



# RATU

• FIJIAN RUM •

EXPLORE THE  
**AWARD WINNING**  
RUMS FROM FIJI

BROUGHT TO YOU BY



RUM Co. of Fiji



**2020**  
ANNUAL REPORT





# Paradise

## HAND SANITISER

Helps reduce bacteria on the skin.  
Suitable for repeated use.

**4L**  
**70%**



Made in Fiji.  
Manufactured by:  
Paradise Beverages (Fiji) Limited.  
122-164 Foster Road, Wailu Bay, Suva.

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# Paradise

## HAND SANITISER

Helps reduce bacteria on the skin.  
Suitable for repeated use.

**4L**  
**70%**

### DIRECTIONS

Apply desired amount on palm of your hands, rub hands together until

### INGREDIENTS

Etanol 70%, Hydrogen Peroxide 2%, Glycerol & Demineralised Water

### STORAGE

Store below 30 degrees C. Keep away from sunlight.

WORLD HEALTH ORGANISATION recommended formula

### CAUTION

POISON for external use only. DO NOT SWALLOW. FLAMMABLE. Keep away from fire. When using this product, do not use it in case the eyes. In case of contact, wash with water. KEEP OUT OF REACH OF CHILDREN. Children under 4 years of age should not use.



Made in Fiji.  
Manufactured by:  
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# CHAIRPERSON'S REPORT



Whilst 2020 was another challenging year for Paradise Beverages, we continued to create value for our customers and partners, while supporting our people and our communities, in order to deliver value to our shareholders in line with our refreshed Value Proposition.

At the first signs of the COVID-19 impacts in early March 2020, Paradise Beverages implemented cross-functional business continuity and pandemic plans to ensure the health and safety of our people, to support our customers, and to maintain continuity of our operations. We extend our gratitude to the Fijian Government for its proactive approach to containing and controlling the spread of COVID-19 within Fiji. The global effects of the pandemic, however, were felt locally. In addition to the cessation of international tourism, the necessary curfews, lockdowns, and travel restrictions have had a significant impact on almost all our customers.

Paradise Beverages is resilient, with strong foundations and exceptional people. These key elements enabled our business to withstand the immediate challenges presented by the pandemic and to support our people, our customers, and our community as we start to consider a post-COVID future.

As such, I am pleased to present the Paradise Beverages (Fiji) Limited Annual Report for 2020.

## SHAREHOLDER VALUE PROPOSITION

Last year we introduced a new approach to our Value Proposition. We believe creating value for society is consistent with delivering value to shareholders. This means that as we pursue growth, we do so through the lens of seeking positive impacts for our people, customers, partners, consumers, the environment and our community. This is what we call our Value Proposition.

At the heart of our Value Proposition are our thriving customers, underpinned by our four contributor pillars – an engaged workforce, committed business partners, delighted consumers and a healthy natural environment. Our performance against these contributor pillars determines our success in delivering value to shareholders and to the communities in which we operate. This is reflected in the Paradise Beverages mission: *To be recognised as the premier place to work, creating world-class beverages, and making a positive contribution to the business and the markets where we operate.*

## THRIVING CUSTOMERS

Our overriding objective in 2020 was partnering with our customers to minimise and mitigate the effect of COVID-19 on our respective businesses. We successfully worked with the Fijian Government to reduce the Excise Tax on alcohol in the June 2020 Government Budget, enabling Paradise Beverages and its customers to immediately benefit from these excise reductions. With feedback from our customers we also reviewed and simplified our product portfolio. This resulted in a number of new product developments being postponed, allowing increased focus and resource to be applied to the key products.

Following certification from the Fijian Government, Paradise Beverages can now display the 'Fijian Made' symbol on all products and advertising collateral. The symbol identifies our brands as Fijian Made in local and international markets, a source of great pride for our business and a valuable differentiator for our products. As COVID-19 greatly impacted local businesses, we also took up the initiative to promote #supportlocalfiji and encourage consumers to reconnect and do business with locally owned or operated businesses.

Finally, our relationship with Coca-Cola Amatil Fiji continues to offer customers a direct delivery sales option for Paradise Beverages' products, with the benefit of one sales representative, one delivery and one invoice, streamlining all their beverage requirements.

## SAFE AND ENGAGED PEOPLE

Paradise Beverages strives to achieve and maintain a safe, open, diverse and inclusive workplace. Our people are committed to working with us to create a culture that ensures the health, safety and wellbeing of our workforce.

This commitment to safety and wellbeing was reflected in the 2020 Safety Engagement score of 73 per cent, the second highest engagement factor for Paradise Beverages. The business also recorded a decrease in total reportable injury frequency rate from 9.4 in 2019 to 6.1 in 2020, driven by reduction in injuries from 11 in 2019 to 6 in 2020.

Amidst the COVID-19 pandemic we focused on protecting our business and protecting our people. This required us to ensure that we could continue to operate in a safe and sustainable way without compromising the health and wellbeing of our employees. Robust COVID-19 response programs and protocols were implemented and remain in place at all sites to guard the business and our people against potential future outbreaks. Various levels of our COVID-19 response plans have been activated as we move through each stage of the pandemic. We continue to focus on our people, to take personal accountability for



# CHAIRPERSON'S REPORT CONTINUED

personal hygiene habits, physical distancing and staying away from work if they are, or feel, unwell.

To support Paradise Beverages' employees during the financial challenges in 2020, the business issued \$300 food vouchers to any employee who had been without work and unpaid for 4 days or more. In addition, we hosted a Paradise Fair where employees and their families were able to sell items.

Despite an unprecedented year of uncertainty, our employee engagement score increased by 5 points over the previous year to 71.

## COMMITTED PARTNERS

As a part of the Amatil Group, Paradise Beverages has access to a wide range of expertise, experience, and opportunity. Leveraging Amatil's relationship with suppliers and production expertise, our capital investment strategic direction was refocused towards completing on-going projects with an investment of nearly \$2.7 million in safety and operational efficiency.

With the global pandemic disrupting international markets, Paradise Beverages took the opportunity to reset and refocus its strategy to take our award-winning rums and beloved beers to the world in 2020. This reset is showing positive signs already, with 2020 delivering the largest ever export sales for our distillery across both bulk rum (through our partnership with Plantation rum) and our own RUM Co. of Fiji portfolio in key markets of Australia, Germany and the USA. 2020 also saw a record year for Vailima beer sales in our New Zealand market.

## DELIGHTED CONSUMERS

Paradise Beverages' products continue to delight consumers across the Pacific and the world. In 2020 the Rum Co. of Fiji portfolio's credibility amongst the global spirit industry was enhanced and consumer awareness grew as a result of:

- winning several awards including a BATI trifecta at the 2020 New York International Spirits Competition;
- being crowned "Distillery of the Year" in the 2020 Melbourne International Spirits Competition; and
- RATU Signature achieving a perfect score of 100 in the 2020 Las Vegas Proof Awards.

Paradise Beverages also continued to review its recipes to lower the sugar content of its products and improve the choice of lower alcohol and lower calorie beverages. A key achievement is the reformulation of Tribe Blue Berry to deliver a 20% reduction in sugar content. Our 2020 plans of partnering with leading educational authorities to create and pilot Fiji's first Responsible Service of Alcohol (RSA) program suffered a slight set back due to COVID-19 priorities, with this now planned to be launched in 2021.

We demonstrated our adaptability by committing to produce, supply and donate 25,000 litres of hand sanitiser to protect vulnerable communities and front-line workers.

We have also continued to invest in community programs. In 2020 this investment equated to \$0.2 million (equivalent to 2.3 per cent of EBIT excluding impairment) in local community support, helping local sporting organisations, schools, arts, music, fashion, aged care and services for the homeless and those in need. We also remain a major sponsor of sport in Fiji, supporting the Fijian rugby team, the Fijian Drua.

## BETTER ENVIRONMENT

COVID-19 saw a shift of focus from undertaking new projects to improving the reliability and efficiency of existing operations. Efficiency on the Fiji Brewery's Quart line, which accounts for nearly 65 per cent of packaging volume, improved by 27 per cent on prior year. At Rum Co of Fiji, packaging line efficiency improved by almost 10 per cent over the previous year, with further optimisation of the new packaging line expected to continue to deliver benefit in 2021. These improvement in efficiencies has contributed 0.8 per cent savings in service cost which includes water, carbon-dioxide and electricity.

Paradise Beverages has led the region in returnable glass for over 60 years. In 2020, we collaborated with a Waste Recycling Company in Fiji to bring in a glass crusher and recently purchased our own in Samoa to reduce glass going to landfill. In Samoa, as part of our initiative to encourage and support recycling of PET Bottles and Aluminium Cans, we are investing in implementing a "buy back" scheme for empty CSD containers from the general public which will then be sent overseas for recycling.

## GROUP PERFORMANCE

Through a challenging period, Paradise Beverages (including Samoa Breweries) continued to create value for our customers and partners, while supporting our people and our communities, and delivering shareholder value. Revenue declined by 13.5 percent to \$89.7 million, with volumes falling by 14.5 percent in comparison to last year. Operating profit before non-trading items, interest and tax was \$8.8 million compared to \$10.2 million in 2019. The Company posted a net loss after tax of \$5.8 million (including non-trading items of \$12.4 million) compared to a net profit of \$3.2 million in 2019.

## IMPAIRMENT

In light of Samoa Breweries continuing to incur operating losses and recognising the adverse impact of COVID-19 on trading performance, the prescribed approach to assessing carrying values under the accounting standards required Paradise Beverages to book a non-cash impairment of \$14.3 million. The impairment was a non-cash accounting adjustment and classified as a non-trading item in our financial statements, and we remain very confident about the long-term prospects for the Paradise Beverages Fijian and Samoan businesses.

## DIVIDENDS

During the year, Paradise Beverages paid a final dividend to shareholders of \$0.50 per share relating to the 2019 financial year, which was same as what was paid for 2018 financial year.

Paradise Beverages' dividend policy is summarised as follows:

- The Board will consider declaring and paying an interim and a final dividend in relation to each half and full financial year (respectively).
- In considering the quantum of the dividends to be declared, the Board will take into account Paradise Beverages' ability to produce and generate after tax profits, as well as its ability to fund planned capital expenditure on the basis that any proposed dividend should not in any way hinder or restrict continuing business operations.
- Subject to the above, it is intended that the total of the dividends declared in relation to a financial year shall at the minimum be equal to 70% of the Profit After Tax of Paradise Beverages for that financial year.

This policy is reviewed on an ongoing basis to ensure the needs of Paradise Beverages' stakeholders are being met with regards to dividends.

