Current

Securities not quoted on stock exchange	<u>55,000</u>	<u>40,000</u>
---	---------------	---------------

Reconciliation for available-for-sale investments

Opening balance	40,000	40,000
Gain on fair value remeasurement	15,000	-
Total available-for-sale investments	<u>\$ 55,000</u>	<u>40,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014
NOTE 12. 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 2012	6,250,409	2,056,199	20,340,016	5,137,217	909,623	285,805	34,979,269
Additions	-	-	-	276,507	457,410	119,702	853,619
Disposals	-	-	-	-	(100,478)	-	(100,478)
Balance at 30 June 2013	6,250,409	2,056,199	20,340,016	5,413,724	1,266,555	405,507	35,732,410
Additions	-	-	349,239	516,310	99,566	1,975,690	2,940,805
Disposals	-	-	-	(99,484)	(79,387)	-	(178,871)
Transfers	-	-	76,136	43,566	-	(119,702)	-
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
Accumulated depreciation/ amortisation and impairment							
Balance at 30 June 2012	-	407,921	2,064,628	3,288,068	770,661	-	6,531,278
Depreciation expense	-	35,701	296,912	558,821	100,728	-	992,162
Disposals	-	-	-	-	(89,512)	-	(89,512)
Balance at 30 June 2013	-	443,622	2,361,540	3,846,889	781,877	-	7,433,928
Depreciation expense	-	35,701	299,574	563,317	124,196	-	1,022,788
Disposals	-	-	-	(97,365)	(79,384)	-	(176,749)
Balance at 30 June 2014	-	479,323	2,661,114	4,312,841	826,689	-	8,279,967
Net book value							
As at 30 June 2014	6,250,409	1,576,876	18,104,277	1,561,275	460,045	2,261,495	30,214,377
As at 30 June 2013	6,250,409	1,612,577	17,978,476	1,566,835	484,678	405,507	28,298,482

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 \$2,890,471 (2013: \$2,890,471).

During the year, borrowing costs amounting to \$19,914 (2013: \$Nil) in relation to the construction of the Cinema Multiplex at JetPoint complex in Martintar, Nadi was capitalized to capital work in progress.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 13. INVESTMENT PROPERTY

	2014	2013
Freehold land – at cost	\$ 2,169,211	2,169,211
Building – at cost	4,738,148	4,738,148
Less: accumulated depreciation	(398,722)	(326,328)
Balance at end of financial year	<u>6,508,637</u>	<u>6,581,031</u>

In July 2013, an independent valuation was carried out by Rolle Associates for the company's property at Martintar, Nadi. The property 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 15).

NOTE 14. TRADE AND OTHER PAYABLES

Trade payables	5,229,186	5,687,951
Other payables (a)	1,060,938	1,290,112
VAT payable	64,258	78,337
Dividends payable	11,270	12,198
	<u>6,365,652</u>	<u>7,068,598</u>

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

(a) Other payables includes \$553,328 (2013: \$683,186) payable to the holding company and \$Nil (2013: \$12,752) payable to ultimate holding company.

NOTE 15. INTEREST BEARING BORROWINGS

Secured

Current

Bank overdrafts	7,861,304	8,338,819
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)	252,000	-
Advance from Fijian Holdings Unit Trust (d)	3,040,000	-
Total current secured borrowings	<u>12,665,304</u>	<u>9,850,819</u>

Non-Current

Bank Loan – ANZ Banking Group Limited (a)	2,749,000	3,781,000
Bank Loan – ANZ Banking Group Limited (b)	3,560,000	4,040,000
Bank Loan – ANZ Banking Group Limited (c)	1,139,647	-
Total non-current secured borrowings	<u>\$ 7,448,647</u>	<u>7,821,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15. INTEREST BEARING BORROWINGS (CONT'D)

- (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 principal repayments of \$40,000 plus interest.
- (c) During the year, the company obtained loan for the construction of Cinema Multiplex at JetPoint complex in Martintar, Nadi. The loan is subject to variable interest rate. Only monthly interest is payable for the development period. Thereafter, 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, unsecured and is repayable on demand.