# CHAIRPERSON'S REPORT CONTINUED

## BOARD AND OFFICER UPDATE

Board renewal is an ongoing and important exercise. It ensures the Board has the right mix of skills and experience to meet Paradise Beverages' strategic objectives and future challenges, and that our shareholders are represented by a diverse and experienced Board.

In April 2021, Betty Ivanoff retired from the Board after almost two years as the Chair of Paradise Beverages. During this time, Betty enhanced the Board governance processes and practices and supported Paradise Beverages through unprecedented challenges from natural disasters and more recently the COVID-19 pandemic. Also, in April 2021, Tom Lane retired as Company Secretary of Paradise Beverages. During his tenure, Tom supported Vinish Singh with Board governance, dealings with the South Pacific Stock Exchange and other company secretarial matters. On behalf of the Board and as the new Chair, I would like to sincerely thank both Betty and Tom for their significant contributions to Paradise Beverages.

Following the above resignations:

- Liz O'Neil was appointed as Director to the Board. Liz is a qualified chartered accountant with over 20 years' experience in senior finance and commercial roles and is currently the Chief Financial Officer of Coca-Cola Amatil's Pacific business.
- Christian Baldock was appointed as Company Secretary, supporting Vinish Singh who continues to remain as the locally resident Company Secretary and the main point of contact for the South Pacific Stock Exchange and the Registrar of Companies Office, Fiji. Christian is an experienced corporate and commercial lawyer and is currently the Deputy General Counsel for Coca-Cola Amatil's Australian business.

## ACQUISITION OF COCA-COLA AMATIL BY COCA-COLA EUROPEAN PARTNERS

In April 2021, a Scheme of Arrangement (**Scheme**) pursuant to which all of the shares held by the independent shareholders of Coca-Cola Amatil Limited (**Amatil**) will be acquired by Coca-Cola European Partners plc (**CCEP**) became legally effective. CCEP has also entered into an agreement with The Coca-Cola Company (**TCCC**) to acquire all of TCCC's shares in Amatil (together with the Scheme, this is the **CCEP Acquisition**). Once the CCEP Acquisition is implemented (currently expected to occur on 10 May 2021), Amatil will become a wholly-owned subsidiary of CCEP and will no longer be listed on the Australian Securities Exchange.

In Fiji, Amatil (through a holding company) owns Coca-Cola Amatil (Fiji) Pte Limited, which in turn owns 89.6% of the shares in Paradise Beverages.

## CREATING VALUE TOGETHER

The Board is committed to delivering long-term sustainable value for our customers, our people, partners, consumers, the environment and our shareholders.

Like many organisations across the globe, Paradise Beverages is continuing to work through the constantly changing impacts of COVID-19, with safety and well-being of our people, our consumers, our customers and our communities being our overriding priority. We will continue to evolve our response and assess the impact of this global pandemic as its effect on our business becomes clearer.

On behalf of the Board, I would like to take this opportunity to thank all the team for their dedication and contribution during the year.



Chris Litchfield  
Chairperson



tribe

**FRESH  
NEW LOOK**



What**tribe** Are You?

#supportlocalfiji

Get the facts [DrinkWise.org](http://DrinkWise.org)





# BOARD OF DIRECTORS



## CHRIS LITCHFIELD

**Chairperson**

**Managing Director of New Zealand & Fiji**

Mr Chris Litchfield has 26 years' experience with Amatil and is currently the Managing Director of New Zealand & Fiji. Chris has a proven track record of strong business leadership, customer management, new business acquisition and commercial planning. As Managing Director of New Zealand & Fiji, Chris has led a highly engaged workforce to deliver five years of profit growth. Chris holds a Bachelor of Commerce from Canterbury University.



## BETTY IVANOFF

**Director**

**Group Director, Legal & Corporate Affairs**

Betty joined Coca-Cola Amatil as Group General Counsel in April 2016, as a member of the executive, leading the legal and company secretariat teams across Coca-Cola Amatil's markets and operations. Betty was also appointed as an additional Company Secretary in September 2016. Further to her existing responsibilities for the Group's Legal, Governance and Compliance disciplines, Betty's role expanded in November 2019 to include leadership of the Group Public Affairs, Communications and Sustainability team.

Betty holds a Bachelor of Laws from the University of Technology Sydney. She is an active member of the International Bar Association (IBA) and Australian Corporate Counsel (ACC)

On 29 April 2021, Betty resigned as a Director of Paradise Beverages..



## ROGER HARE

**Director**

**General Manager - Pacific Islands**

Mr Roger Hare has been with Amatil for over 25 years and is the General Manager of Amatil's beverages business in Fiji. Under Roger's leadership, this business has been recognised as the fastest growing Coca-Cola Company bottler in the Pacific and the 2nd fastest growing Coca-Cola Company territory in the Asia Pacific region. Roger holds a Bachelor of Commerce (ACA) majoring in Accountancy from Canterbury University.





## **CECIL BROWNE**

**Non-Executive Director**

Cecil was appointed Non-Executive Director of Foster's Group Pacific Limited (now Paradise Beverages (Fiji) Limited) in 2009, having worked for Barclays and ANZ for 35 years. During that time, he had work attachments in London, Melbourne, Solomons, Cook Islands and East Timor and held various senior executive positions with ANZ including Deputy General Manager ANZ Fiji and Head of Business Banking and then Deputy General Manager ANZ Fiji and Head of Corporate Banking. He retired in 2009 and joined Bank South Pacific as General Manager Retail. He held the position of General Manager Corporate and International, prior to his retirement in 2020.



## **GARDINER WHITESIDE**

**Non-Executive Director**

Gardiner is a Public Accountant and has been in Practice for many years. He was appointed as a Non-Executive Director of Foster's Group Pacific Limited (now Paradise Beverages (Fiji) Limited) in 2011 and brings over 25 years of Board experience with both local companies and statutory and commercial entities. Gardiner is a member of the New Zealand and Fiji Institutes of Chartered Accountants.

# MEET OUR LEADERSHIP TEAM







# EXECUTIVE MANAGEMENT TEAM



**MICHAEL SPENCER**

**General Manager**  
**Appointed in March 2017**

Mr Spencer commenced with Carlton and United Breweries (CUB) in 1986 as a senior member of the brewing team in Sydney. During his 17 years with CUB, he held senior roles in Operations and Sales, including three years managing CUB's brewing operations in Fiji in the mid 90's, and a two-year tenure as Head Brewer at CUB's largest brewery in Melbourne. He was a member of the team that carried out due diligence of Foster's Fiji, on behalf of Coca-Cola Amatil, and subsequently was appointed Head of Operations of Paradise Beverages (Fiji) Limited when the business was formed in September 2012. Mike was appointed General Manager in March 2017.

Mike holds a Bachelor of Engineering (Mech) from Sydney University, is Member of the Institute of Brewing & Distilling (IBD) and a Member of the Master Brewers Association of the Americas (MBAA). He is also a Member of the Australian Institute of Company Directors.



**SUDHA DEO**

**General Manager Operations**  
**Appointed in June 2017**

Ms. Deo has extensive experience in the manufacturing industry having commenced her career with Coca-Cola Amatil Fiji in 1997 as part of the Operations Team and joined Paradise Beverages in 2006 (formerly known as Foster's Group Pacific Limited) as a senior member of the Suva Brewing team.

In her 13 years with the company, Ms. Deo has held senior roles in operations team, including three years managing the Suva site operations and seven years as Head Brewer. Ms. Deo was appointed Acting Head of Operations in Dec 2016 and progressed to the lead role in June 2017.

Sudha holds a Bachelor of Science (Biotechnology) from RMIT Australia, a Diploma in Brewing from the Institute of Brewing & Distilling in London, has successfully completed the MBA programme at USP and is currently working on her Masters in Brewing through the Institute of Brewing & Distilling in London. She is also a member of the Institute of Brewing & Distilling. Sudha was also awarded the Excellence in Industry Leadership Award in 2019 from Women in Business (Fiji).



**JOSEPH RODAN**

**General Manager Sales & Corporate Affairs**  
**Appointed in March 2017**

With more than 30 years of leadership experience in the company, Mr Rodan has extensive capability and knowledge in the areas of marketing, sales, logistics, operations and general management. Prior to joining the company, he was employed by Carpenters Fiji Ltd. Mr Rodan has had a distinguished sporting career, spanning over 30 years, as an athlete and an administrator.

He represented Fiji at the Olympic Games four times, has taken part in five Commonwealth Games and nine South Pacific Games, winning a total of 14 gold medals. In 1983 he received a nomination for the Fiji Sportsman of the Year Award and was inducted into the Fiji Sports Hall of Fame.

He was appointed President of Athletics Fiji in 2014 and is also President of the Fiji Association of Sports & National Olympics Committee (FASANOC), taking the Fiji team to the Rio Olympic Games in 2016.





**BANUVE YALIMAIWAI**

**General Manager Human Resources  
& Sustainability**  
**Appointed in September 2010**

Mr Yalimaiwai has a decade of experience within Paradise Beverages (Fiji) Limited, beginning his career in 2008 as Human Resources & Employment Relations Advisor. In 2010 he went on to become the Manager Human Resources & Sustainability.

Banuve holds a Post Graduate Certificate in Human Resource Management from the University of the South Pacific.

He is a Certified Professional with the Australian Human Resource Institute, a Certified Basic Business & Commercial Mediator with the Australian Commercial Dispute Centre and Certified Member of the Fiji Human Resources Institute.



**VINISH SINGH**

**Chief Financial Officer and Company  
Secretary**  
**Appointed in May 2013**

Mr Singh joined the company (formerly known as Foster's Group Pacific Limited) in November 2006, as Financial Controller for Samoa Breweries Limited. He was appointed as Manager Commercial in 2008.

In September 2011, he then returned to Fiji as Acting Financial Controller, Pacific, before being appointed to his current role in 2013.

Prior to joining Paradise Beverages (Fiji) Limited, Mr Singh worked at the Fiji Ports Corporation Limited as General Manager Finance/Administration and Company Secretary. He holds a Bachelor of Arts degree, majoring in Accounting and Economics from the University of the South Pacific. He is a member of the Fiji Institute of Accountants and CPA Australia.



**BRENT ADAMS**

**General Manager – Samoa Breweries  
Limited**  
**Appointed in March 2017**

Mr Adams commenced with Coca-Cola Amatil (Australia) in 2002 and during his 17 years worked at all levels of sales including Regional Sales Manager (Southern NSW), State Group Business Manager (Key Accounts) and three years as the State Sales Manager for NSW. During his time at Amatil he also developed a broad range of skills with roles in Finance as the Senior Commercial Manager of Marketing & Sponsorship, Category as the Senior Category Manager of Water, Sports and Tea and Strategy with two years as National Channel Strategy Manager (Immediate Consumption).

In June 2019 Brent joined Paradise Beverages as the General Manager for Samoa Breweries where he is overseeing the total operation of the Brewery including the production, sales, distribution and marketing its Vailima and Moni Brands as well as the Coca-Cola Beverages Brands produced under License.

Brent holds a Bachelor of Management from the University of Newcastle with a Double Major in Marketing and Entrepreneurship.





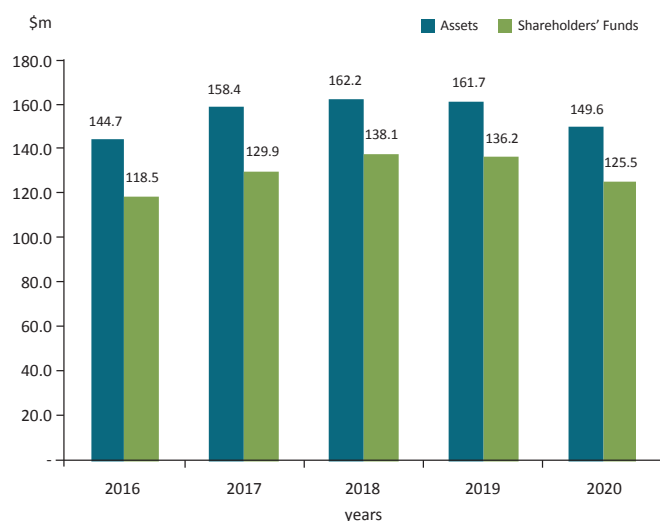
# OPERATING RESULTS – PERFORMANCE HIGHLIGHTS

	GROUP					HOLDING COMPANY				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Sales Revenue (\$'000)	97,671	98,227	105,885	103,697	89,661	71,871	72,743	83,287	82,389	71,410
Other operating revenue (\$'000)	546	1,055	939	2,009	3,088	577	1,191	929	1,744	2,998
Gross Margin (\$'000)	34,876	36,441	34,903	34,926	32,777	27,819	29,465	32,462	33,905	30,263
EBIT (\$'000)	15,410	16,702	12,937	1,345	(3,615)	14,065	15,667	17,606	11,497	(4,047)
NPAT (\$'000)	13,492	14,738	12,213	3,267	(5,820)	12,546	14,089	15,826	9,907	(4,993)
OPERATING RATIOS										
Gross Margin Conversion to NSR [%]	35.7	37.1	33.0	33.7	36.6	38.7	40.5	39.0	41.2	42.4
EBIT/NSR Conversion [%]	15.8	17.0	12.2	1.3	(4.0)	19.6	21.5	21.1	14.0	(5.7)
NPAT/Sales Revenue [%]	13.8	15.0	11.5	3.2	(6.5)	17.5	19.4	19.0	12.0	(7.0)
FINANCIAL POSITION										
Total Assets (\$'000)	144,660	158,411	162,250	161,659	149,587	121,030	130,838	142,071	151,279	137,764
Total Liabilities (\$'000)	26,193	28,471	24,116	25,454	24,413	14,792	13,566	13,140	17,583	14,236
Net Assets (\$'000)	118,468	129,940	138,134	136,205	125,174	106,238	117,272	128,931	133,697	123,529
FINANCIAL POSITION RATIOS										
Gearing [%]	18.1	18.0	14.9	15.7	16.3	12.2	10.4	9.2	11.6	10.3
CASH FLOWS										
Net operating cash flows (\$'000)	17,268	15,892	14,023	29,801	25,545	14,211	17,268	13,642	28,393	25,590
Net investing cash flows (\$'000)	(15,429)	(12,561)	(7,992)	(16,356)	1,681	(13,286)	(15,429)	(7,219)	(15,629)	2,370
Net financing cash flows (\$'000)	(3,122)	(3,122)	(4,163)	(5,348)	(5,283)	(3,122)	(3,122)	(4,163)	(5,348)	(5,283)
KEY MEASURES										
Earnings per share (\$)	1.30	1.42	1.17	0.31	(0.56)					
Return on Net Assets [%]	11.4	11.3	8.8	2.4	(4.6)	11.8	12.0	12.3	7.4	(4.0)

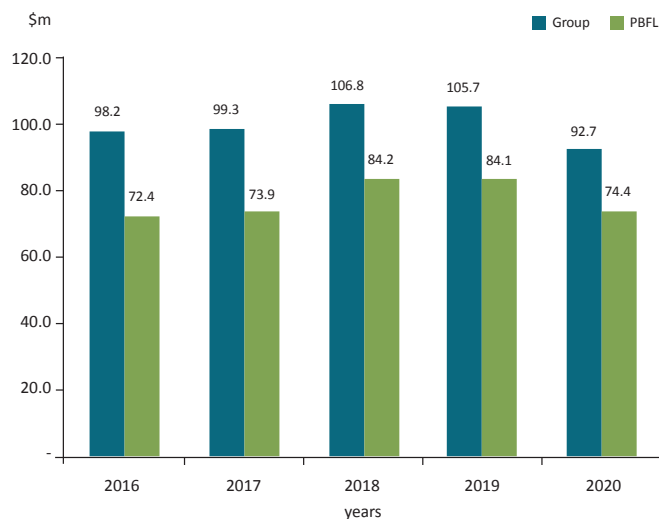


# OPERATING RESULTS – FINANCIAL HIGHLIGHTS

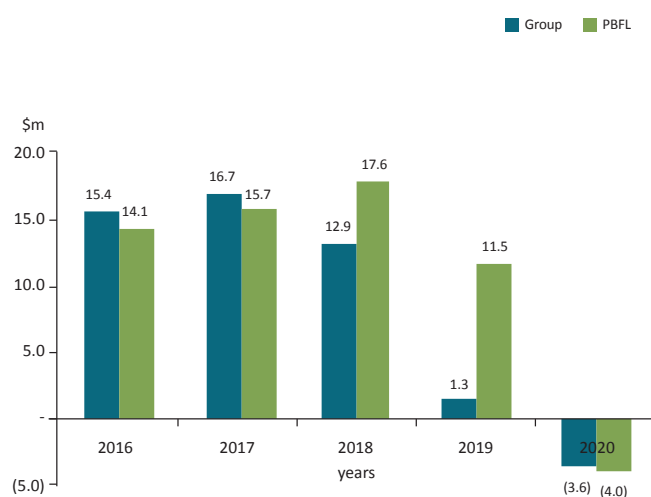
**Total Assets & Shareholders' Funds**



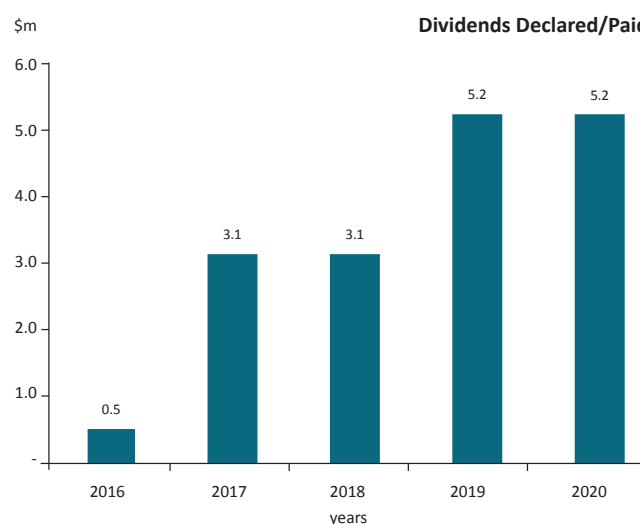
**Operating Revenue**



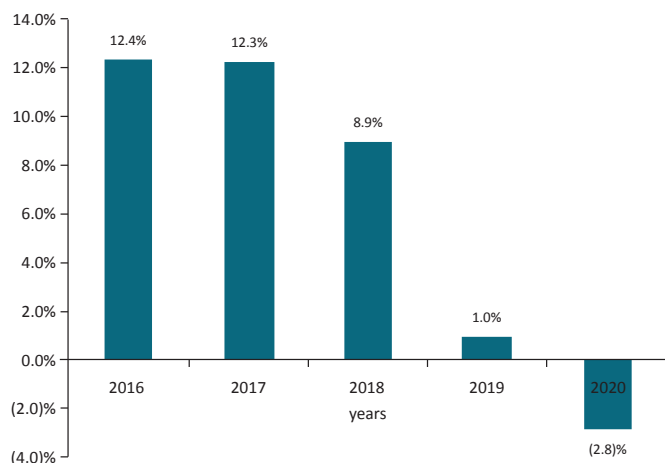
**Earnings Before Interest & Taxes (EBIT)**



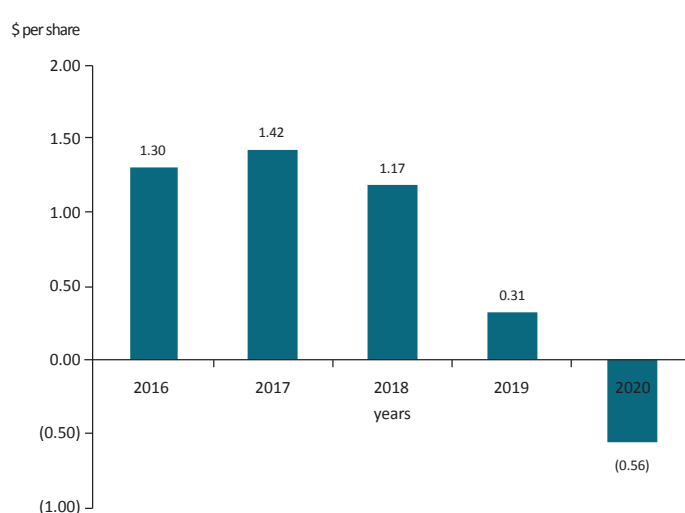
**Dividends Declared/Paid**



**Return on Capital Employed**



**Earnings per Share**





**CONSOLIDATED FINANCIAL STATEMENTS OF  
PARADISE BEVERAGES (FIJI) LIMITED  
AND ITS SUBSIDIARY COMPANY**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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Paradise Beverages (Fiji) Limited and its subsidiary company

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# DIRECTORS' REPORT

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

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In accordance with a resolution of the Board of Directors of Paradise Beverages (Fiji) Limited ("the Company"), the directors herewith submit the statements of financial position of the Company and its subsidiary (together as "the Group") as at 31 December 2020, and the related statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended on that date and report as follows:

## DIRECTORS

The following were directors of the Company at any time during the financial year and up to the date of this report:

Mr Gardiner Whiteside  
Mr Chris Litchfield  
Mr Roger Hare  
Mr Cecil Browne and  
Ms Betty Ivanoff

## PRINCIPAL ACTIVITIES

The principal activities of the Group are the manufacture and sale of beer, ready-to-drink alcoholic beverages and soft-drinks, as well as the distillation and sale of potable and industrial alcohol.