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.
- (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.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 16. PROVISIONS

	<u>2014</u>	<u>2013</u>
Employee benefits	\$ 23,660	12,213

NOTE 17. DEPOSITS

Deposits from tenants	<u>140,400</u>	<u>138,887</u>
-----------------------	----------------	----------------

NOTE 18. SHARE CAPITAL

Authorised capital 100,000,000 ordinary shares of \$0.50 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued and paid up capital 30,000,000 ordinary shares of \$0.50 each	<u>15,000,000</u>	<u>15,000,000</u>

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 19. DIVIDENDS PAID, DECLARED OR PROPOSED

Interim dividend paid - 4 cents per share (2013: 4 cents)	1,200,000	1,200,000
Final interim dividend – proposed - 10 cents per share (2013: declared - 10 cents)	<u>3,000,000</u>	<u>3,000,000</u>
	\$ 4,200,000	4,200,000
Dividends per share	<u>14 cents</u>	<u>14 cents</u>

NOTE 20. EARNINGS PER SHARE

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:

Operating profit after tax attributable to members	5,927,552	5,338,685
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>30,000,000</u>	<u>30,000,000</u>
Basic and diluted earnings per share	<u>20 cents</u>	<u>18 cents</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014
NOTE 21. COMMITMENTS
2014
2013
(a) Capital Expenditure Commitments

Capital expenditure commitment as at 30 June 2014 is in respect to the construction of the Cinema Multiplex complex at Martintar, Nadi.

- Approved by the board and committed

	\$ 3,610,186	303,417
--	--------------	---------

(b) Operating Lease Expenses

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

Non-cancellable operating lease payables

Not later than one year	929,694	929,694
Later than one but not later than two years	812,862	931,436
Later than two years but not later than five years	1,748,995	2,047,570
Later than five years	669,832	1,192,830
Total future operating lease expenses	4,161,383	5,101,530

(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 2014, the company renewed the management agreement for a further 15 years. The basis for computation of management fees has been disclosed under note 24 (e).

(d) Operating Lease Income

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

Non-cancellable operating lease receivables

Not later than one year	2,096,924	2,149,721
Later than one but not later than two years	934,786	1,217,698
Later than two years but not later than five years	1,263,682	1,208,178
Later than five years	310,870	53,136
Total future rental income	4,606,262	4,628,733

NOTE 22. CONTINGENCIES
Contingent Liabilities

Letters of credit	454,697	602,705
Indemnity guarantees	135,574	135,574
Total contingent liabilities	\$ 590,271	738,279



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 23. 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:

	<u>2014</u>	<u>2013</u>
Cash on hand and at bank	\$ 211,762	157,156
Bank overdraft	(7,861,304)	(8,338,819)
Total cash and cash equivalents	<u>(7,649,542)</u>	<u>(8,181,663)</u>

(b) Financing Facilities

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

• Bank overdraft – utilised	7,861,304	8,338,819
• Bank overdraft – unutilised	3,440,696	1,963,181
	<u>\$ 11,302,000</u>	<u>10,302,000</u>

NOTE 24. 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:

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

(c) Amounts due to and Receivable from Related Parties

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014
NOTE 24. RELATED PARTY DISCLOSURES (CONT'D)
(d) Transactions with Related Parties

Significant transactions (transaction value of over \$25,000) with related parties during the year ended 30 June 2014 with approximate transaction values are summarized as follows:

Related Party	Relationship	Nature of transaction	2014 (\$)	2013 (\$)
FHL Retailing Limited	Holding company	Management fees	2,945,636	3,021,554
Fijian Holdings Unit Trust	Unit Fund managed by fellow subsidiary company, Fijian Holdings Trust Management Limited	Advances taken	3,040,000	1,500,000
Fijian Holdings Unit Trust	Unit Fund managed by fellow subsidiary company, Fijian Holdings Trust Management Limited	Advances repaid	-	1,500,000
Fijian Holdings Unit Trust	Unit Fund managed by fellow subsidiary company, Fijian Holdings Trust Management Limited	Interest expense	101,542	48,904
Fiji Television Limited	Fellow subsidiary	Advances taken	2,000,000	-
Fiji Television Limited	Fellow subsidiary	Advances repaid	2,000,000	-
Fiji Television Limited	Fellow subsidiary	Advertising & interest expense	84,425	52,022
Standard Concrete Industries Limited	Fellow subsidiary	Purchase of materials	134,194	3,606
FHL Logistics Limited	Fellow subsidiary	Cartage expense	-	26,138
Marsh Limited	Shareholder Related Entity	Gross insurance premium paid	446,875	433,343

(e) Management Fees

Management fees expense of \$2,945,636 (2013: \$3,021,554) was incurred for the year and was paid 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 2014, 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.