## TRADING RESULTS

The loss after income tax of the Group for the year ended 31 December 2020 was \$5,819,902 as compared to a profit of \$3,267,067 for the year ended 31 December 2019.

## DIVIDENDS

A final dividend of \$0.50 per share, totalling \$5,204,063, was declared and paid during the year (31 December 2019: final dividend of \$5,204,063).

## RESERVES

The directors recommend that no transfer be made to or from reserves except for movements required under International Financial Reporting Standards.

## BAD AND DOUBTFUL DEBTS

Prior to the completion of the Group's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and the provision for doubtful debts. In the opinion of directors, adequate provision 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 provision for doubtful debts in the Group, inadequate to any substantial extent.

## NON-CURRENT ASSETS

Prior to the completion of the financial statements of the Group, the directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realised in the ordinary course of business for recoverable amounts being less than their carrying value as shown in the accounting records of the Group. Where necessary these assets have been written down or adequate provision has been made to bring the carrying values of such assets to an amount that they might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to non-current assets in the Group's financial statements to be materially misstated.

## UNUSUAL TRANSACTIONS

The results of the Group's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

## SIGNIFICANT EVENT

During the year impairment of \$14,299,626 was recognised on the brands of the holding company, engineering spares, raw materials inventory and non-performing plant & machinery, coolers, land and buildings (2019:\$7,325,797 non-performing plant & machinery as well as adjustments for the estimated bottles and crates on hand and with customers) of Samoa Breweries Limited. Restructuring costs relating to the Samoa subsidiary's carbonated soft drink manufacturing operations amounted to \$1,035,941 (2019:nil).

## EVENTS SUBSEQUENT TO BALANCE DATE

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

# DIRECTORS' REPORT (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

## OTHER CIRCUMSTANCES

As at the date of this report:

- i) no charge on the assets of the Group 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 Group could become liable; and
- iii) no contingent liabilities or other liabilities of the Group have become or are 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 Group to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Group's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Group misleading or inappropriate.

## BASIS OF ACCOUNTING

The directors believe the basis of the preparation of financial statements is appropriate and the Group will be able to continue in operation for at least twelve months from the date of this statement. Accordingly, the directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements to be appropriate.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company or of a related corporation) 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.

## DIRECTORS' INTERESTS

Particulars of directors' interests in the ordinary shares of the Company during the year are as follows:

	Direct Interest	Indirect Interest
Cecil Browne	500	Nil
Gardiner Whiteside	500	Nil

## AUDITOR'S INDEPENDENCE

The directors have obtained an independence declaration from the Group's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of Paradise Beverages (Fiji) Limited on page 45.


## GROUP CONTRIBUTION

Contributions to Group profit after income tax are as follows:

	2020	2019
	\$	\$
Paradise Beverages (Fiji) Limited	8,389,644	13,642,843
Samoa Breweries Limited (subsidiary)	(14,209,546)	(10,375,776)
	<b>(5,819,902)</b>	<b>3,267,067</b>

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.

Dated this 26th day of March 2021.

  
Betty Ivanoff  
Director

  
Roger Hare  
Director



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

	Notes	2020	2019
		\$	\$
Revenue	2.1	89,661,485	103,697,492
Cost of sales		(56,884,735)	(68,771,825)
<b>Gross profit</b>		<b>32,776,750</b>	<b>34,925,667</b>
Other operating revenue	2.2	3,087,652	2,009,038
Selling and distribution expenses	3.1	(13,138,498)	(16,213,070)
Administrative expenses	3.2	(26,340,725)	(19,376,300)
<b>(Loss)/profit from operations</b>		<b>(3,614,821)</b>	<b>1,345,335</b>
Finance costs	3.3	(318,813)	(282,291)
<b>(Loss)/profit before income tax</b>		<b>(3,933,634)</b>	<b>1,063,044</b>
Income tax (expense)/benefit	11a	(1,886,268)	2,204,023
<b>(Loss)/profit for the year</b>		<b>(5,819,902)</b>	<b>3,267,067</b>
<b>Other comprehensive loss:</b>			
Exchange losses on translation of foreign operations		(33,041)	(51,707)
<b>Other comprehensive loss for the year</b>		<b>(33,041)</b>	<b>(51,707)</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(5,852,943)</b>	<b>3,215,360</b>
<b>(Loss)/profit attributable to:</b>			
Equity holders of Paradise Beverages (Fiji) Limited		(4,946,015)	3,905,180
Non-controlling interests		(873,887)	(638,113)
<b>Total (loss)/profit for the year</b>		<b>(5,819,902)</b>	<b>3,267,067</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of Paradise Beverages (Fiji) Limited		(4,976,891)	3,856,859
Non-controlling interests		(876,052)	(641,499)
<b>Total comprehensive (loss)/income for the year</b>		<b>(5,852,943)</b>	<b>3,215,360</b>
<b>Earnings per share</b>			
Basic earnings per share	5	(0.56)	0.31

Notes appearing on pages 22 to 43 to be read as part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

	Notes	2020	2019
<b>Retained earnings</b>		\$	\$
Balance at the beginning of the year		122,074,103	123,372,986
Operating (loss)/profit after tax		(4,946,015)	3,905,180
Dividends paid	4	(5,204,063)	(5,204,063)
Balance at the end of the year	13	<b>111,924,025</b>	<b>122,074,103</b>
<b>Foreign currency translation reserve</b>			
Balance at the beginning of the year		6,096,901	6,148,608
Exchange losses on translation of foreign operations		(33,041)	(51,707)
Balance at the end of the year		<b>6,063,860</b>	<b>6,096,901</b>
<b>General reserve</b>			
Balance at the beginning and end of the year		75,000	75,000
Balance at the end of the year		<b>75,000</b>	<b>75,000</b>
<b>Share-based payments reserve</b>			
Balance at the beginning of the year		240,220	177,301
Employee share-based payments vested		-	-
Employee share-based payments expense		28,869	62,919
Balance at the end of the year		<b>269,089</b>	<b>240,220</b>
<b>Share capital</b>			
Balance at the beginning of the year		6,734,250	6,734,250
Balance at the end of the year	13a	<b>6,734,250</b>	<b>6,734,250</b>
<b>Non-controlling interests</b>			
Balance at the beginning of the year		984,207	1,625,706
Operating loss after tax		(873,887)	(638,113)
Other comprehensive loss		(2,165)	(3,386)
Balance at the end of the year	13	<b>108,155</b>	<b>984,207</b>
<b>Total equity</b>		<b>125,174,379</b>	<b>136,204,681</b>

Notes appearing on pages 22 to 43 to be read as part of the financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

	Notes	2020	2019
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	14	34,672,762	11,995,401
Trade and other receivables	6a	12,282,781	24,356,062
Inventories	6b	23,725,553	30,330,113
Current tax assets	11b	-	942,575
Prepayments		1,266,481	635,707
<b>Total current assets</b>		<b>71,947,577</b>	<b>68,259,858</b>
<b>Non-current assets</b>			
Other receivables	6a	45,876	-
Property, plant and equipment	7	75,261,294	84,403,483
Right of use assets	8a	423,694	565,155
Intangible assets	9	1,908,454	8,430,348
<b>Total non-current assets</b>		<b>77,639,318</b>	<b>93,398,986</b>
<b>Total assets</b>		<b>149,586,895</b>	<b>161,658,844</b>
<b>Current liabilities</b>			
Trade and other payables	6c	15,620,522	17,074,007
Interest-bearing liabilities	14a	3,037,029	2,353,189
Lease liabilities	14	4,139	137,732
Employee benefits provisions	12a	2,913,116	3,416,768
Current tax liabilities	11b	456,865	46,906
<b>Total current liabilities</b>		<b>22,031,671</b>	<b>23,028,602</b>
<b>Non-current liabilities</b>			
Employee benefits provisions	12a	1,674,086	1,612,429
Lease liabilities	14	434,273	436,034
Deferred tax liabilities	11b	272,486	377,098
<b>Total non-current liabilities</b>		<b>2,380,845</b>	<b>2,425,561</b>
<b>Total liabilities</b>		<b>24,412,516</b>	<b>25,454,163</b>
<b>Net assets</b>		<b>125,174,379</b>	<b>136,204,681</b>
<b>Equity</b>			
Share capital	13a	6,734,250	6,734,250
Reserves	13	6,407,949	6,412,121
Retained earnings	13	111,924,025	122,074,103
<b>Equity attributable to members of Paradise Beverages (Fiji) Limited</b>		<b>125,066,224</b>	<b>135,220,474</b>
Non-controlling interests	13	108,155	984,207
<b>Total equity</b>		<b>125,174,379</b>	<b>136,204,681</b>

Notes appearing on pages 22 to 43 to be read as part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

	Notes	2020	2019
		\$	\$
<b>Inflows/(outflows)</b>			
<b>Operating cash flows</b>			
Receipts from customers		161,656,767	213,224,573
Payments to government - excise duty & VAT/VAGST		(67,237,766)	(105,106,232)
Payments to suppliers and employees		(68,256,644)	(76,315,331)
Finance costs paid		(318,795)	(282,291)
Net income taxes paid		(783,636)	(1,719,222)
Insurance proceeds received		485,347	-
<b>Net operating cash flows</b>		<b>25,545,273</b>	<b>29,801,497</b>
<b>Investing cash flows</b>			
Insurance proceeds received		4,541,148	-
Payments for additions of property, plant and equipment		(2,671,041)	(16,421,059)
Payments for additions of intangibles - software development assets		(471,967)	(82,790)
Proceeds from disposal of property, plant and equipment		283,257	148,161
<b>Net investing cash flows</b>		<b>1,681,397</b>	<b>(16,355,688)</b>
<b>Financing cash flows</b>			
Lease principal payments		(79,006)	(143,786)
Dividends paid to equity holders of Paradise Beverages (Fiji) Limited	4	(5,204,063)	(5,204,063)
<b>Net financing cash flows</b>		<b>(5,283,069)</b>	<b>(5,347,849)</b>
Net increase in cash and cash equivalents		21,943,601	8,097,960
Cash and cash equivalents held at the beginning of the year		9,642,212	1,553,506
Effects of exchange rate changes on cash and cash equivalents		49,920	(9,254)
<b>Cash and cash equivalents held at the end of the year</b>	14	<b>31,635,733</b>	<b>9,642,212</b>

Notes appearing on pages 22 to 43 to be read as part of the financial statements.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## OVERVIEW OF THE FINANCIAL STATEMENTS

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### CORPORATE INFORMATION

Paradise Beverages (Fiji) Limited (referred to as PBFL or the Company) is a for profit company limited by shares that is incorporated and domiciled in Fiji, whose shares are publicly traded on the South Pacific Stock Exchange. The registered office of PBFL is located at 122-164 Foster Road, Walu Bay, Suva, Fiji. PBFL's ultimate parent entity is Coca-Cola Amatil Limited, a for profit company limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The nature of operations and principal activities of PBFL and its subsidiary together (referred to as the Group) are described in Note 1 Segment Reporting. This financial report was authorised for issue in accordance with a resolution of the PBFL Board of Directors on 26 March 2021.

### BASIS OF PREPARATION

This general purpose financial report:

- has been prepared in accordance with the International Financial Reporting Standards, other authoritative pronouncements of the International Accounting Standards Board (IASB) and the Fiji Companies Act 2015;
- has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value (Note 16);
- complies with International Financial Reporting Standards as issued by the IASB;
- is presented in Fiji Dollars;
- presents all values as rounded to the nearest dollar, unless otherwise stated;
- adopts all new and amended International Accounting Standards and Interpretations issued by the IASB that are relevant to the Group and effective for reporting periods beginning on or after 1 January 2020; and
- does not early adopt any International Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

### USE OF ESTIMATES

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The key estimates and assumptions that are material to the financial statements relate to the following areas:

- Estimation of useful lives of property, plant and equipment and intangible assets, refer to Note 7;
- Estimated credit losses, refer to Note 6a
- Impairment testing, refer to Note 10; and
- Income tax and deferred tax, refer to Note 11.

### PRINCIPLES OF CONSOLIDATION

#### Subsidiaries

The consolidated financial statements of the Group comprise those of the parent entity, Paradise Beverages (Fiji) Limited, and its subsidiary. The Group controls an entity when it has power over the entity, is exposed to, and has the rights to, variable returns from its involvement with that entity and it has the ability to affect those returns.

In preparing the consolidated financial statements, the effects of all intra-group transactions, balances and unrealised gains and losses on transactions between entity in the Group have been eliminated. The financial statements of subsidiaries have been prepared for the same reporting period as that of the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

#### Non-controlling interests (NCIs)

The Group measures NCIs at their proportionate share of the subsidiary's identifiable net assets, profit for the year and movements in reserves.

### FOREIGN CURRENCY TRANSLATION

The functional and presentation currency of Paradise Beverages (Fiji) Limited is Fiji Dollars. Each entity in the Group determines its own functional currency, reflecting the currency of the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange rate gains or losses arising from the application of these procedures are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

The assets and liabilities of the subsidiary, Samoa Breweries Limited are translated by applying the rate ruling at balance date and revenue and expense items are translated at the average rate calculated for the period. Transactions in equity are translated by applying the rate ruling on the date of the transaction with no subsequent revaluation. All differences arising from translation of the financial statements of foreign subsidiaries at these various exchange rates, are recognised within the foreign currency translation reserve and presented in other comprehensive income.

The rate used to translate the assets and liabilities of the subsidiary, Samoa Breweries Limited was 1.2362:1 (2019: 1.2200:1) while the average rate used to translate revenue and expense accounts was 1.2210:1 (2019: 1.2170:1).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## I RESULTS FOR THE YEAR

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 1 SEGMENT REPORTING

The Group operates predominantly in the manufacture and sale of beer, ready-to-drink alcoholic beverages and soft-drinks, as well as the distillation and sale of potable and industrial alcohol. The holding company operates in Fiji while its subsidiary operates in Vaitele, Samoa.

#### (a) Geographical segments

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments for the year ended 31 December 2020 and year ended 31 December 2019.

	Samoa	Fiji	Inter-segment eliminations	Total
	\$	\$	\$	\$
<b>As at 31 December 2020</b>				
<b>Revenue</b>				
Segment revenue	18,253,085	71,410,036	(1,636)	89,661,485
<b>Results</b>				
(Loss)/Profit from operating activities	(12,951,793)	(4,047,077)	13,384,049	(3,614,821)
Finance costs	(296,442)	(22,371)	-	(318,813)
<b>(Loss)/Profit before income tax</b>	<b>(13,248,235)</b>	<b>(4,069,448)</b>	<b>13,384,049</b>	<b>(3,933,634)</b>
Income tax expense	(961,311)	(923,435)	(1,522)	(1,886,268)
<b>Net (loss)/profit</b>	<b>(14,209,546)</b>	<b>(4,992,883)</b>	<b>13,382,527</b>	<b>(5,819,902)</b>
<b>Assets and liabilities</b>				
Segment assets	14,933,175	137,764,343	(3,110,623)	149,586,895
<b>Total assets</b>	<b>14,933,175</b>	<b>137,764,343</b>	<b>(3,110,623)</b>	<b>149,586,895</b>
Segment liabilities	13,174,551	14,235,846	(2,997,881)	24,412,516
<b>Total liabilities</b>	<b>13,174,551</b>	<b>14,235,846</b>	<b>(2,997,881)</b>	<b>24,412,516</b>
<b>Other segment information</b>				
Amortisation of intangible assets	-	(209,968)	-	(209,968)
Capital expenditure				
- tangible fixed assets	688,285	1,982,756	-	2,671,041
- intangible fixed assets	-	471,967	-	471,967
Depreciation	(2,252,216)	(6,198,015)	-	(8,450,231)
Depreciation - right of use assets	-	(85,605)	-	(85,605)
Doubtful and bad debts	(556,952)	(1,156,153)	-	(1,713,105)
Impairment of inventory	(2,910,662)	-	-	(2,910,662)
Impairment of intangibles - brands	-	(6,718,435)	-	(6,718,435)
Impairment of investment in subsidiary	-	(13,368,701)	13,368,701	-
Impairment of property, plant and equipment	(4,670,529)	-	-	(4,670,529)
Other non-trading items - restructuring	(1,015,115)	(20,826)	-	(1,035,941)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## I RESULTS FOR THE YEAR (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 1 SEGMENT REPORTING (continued)

#### (a) Geographical segments (continued)

	Samoa	Fiji	Inter-segment eliminations	Total
	\$	\$	\$	\$
<b>As at 31 December 2019</b>				
<b>Revenue</b>				
<b>Segment revenue</b>	<b>21,393,886</b>	<b>82,389,425</b>	<b>(85,819)</b>	<b>103,697,492</b>
<b>Results</b>				
(Loss)/Profit from operating activities	(13,888,664)	11,497,029	3,736,970	1,345,335
Finance costs	(256,675)	(25,616)	-	(282,291)
<b>(Loss)/Profit before income tax</b>	<b>(14,145,339)</b>	<b>11,471,413</b>	<b>3,736,970</b>	<b>1,063,044</b>
Income tax credit/(expense)	3,769,563	(1,564,778)	(762)	2,204,023
<b>Net (loss)/profit</b>	<b>(10,375,776)</b>	<b>9,906,635</b>	<b>3,736,208</b>	<b>3,267,067</b>
<b>Assets and liabilities</b>				
Segment assets	26,304,817	151,279,182	(15,925,155)	161,658,844
<b>Total assets</b>	<b>26,304,817</b>	<b>151,279,182</b>	<b>(15,925,155)</b>	<b>161,658,844</b>
Segment liabilities	10,301,441	17,582,610	(2,429,888)	25,454,163
<b>Total liabilities</b>	<b>10,301,441</b>	<b>17,582,610</b>	<b>(2,429,888)</b>	<b>25,454,163</b>
<b>Other segment information</b>				
Amortisation of intangible assets	-	(264,411)	-	(264,411)
Capital expenditure				
- tangible fixed assets	717,205	15,703,854	-	16,421,059
- intangible fixed assets	-	82,709	-	82,709
Depreciation	(4,794,334)	(5,369,035)	-	(10,163,369)
Depreciation - right of use assets	-	(152,397)	-	(152,397)
Doubtful and bad debts	(1,052,231)	(170,000)	-	(1,222,231)
Impairment of goodwill	-	-	(1,554,908)	(1,554,908)
Impairment of investment in subsidiary	-	(3,772,510)	3,772,510	-
Impairment of property, plant and equipment	(7,325,797)	-	1,554,908	(5,770,889)

#### (b) Secondary reporting - Business segments

	Net external revenue	
	2020	2019
	\$	\$
Beer	49,723,210	57,234,527
Spirits	8,174,045	7,441,996
Soft drinks	9,773,238	11,165,120
Other	21,990,992	27,855,849
<b>Group total</b>	<b>89,661,485</b>	<b>103,697,492</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## I RESULTS FOR THE YEAR (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 2 REVENUE

	Net external operating revenue	
	2020	2019
	\$	\$
<b>2.1 Revenue</b>		
Sale of products	148,526,308	196,860,058
Excise and other duties and taxes	(58,864,823)	(93,162,566)
	<b>89,661,485</b>	<b>103,697,492</b>
<b>2.2 Other operating revenue</b>		
Bad debt recovery	-	265,947
Foreign exchange gain	173,071	469,648
Gain on disposal of property, plant and equipment	194,239	127,615
Insurance claim – Paradise Beverages office fire	2,303,641	616,066
Returnable pallets customer deposits forfeited	54,506	-
Barrel sales - exports	189,893	311,505
Other revenue	171,302	218,257
Total other operating revenue	<b>3,087,652</b>	<b>2,009,038</b>
<b>Total revenue</b>	<b>92,749,137</b>	<b>105,706,530</b>

### RECOGNITION AND MEASUREMENT

#### Revenue

##### *Sale of products*

The Group sells a range of beverage products to wholesale and retail customers. A sale is recognised when control of the product has transferred, being when the product has been delivered to or collected by the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the product has been shipped to the location specified by the customer and the customer accepts the product.

Revenue from sales is recognised based on the arrangement agreed between the customer and the companies of the Group. The arrangements in place do not commit customers to purchasing a specified quantity or type of product nor commit the companies of the Group to deliver the same but set out the terms and conditions that apply between the parties at the time an order is placed by a customer and accepted by a company of the Group. The terms and conditions cover, as appropriate to the customer, pricing, settlement of liabilities, return policies, provision and servicing of equipment and any other negotiated performance obligations.