The management fees amounting to \$553,328 (2013: \$683,186) is payable to the holding company, FHL Retailing Limited. 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, three executives, (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.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 24. RELATED PARTY DISCLOSURES (CONT'D)

(f) Key Management Personnel (Cont'd)

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

	2014 (\$)	2013 (\$)
Salaries, fees, superannuation and other benefits	262,126	274,355
Bonus	-	3,500
Others	2,700	3,900
Total	264,826	281,755

Furthermore, management fees was paid for the management services obtained during the year (refer note 24 (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 (2013: \$Nil).

(h) Directors Fees

Directors fees of \$30,000 (2013: \$30,000) was paid to the non-executive directors.

NOTE 25. SIGNIFICANTS EVENTS DURING THE YEAR

During the year:

- (i) The company commenced construction of a Cinema Multiplex at Martintar, Nadi. For this purpose, the company has obtained a loan amounting to \$5 million from Australia and New Zealand Banking Corporation Limited. Refer note 15(c).
- (ii) The company engaged Sunergise (Fiji) Limited to install and rent to the company a 80KW photovoltaic solar system at its JetPoint supermarket in Martintar, Nadi. The installation was completed in October 2013 and the solar system supplies a significant amount of the daytime energy of the supermarket.
- (iii) The company announced the closure of its Waimanu Road supermarket store in May 2014.

NOTE 26. 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.



NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27. COMPANY DETAILS

Company Incorporation

The company is incorporated in Fiji under the Companies Act, 1983. The company is listed on the South Pacific Stock Exchange.

Registered Office and Principal Place of Business

The registered office and principal place of business of the company is located at RB Patel CentrePoint Building, Ratu Dovi Road, Laucala Beach Estate, Nasinu.

NOTE 28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 4 August 2014.

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

1. Shareholding:

- a. As at 30 June 2014, no director has interest (direct and indirect) in the share capital of the company.
- b. Distribution of shareholding:

<u>Holding</u>	<u>No. of Holders</u>	<u>Total % Holding</u>
Less than 500 shares	20	0.02%
500 to 5,000 shares	222	1.39%
5,001 to 10,000 shares	34	0.96%
10,001 to 20,000 shares	13	0.63%
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	10.49%
Over 1,000,000 shares	5	84.55%
Total	316	100%

- c. Top 20 shareholders

<u>Name</u>	<u>No. of shares</u>
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	1,125,343
6. FHL Media Limited	817,702
7. FHL Trustees Ltd ATF Fijian Holdings Unit Trust	500,000
8. Kalidas Kasabia Memorial Trust	500,000
9. Kirit Patel	400,000
10. Mahendra Patel	220,000
11. Kanu Patel	200,000
12. Kishori 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
(NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)**

2. Share Price details:

Highest share price during year was \$2.58.
Lowest share price during year was \$2.26.
Share price at year end was \$2.58.

3. Attendance at Board Meetings:

<u>Name</u>	<u>No of Meeting</u>	<u>No attended</u>
Surendra K Patel	4	4
Padam Raj Lala	4	3
Iowane Naiveli	4	3
Nouzab Fareed	4	4
Kaliopate Tavola	4	3
Malakai Naiyaga	4	4