No element of financing is present in the pricing arrangement. Settlement terms range from cash-on-delivery to credit terms ranging from 7 to 60+ days. Terms reflect negotiations with customers, policies, procedures and controls held by each business unit as it relates to customer credit risk.

For customers who purchase on credit, a receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

##### *Financing components*

The Group does not have any contracts where the period between the transfer of the promised product or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

#### Other operating revenue

##### *Foreign exchange gain*

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at balance date.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## I RESULTS FOR THE YEAR (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 3 EXPENSES

	Notes	2020	2019
		\$	\$
<b>3.1 Selling and distribution expenses</b>			
Advertising and promotion		3,731,806	4,859,140
Employee related costs		3,857,397	3,983,558
Sales, marketing and distribution		5,549,295	7,370,372
<b>Total selling and distribution expenses</b>		<b>13,138,498</b>	<b>16,213,070</b>
<b>3.2 Administrative expenses</b>			
Auditor's remuneration – audit fees		79,500	77,500
Auditor's remuneration – other accounting services		18,500	7,100
Depreciation and amortisation		677,019	649,736
Directors' fees		25,852	19,333
Doubtful debts		1,713,105	1,222,231
Employee related costs		5,250,533	5,208,314
Impairment of property, plant and equipment	7	4,670,529	5,770,889
Impairment of intangibles - brands	9	6,718,435	-
Impairment of goodwill	9	-	1,554,908
Insurance		977,483	692,281
Internal audit		-	113,969
Management fees		157,574	178,741
Non-trading item - stock write-offs		2,910,662	1,495,201
Non-trading item - restructuring		1,035,941	-
Foreign exchange loss		20,358	-
Unrealised foreign exchange loss		150,472	1,771
Other operating expenses		1,934,762	2,384,326
<b>Total administrative expenses</b>		<b>26,340,725</b>	<b>19,376,300</b>
<b>3.3 Finance costs</b>			
Interest on bank overdraft		296,444	256,702
Lease finance costs		22,369	25,589
<b>Total finance costs</b>		<b>318,813</b>	<b>282,291</b>

### RECOGNITION AND MEASUREMENT

#### Employee related costs

Employee related costs include wages and salaries, annual leave, sick leave, incentives, compensated absences and other benefits, which are charged against profit in their respective expense categories when services are provided by or benefits vest with the employee. The Group's contributions made to defined contribution superannuation plans are recognised as an expense when they fall due.

For accounting policies on the provision for employee benefits and share based payments, refer to Notes 12a and 13b respectively.

#### Finance costs

Finance costs mainly comprise of interest costs on interest bearing liabilities.

Interest costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## I RESULTS FOR THE YEAR (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 4 DIVIDENDS

	2020	2019
	\$	\$
<b>Declared and paid in period:</b>		
Final dividend paid at 50¢ per share (2019: final dividend of 50¢ per share)	5,204,063	5,204,063

### 5 EARNINGS PER SHARE

	2020	2019
	\$	\$
Operating (loss)/profit after income tax (\$)	(5,819,902)	3,267,067
Weighted average number of shares on issue	10,408,125	10,408,125
Basic earnings per share (cents)	(0.56)	0.31

Basic earnings per share is calculated by dividing the net (loss)/profit for the period attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

There are no convertible redeemable preference shares for the Group. There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### II ASSETS AND LIABILITIES – OPERATING AND INVESTING

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

The Group manages its overall financial position by segregating its balance sheet into two categories: Assets and Liabilities – Operating and Investing; and Capital – Financing. Details of Assets and Liabilities – Operating and Investing are as follows:

	Notes	2020	2019
		\$	\$
Working capital	6	20,387,812	37,612,168
Other receivables	6a	45,876	-
Property, plant and equipment	7	75,261,294	84,403,483
Right of use assets	8	423,694	565,155
Intangible assets	9	1,908,454	8,430,348
Current and deferred tax (liabilities)/ assets	11b	(729,351)	518,571
Other liabilities	12	(3,320,721)	(4,393,490)
Capital - Financing	Sec III	<b>93,977,058</b>	<b>127,136,235</b>

### 6 WORKING CAPITAL

	Notes	2020	2019
		\$	\$
Trade and other receivables	6a	12,282,781	24,356,062
Inventories	6b	23,725,553	30,330,113
Trade and other payables	6c	(15,620,522)	(17,074,007)
		<b>20,387,812</b>	<b>37,612,168</b>

### 6a TRADE AND OTHER RECEIVABLES

	Notes	2020	2019
		\$	\$
Trade receivables		13,795,718	20,701,285
Provision for impaired receivables		(3,731,478)	(2,044,077)
		<b>10,064,240</b>	<b>18,657,208</b>
Other Receivables:			
Related parties	17e	175,905	1,033,494
Other		2,042,636	4,665,360
		<b>12,282,781</b>	<b>24,356,062</b>
Other receivables – non-current		<b>45,876</b>	-
<b>Movements in the provision for impaired receivables</b>			
Balance at beginning of the year		(2,044,077)	(824,555)
Increase in provisions		(1,713,105)	(1,222,231)
Translation differences		25,704	2,709
<b>Balance at end of the year</b>		<b>(3,731,478)</b>	<b>(2,044,077)</b>
<b>Trade receivables past due but not impaired</b>			
At balance dates, the ageing analysis of trade receivables is as follows:			
Current		6,722,149	9,007,790
0-30 days		791,762	1,727,638
30-60 days		1,127,173	4,131,713
60+ days		1,423,156	3,790,067
		<b>10,064,240</b>	<b>18,657,208</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## II ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 6a TRADE AND OTHER RECEIVABLES (continued)

#### RECOGNITION AND MEASUREMENT

Trade and other receivables are recognised at face value of amounts due less an allowance for doubtful receivables. Doubtful receivables are determined using an expected credit loss approach whereby trade and other receivables that share the same or similar credit risk characteristics and debt ageing are grouped and then assessed for collectability as a whole.

Refer to Note 15b) iii) on credit risk of trade and other receivables. For details of related party receivables included in trade and other receivables, refer to Note 17. Trade receivables are non-interest bearing and are generally on the following terms:

Beer and Ready-to-Drink alcoholic beverages	7 – 14 days
Domestic Spirits	21 days
Soft Drinks	30 days
Export Spirits	30 – 60 days

### 6b INVENTORIES

	2020	2019
	\$	\$
Raw materials and engineering stores	14,214,470	16,393,613
Work in progress	10,659,557	10,935,349
Finished goods	3,647,286	4,488,219
	<b>28,521,313</b>	<b>31,817,181</b>
Provision for impaired inventories	(4,795,760)	(1,487,068)
	<b>23,725,553</b>	<b>30,330,113</b>
<b>Movements in the provision for impairment of inventories were as follows:</b>		
Balance at beginning of the year	(1,487,068)	(982,977)
Charge for the period	(3,791,996)	(1,490,786)
Utilised	427,110	982,968
Translation differences	56,194	3,727
Balance at end of the year	<b>(4,795,760)</b>	<b>(1,487,068)</b>

#### RECOGNITION AND MEASUREMENT

Inventories are stated at the lower of cost (including fixed and variable factory overheads where applicable) and net realisable value. Cost is determined on the basis of first-in-first-out, average or standard, whichever is the most appropriate in each case. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Provision for stock impairment is assessed and raised on a specific basis based on a review of inventories. Inventories considered obsolete or un-serviceable are written off in the period in which they are identified.

### 6c TRADE AND OTHER PAYABLES

	Notes	2020	2019
		\$	\$
Trade payables		2,525,016	5,103,865
Related parties	17e	3,155,128	3,766,235
Unclaimed dividends		582,758	559,136
Accruals and other creditors		9,357,620	7,644,771
		<b>15,620,522</b>	<b>17,074,007</b>

#### RECOGNITION AND MEASUREMENT

Trade and other payables are carried at amount due. Liabilities are brought to account for amounts payable in relation to goods received and services rendered, whether or not billed at the reporting date. Accrued charges represent accrual for marketing rebates, promotional allowances and amounts due for supplies and services received but not invoiced at the reporting date.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60 days terms.
- Other payables are non-interest bearing and have an average term of six months.

For details of related party payables included in trade and other payables, refer to Note 17.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## II ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 7 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings and improvements	Plant, furniture and motor vehicles	Property, plant and equipment under construction	Total
	\$	\$	\$	\$	\$
<b>31 December 2019</b>					
Cost	3,185,343	25,734,289	148,766,297	7,535,115	185,221,044
Accumulated depreciation and impairment	(753,512)	(10,744,291)	(98,461,947)	-	(109,959,750)
	<b>2,431,831</b>	<b>14,989,998</b>	<b>50,304,350</b>	<b>7,535,115</b>	<b>75,261,294</b>
<b>Movement:</b>					
At 1 January 2020	3,201,283	13,328,798	56,336,444	11,536,958	84,403,483
Additions	-	-	-	2,671,041	2,671,041
Disposals	-	-	(89,018)	-	(89,018)
Depreciation expense	-	(724,385)	(7,725,846)	-	(8,450,231)
Impairment <sup>1</sup>	(753,512)	(995,949)	(2,921,068)	-	(4,670,529)
Reclassification/transfers	-	3,418,448	4,751,104	(6,673,901)	1,495,651
Net foreign currency and other movements	(15,940)	(36,914)	(47,266)	1,017	(99,103)
<b>At 31 December 2020</b>	<b>2,431,831</b>	<b>14,989,998</b>	<b>50,304,350</b>	<b>7,535,115</b>	<b>75,261,294</b>
<b>31 December 2019</b>					
Cost	3,201,283	22,414,878	146,657,397	11,536,958	183,810,516
Accumulated depreciation and impairment	-	(9,086,080)	(90,320,953)	-	(99,407,033)
	<b>3,201,283</b>	<b>13,328,798</b>	<b>56,336,444</b>	<b>11,536,958</b>	<b>84,403,483</b>
<b>Movement:</b>					
At 1 January 2019	3,207,082	12,186,139	54,622,094	13,708,167	83,723,482
Additions	-	-	-	16,421,059	16,421,059
Disposals	-	(467,759)	(64,065)	-	(531,824)
Depreciation expense	-	(632,397)	(9,530,972)	-	(10,163,369)
Impairment <sup>1</sup>	-	-	(5,770,889)	-	(5,770,889)
Reclassification/transfers	-	2,254,378	17,101,221	(18,595,081)	760,518
Net foreign currency and other movements	(5,799)	(11,563)	(20,945)	2,813	(35,494)
<b>At 31 December 2019</b>	<b>3,201,283</b>	<b>13,328,798</b>	<b>56,336,444</b>	<b>11,536,958</b>	<b>84,403,483</b>
<b>1 January 2019</b>					
Cost	3,207,082	20,675,803	133,163,249	13,708,167	170,754,301
Accumulated depreciation and impairment	-	(8,489,664)	(78,541,155)	-	(87,030,819)
	<b>3,207,082</b>	<b>12,186,139</b>	<b>54,622,094</b>	<b>13,708,167</b>	<b>83,723,482</b>

<sup>1</sup> Impairment on non-performing plant & machinery, coolers, land and buildings (2019: plant & machinery as well as adjustment for the estimated bottles and crates on hand and with customers.)

### RECOGNITION AND MEASUREMENT

Property, plant and equipment assets are stated at cost less accumulated depreciation and impairment except for those assets revalued in prior periods. The exemption permitted under IFRS 1 has been adopted for previously revalued assets whose balances are now deemed to be their cost. Costs include expenditure that is directly attributable to acquisition of the items. Subsequent expenditure is capitalised when it is probable that future economic benefits associated with the expenditure will flow to the Group.

	Rate per annum	Method
Premium on leasehold land	Various	Over period of lease
Buildings	1.17% - 20%	- Straight line
Plant and equipment	2.5% - 100%	- Straight line and diminishing value
Vehicles	8% - 33%	- Straight line
Furniture and fittings	1.25% - 25%	- Straight line and diminishing value



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## II ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 7 PROPERTY, PLANT AND EQUIPMENT (continued)

#### RECOGNITION AND MEASUREMENT (continued)

An item of property, plant and equipment is derecognised upon disposal of an asset. Any gain or loss arising on derecognition of an asset (calculated by comparing proceeds with the carrying amount) is included in the income statement in that financial year.

Property, plant and equipment assets, are tested for impairment when there is any indication of impairment and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of carrying value 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the statement of comprehensive income.

#### Impairment of property, plant and equipment and intangible assets

The Group assesses whether there are any indicators of impairment of all property, plant and equipment and intangible assets at each reporting date. Except for the valuation of definite lived Vonu brand, there were no impairment indicators associated with the Fijian business of the Group. However, due to impairment indicators associated with the Group's Samoan business, an impairment test was performed to determine the recoverable amount of the business as a separate Cash Generating Unit (CGU). The recoverable amount was supported by the Fair Value less Costs to Sell (FVLCS) of the CGU's non-monetary assets as determined by an independent valuer and management's estimates. The assessed recoverable amount indicated that there was an impairment loss associated with the Samoan business. The company allocated the estimated impairment loss to plant and equipment, coolers and land and buildings of \$4,670,529 (2019:\$5,770,889 applied to plant and equipment and adjustments for the estimated bottles and crates in circulation with customers).

#### KEY ESTIMATES

Useful lives of assets are estimated based on historical experience. In addition, the condition of assets is assessed annually and considered against the remaining useful life. Adjustments to useful life are made when deemed necessary.

### 8 LEASES

For a qualifying lease, Group recognise a right of use asset and lease liability based on the present value of future lease payments which excludes payments of a variable nature. The nature and structure of our lease portfolio is such that the interest rates implicit in the leases are not readily determinable. The Group therefore uses Incremental Borrowing Rates (IBRs) to discount the future value of lease payments. The IBR denotes the rate of interest that a lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to purchase an asset of a similar value to the right of use asset in a similar economic environment.

Determination of the lease term is a key judgement exercised by management on a recurring basis. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### 8a RIGHT OF USE ASSETS

The Group enters non-cancellable leases on properties. Lease terms vary in length and generally, when approaching expiry, are either extended at the option of the Group or are renegotiated. Our leases mainly relate to properties in Fiji.

	Property
	\$
<b>31 December 2020</b>	
Cost	446,104
Accumulated depreciation and impairment	(22,410)
	<b>423,694</b>
<b>Movement:</b>	
At 1 January 2020	565,155
Disposals	(58,261)
Depreciation expense	(85,605)
Other movements	2,405
<b>At 31 December 2020</b>	<b>423,694</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## II ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 8 LEASES (continued)

#### 8a RIGHT OF USE ASSETS (continued)

	Property
<b>31 December 2019</b>	<b>\$</b>
Cost	717,552
Accumulated depreciation and impairment	(152,397)
	<b>565,155</b>
<b>Movement:</b>	
Opening balance on adoption of IFRS16	754,282
Depreciation expense	(152,397)
Other movements	(36,730)
<b>At 31 December 2019</b>	<b>565,155</b>

#### 8b SHORT TERM, LOW VALUE AND VARIABLE LEASES

As allowed by the Standard, there is no change to the recognition and measurement of short-term, low asset value and variable leases. Short term leases are those with terms equal to or less than 12 months and low asset value leases mainly include small office equipment like printers and photocopiers. The amounts recognised in EBIT for these leases are:

	Total
	\$
<b>Lease type</b>	
Short-term	7,800
Low-value	8,071
Variable	-

#### Short-term leases

These mainly comprise of property leases having the lease term of 12 months or less.

The total cash outflow for leases (including short-term, low-value and variable leases) in 2020 was \$117,246 (2019:\$228,925).

### 9 INTANGIBLE ASSETS

	Indefinite lives		Definite lives			
	Brand names and trademarks	Goodwill	Brand names and trademarks	Software development and other assets	Software development and other assets work in progress	Total
	\$	\$	\$	\$	\$	\$
<b>31 December 2020</b>						
Cost	520,000	1,554,908	7,766,976	1,585,231	44,594	11,471,709
Accumulated amortisation and impairment	-	(1,554,908)	(7,766,976)	(241,371)	-	(9,563,255)
	<b>520,000</b>	<b>-</b>	<b>-</b>	<b>1,343,860</b>	<b>44,594</b>	<b>1,908,454</b>
<b>Movement:</b>						
At 1 January 2020	520,000	-	6,796,104	1,103,833	10,411	8,430,348
Additions	-	-	-	-	471,967	471,967
Reclassification/transfers	-	-	-	372,326	(437,784)	(65,458)
Impairment <sup>1</sup>	-	-	(6,718,435)	-	-	(6,718,435)
Amortisation expense	-	-	(77,669)	(132,299)	-	(209,968)
<b>At 31 December 2020</b>	<b>520,000</b>	<b>-</b>	<b>-</b>	<b>1,343,860</b>	<b>44,594</b>	<b>1,908,454</b>

<sup>1</sup> Impairment on Vonu brand (2019: goodwill.)

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## II ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 9 INTANGIBLE ASSETS (continued)

	Indefinite lives		Definite lives			Total
	Brand names and trademarks	Goodwill	Brand names and trademarks	Software development and other assets	Software development and other assets work in progress	
<b>31 December 2019</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cost	520,000	1,554,908	7,766,976	1,212,904	10,411	11,065,199
Accumulated amortisation and impairment	-	(1,554,908)	(970,872)	(109,071)	-	(2,634,851)
	<b>520,000</b>	<b>-</b>	<b>6,796,104</b>	<b>1,103,833</b>	<b>10,411</b>	<b>8,430,348</b>
<b>Movement:</b>						
At 1 January 2019	520,000	1,554,908	6,951,444	-	1,140,525	10,166,877
Additions	-	-	-	-	82,790	82,790
Reclassification/transfers	-	-	-	1,212,904	(1,212,904)	-
Impairment <sup>1</sup>	-	(1,554,908)	-	-	-	(1,554,908)
Amortisation expense	-	-	(155,340)	(109,071)	-	(264,411)
<b>At 31 December 2019</b>	<b>520,000</b>	<b>-</b>	<b>6,796,104</b>	<b>1,103,833</b>	<b>10,411</b>	<b>8,430,348</b>
<b>1 January 2019</b>						
Cost	520,000	1,554,908	7,766,976	-	1,140,525	10,982,409
Accumulated amortisation and impairment	-	-	(815,532)	-	-	(815,532)
	<b>520,000</b>	<b>1,554,908</b>	<b>6,951,444</b>	<b>-</b>	<b>1,140,525</b>	<b>10,166,877</b>

<sup>1</sup> Impairment on Vonu brand (2019: goodwill.)

### RECOGNITION AND MEASUREMENT

#### Indefinite lives

Indefinite life intangible assets, except for goodwill, acquired through business acquisition transactions are recognised initially at fair value at the date of acquisition which is subsequently deemed to be cost.

#### Goodwill

Goodwill is the excess of the cost of a business acquisition over the fair value of net assets acquired. Goodwill is not amortised but is tested annually for impairment.

#### Brand names and trademarks

Indefinite lived brand names and trademarks comprise of spirits brand names acquired from the merger with South Pacific Distilleries Limited. In assessing the useful life of brand names, consideration is given to the existing longevity, the indefinite life cycle of the industry in which PBFL operates and the expected usage of the brand names in the future.

In light of these considerations, no factor could be identified that would result in the brand names having a finite useful life and accordingly, spirits brand names have been assessed as having an indefinite useful life, which requires annual impairment testing.

#### Definite lives

Definite life intangible assets are accounted for at cost. Assets acquired in a business acquisition, are recognised initially at fair value at the date of acquisition which is subsequently deemed to be cost. Following initial recognition, intangible assets are amortised on a straight-line basis over their useful lives and tested for impairment when there is any indication of impairment. Useful life details for these assets are as follows:

Brand names and trademarks	50 years
Software development and other assets	3 to 10 years

Any gain or loss arising on derecognition of an asset (calculated by comparing the proceeds with the carrying amount) is included in the income statement in that financial year.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## II ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 10 IMPAIRMENT TESTING

#### RECOGNITION AND MEASUREMENT

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists or where annual impairment testing for an asset is required, the Group makes a formal estimate of the recoverable amount. An impairment loss will be recognised in the income statement for the amount by which the carrying amount of an asset exceeds the recoverable amount, which is defined as the greater of an asset's fair value less costs to sell, or value in use. Non-financial assets, other than goodwill, that suffered an impairment in prior periods are reviewed for possible reversal of the impairment at each reporting date. A summary of intangible assets deemed to have indefinite lives is presented below:

	2020	2019
	\$	\$
Goodwill	1,554,908	1,554,908
Impairment of goodwill	(1,554,908)	(1,554,908)
Brand names	520,000	520,000
	<b>520,000</b>	<b>520,000</b>

#### IMPAIRMENT TESTING

Annual impairment testing is carried out at the Cash Generating Unit (CGU) level, by comparison of the CGU's recoverable amount to its carrying amount. The recoverable amount is the higher of the Fair Value less Costs to Sell (FVLCS) of the CGU and the Value in Use (VIU). The value in use for the purpose of recoverable amount calculations was determined by discounting the forecasted future cash flows to be generated from the continuing use of the CGUs by an estimated weighted average cost of capital of 11.3% (2019: 11.3%) and using the terminal growth rates of 3% (2019: 3%). The FVLCS value is determined by reference to independent valuations of non-monetary assets included in the CGU and management assessment of the other related assets of the CGU.