4. Share Register

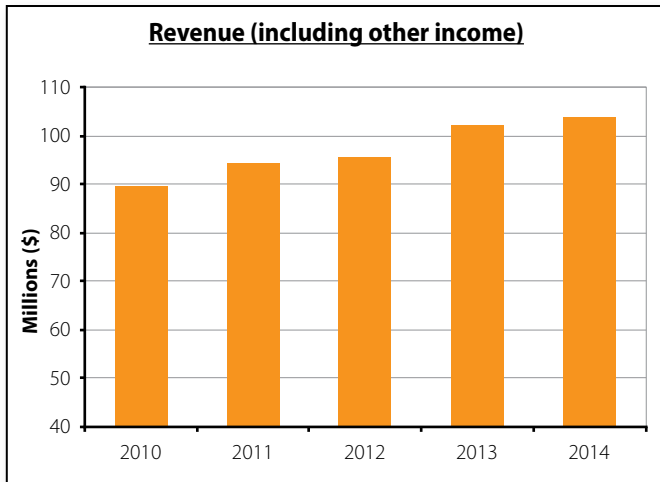
RB Patel Group Limited
RB Patel CentrePoint Building
Ratu Dovi Road
Laucala Beach Estate
NASINU

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

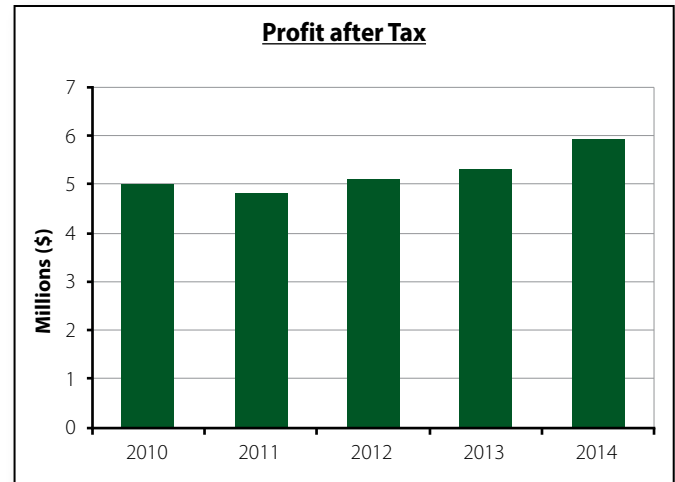
	12 months ended 30 June 2014 \$	12 months ended 30 June 2013 \$	12 months ended 30 June 2012 \$	12 months ended 30 June 2011 \$	12 months ended 30 June 2010 \$
Revenue – Sales and Other Income	103,706,632	102,228,943	95,569,646	94,386,212	89,695,337
Profit before Depreciation and Tax	7,014,308	7,428,779	6,662,768	7,232,173	7,807,557
Depreciation	1,095,182	1,064,557	991,593	968,620	900,175
Income Tax Expense / (Benefit)	(8,426)	1,025,537	561,501	1,427,105	1,924,812
Profit after Tax	5,927,552	5,338,685	5,109,674	4,836,448	4,982,570
Earnings per Share	0.20	0.18	0.17	0.16	0.17
Dividends per Share (including proposed dividends for year ended 30 June 2014)	0.14	0.14	0.14	0.14	0.14
Total Liabilities	28,148,877	27,296,359	29,504,691	27,547,556	25,999,642
Total Assets	53,326,517	50,731,447	48,801,094	45,934,285	43,749,923
Net Asset backing per Share	0.84	0.78	0.64	0.61	0.59
Shareholders' Funds	25,177,640	23,435,088	19,296,403	18,386,729	17,750,281

GRAPHICAL ANALYSIS OF FINANCIAL DATA

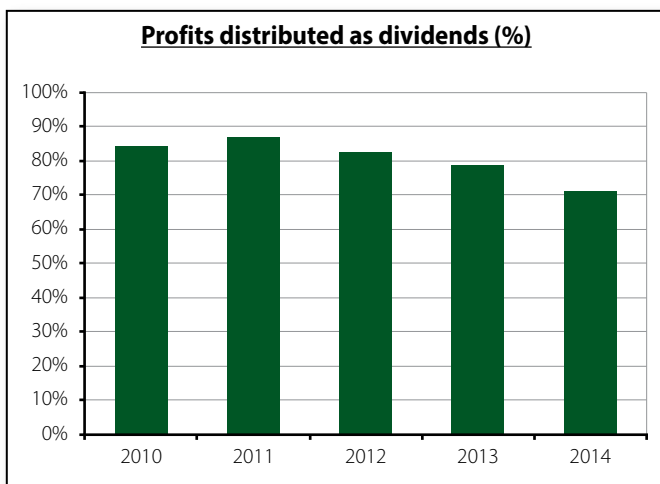
1. Revenue – comparison of revenue over the last five years.



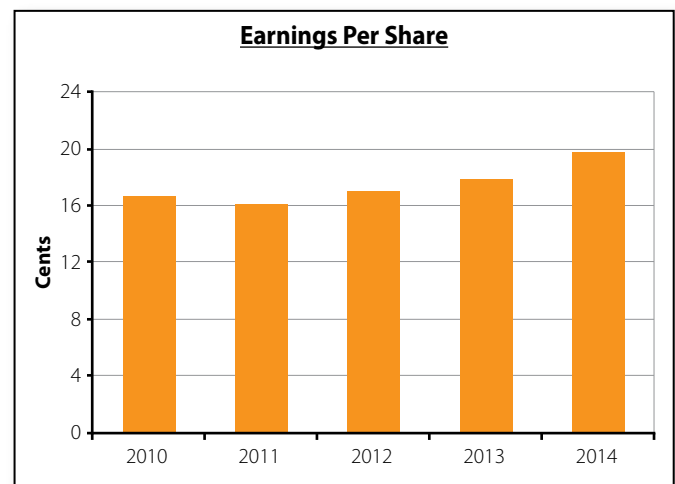
2. Profit after Tax – the trend in Profit after Tax for the last five years.



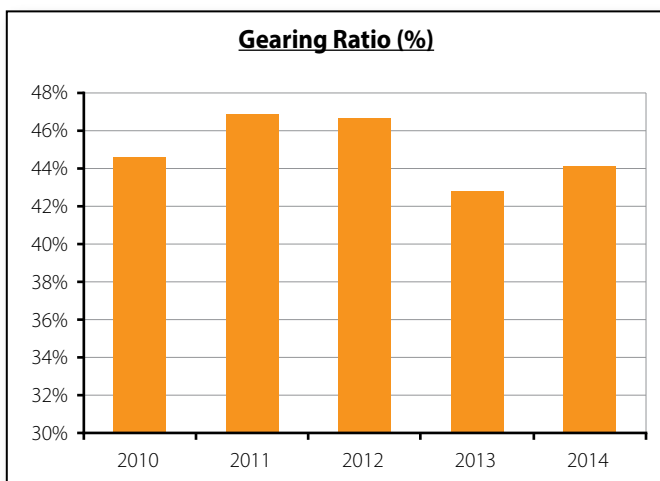
3. Percentage of Profit Distributed – the percentage of Profit after tax distributed to shareholders as dividends for the last five years.



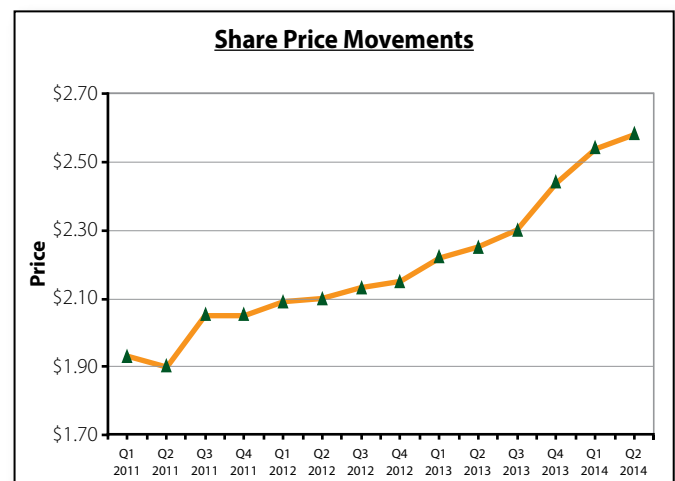
4. Earnings per Share – company's Profit after tax divided by the total shares of the company.



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 2014.





RB PATEL GROUP LIMITED

P.O. Box 943, Suva, Fiji

Phone: (679) 339 1899

Fax: (679) 334 0087

Email: rbpatels@connect.com.fj