The carrying value of the parent company's Vonu brand was impaired in full by \$6,718,435. Due to the losses recorded by Samoa Breweries Limited, the Group performed an impairment test of that business as a separate CGU. The CGU's recoverable amount was supported by the FVLCS of its non-monetary assets and fair value of its working capital assets. The assessed recoverable amount of the CGU indicated that the carrying amount of plant and equipment, coolers and land and buildings related to the Samoan business was impaired. Based on the impairment test, the Group wrote down \$4,670,529. (refer to Note 7).

#### KEY ESTIMATES

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flows model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flows model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### 11 INCOME TAX

#### 11a INCOME TAX EXPENSE

	2020	2019
	\$	\$
Accounting (loss)/profit before income tax	(3,933,634)	1,063,044
Prima facie tax thereon at the Fiji rate of 10%	(393,363)	106,304
Tax rates differential on overseas income	(2,252,200)	(2,404,708)
Non-deductible expenses	48,957	118,833
Derecognition of subsidiary's current tax assets	481,687	-
Derecognition of subsidiary's deferred tax assets	4,056,647	-
Over provision from prior period	(55,460)	(24,452)
<b>Income tax expense/(benefit) attributable to operating (loss)/profit</b>	<b>1,886,268</b>	<b>(2,204,023)</b>
<b>Current income tax:</b>		
Current income tax charge	1,552,611	1,465,482
Adjustments in respect of prior period	(55,460)	(96,121)
Derecognition of subsidiary's tax balances	481,687	-
<b>Deferred income tax:</b>		
Origination and reversal of temporary differences	(4,149,217)	(3,645,053)
Adjustment in respect of prior period	-	71,669
Derecognition of subsidiary's tax balances	4,056,647	-
<b>Income tax expense/(benefit)</b>	<b>1,886,268</b>	<b>(2,204,023)</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## II ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 11 INCOME TAX (continued)

#### 11b CURRENT AND DEFERRED TAX ASSETS/(LIABILITIES)

	2020	2019
	\$	\$
Current tax assets	-	942,575
Current tax liabilities	(456,865)	(46,906)
Deferred tax liabilities	(272,486)	(377,098)
	<b>(729,351)</b>	<b>518,571</b>
<b>Deferred income tax liabilities recognised in the balance sheet relate to the following:</b>		
Accelerated depreciation	(3,799,326)	(4,313,749)
Amortised value used bottles	(154,108)	(1,041,612)
Equity compensation reserve	15,676	2,754
Impairment of brands	671,843	-
Impairment of non-performing plant and machinery and estimated bottles and crates in circulation	1,261,043	1,977,965
Leases	1,472	861
Provision for doubtful debts	706,081	447,029
Provision for employee entitlements	451,929	514,971
Provision for stock impairment	1,266,688	397,093
Tax losses	-	1,635,945
Timing differences derecognised	(664,848)	-
Unrealised exchange loss	(30,859)	(1,800)
Unrealised profit in stock	1,923	3,445
<b>Net deferred tax liability</b>	<b>(272,486)</b>	<b>(377,098)</b>

### RECOGNITION AND MEASUREMENT

#### Current tax

Current tax asset or liability represents amounts receivable or payable in relation to income taxes attributable to taxable profits of the current or prior financial years, less instalments of income tax paid. The tax rates and laws used to compute current taxes are those that are enacted or substantially enacted as at the reporting date.

#### Deferred tax

Deferred tax balances arise when there are temporary differences between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- where the difference arises from the initial recognition of an asset or liability in a transaction that is not an acquisition of a business and affects neither the accounting profit nor taxable profit or loss; and
- where temporary differences relate to investments in subsidiaries to the extent the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

As at balance date the subsidiary company has cumulative tax losses of WST\$15,321,601 (2019: WST\$7,391,795). Net deferred tax assets derecognised amount to \$664,848.

### KEY ESTIMATES

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Significant management judgment is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## II ASSETS AND LIABILITIES – OPERATING AND INVESTING (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 12 OTHER ASSETS/(LIABILITIES)

	Notes	2020	2019
		\$	\$
Prepayments		1,266,481	635,707
Employee benefits provisions – current and non-current	12a	(4,587,202)	(5,029,197)
		<b>(3,320,721)</b>	<b>(4,393,490)</b>

### 12a EMPLOYEE BENEFITS PROVISIONS

	2020	2019
	\$	\$
Current	2,913,116	3,416,768
Non-current	1,674,086	1,612,429
	<b>4,587,202</b>	<b>5,029,197</b>

### RECOGNITION AND MEASUREMENT

#### Employee benefits

Employee benefits provisions include liabilities for benefits accumulated as a result of employees rendering services up to balance date, including related on-costs, in relation to annual, long service and other leave, incentives and termination and other benefits. These benefits are charged to the income statement when services are provided and to the extent the benefits are expected to vest with employees.

Employee benefits provisions are measured at remuneration rates expected to be applicable to future payments which settle these liabilities, and are discounted back to the reporting date using market yields on corporate bonds with maturities aligned to the estimated timing of settlement payments.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## III CAPITAL – FINANCING

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

The Group's capital - financing comprises equity, cash and interest bearing liabilities.

	Notes	2020	2019
		\$	\$
Equity	13	125,174,379	136,204,681
Net debt	14	(31,197,321)	(9,068,446)
		<b>93,977,058</b>	<b>127,136,235</b>

### 13 EQUITY

	Notes	2020	2019
		\$	\$
Share capital	13a	6,734,250	6,734,250
Reserves		6,407,949	6,412,121
Retained earnings		111,924,025	122,074,103
Non-controlling interests		108,155	984,207
		<b>125,174,379</b>	<b>136,204,681</b>

### 13a SHARE CAPITAL

As at the end of the financial year, the number of fully paid ordinary shares for 2020 and 2019 was 10,408,125. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value.

	2020	2019
	\$	\$
<b>Issued and paid up capital</b>		
10,408,125 ordinary shares	2,081,625	2,081,625
Historic transfer from Share Premium Reserve	4,652,625	4,652,625
	<b>6,734,250</b>	<b>6,734,250</b>

The Group's capital comprises ordinary shares only and these carry the same rights, preferences and restrictions. Under the provisions of the sec 194 and sec 735 of the Fiji Companies Act 2015, the authorised capital concept has been abolished. In addition, under the provisions of the sec 196 (a) and sec 737 of the Fiji Companies Act 2015, the share premium reserve has been reclassified as part of the Company's existing total issued share capital.

### 13b RESERVES

#### NATURE AND PURPOSE OF RESERVES

##### Foreign currency translation reserve

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

##### Share-based payments reserve

The share-based payments reserve is used to record obligations to provide share rights in Coca-Cola Amatil Limited to senior executives of the Group, which may vest with those executives, subject to certain performance criteria being met, in accordance with the Coca-Cola Amatil Limited's Long Term Incentive Share Rights Plan. Vesting rights under this plan have no impact on the ownership of Paradise Beverages (Fiji) Limited.

##### General reserve

The general reserve is a legacy revenue reserve set aside from retained earnings.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### III CAPITAL – FINANCING (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

#### 14 NET DEBT

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December 2020 and 31 December 2019:

	Notes	2020	2019
		\$	\$
Cash at bank and short-term deposits		34,666,996	11,990,436
Cash on hand		5,766	4,965
Cash and cash equivalents		34,672,762	11,995,401
Less: Interest bearing liabilities - Bank overdraft	14a	(3,037,029)	(2,353,189)
Net cash and cash equivalents		31,635,733	9,642,212
Less: Interest bearing liabilities – Lease liabilities current		(4,139)	(137,732)
Less: Interest bearing liabilities – Lease liabilities non-current		(434,273)	(436,034)
<b>Net debt</b>		<b>31,197,321</b>	<b>9,068,446</b>

#### RECOGNITION AND MEASUREMENT

Cash assets comprise of cash on hand, cash at banks and short term deposits with a maturity of one year or less that are repayable to the Group on demand and are subject to an insignificant risk of changes in value.

Cash at banks does not earn interest.

#### 14a INTEREST BEARING LIABILITIES

Country	Current	Maturity	Effective interest rate%	2020	2019
				\$	\$
Samoa	Bank o/d	On demand	8.00%	3,037,029	2,353,189
				<b>3,037,029</b>	<b>2,353,189</b>

#### Particulars relating to interest-bearing liabilities:

The bank overdraft is secured by:

- (i) Letter of comfort given by parent company, Coca-Cola Amatil (Fiji) Pte Limited;
- (ii) Registered mortgage over freehold land at Vaitele, Samoa; and
- (ii) Registered mortgage over company assets.

#### RECOGNITION AND MEASUREMENT

Interest bearing liabilities are initially recognised at fair value at settlement date and subsequently at amortised cost using the effective interest method, net of associated transaction costs.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## IV RISK MANAGEMENT

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 15 FINANCIAL RISK MANAGEMENT

The Group's financial assets and liabilities originate from and are used for the following purposes:

#### Operating and investing activities

These activities generate financial assets and liabilities including cash, trade and other receivables, and trade and other payables.

#### Financing activities

Financial assets and liabilities are used to invest funds where surplus amounts arise and to raise finance for the Group's operations. The principal types of financial assets and liabilities used include cash, term deposits, bonds, bank loans and bank overdrafts.

#### Risk management

Financial assets and liabilities, are used to manage financial risks that arise from the abovementioned activities. The main risk arising from the Group's financial statements are foreign currency risk, interest rate risk, credit risk, and liquidity risk.

These risks are summarised as, and described further, in the following sections to this Note:

- a) details of market risks relating to:
  - i) foreign currencies;
  - ii) interest rates; and
  - iii) operational risks.
- b) details of other financial risks relating to:
  - i) credit;
  - ii) cash and cash equivalents and deposits;
  - iii) trade and other receivables; and
  - iv) liquidity.

#### a) Market risks

##### i) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from purchases by the Group in currency other than Fijian dollars. The majority of purchases are made in Australian dollars (AUD), American dollars (USD), New Zealand dollars (NZD), and the Euro (EUR). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Group manages foreign currency risk by entering into forward exchange rates contracts with banks for 30 days periods. All overseas creditors are paid within 30 days.

##### ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's overdraft facilities. As at 31 December 2020, the interest rate is 8.00% per annum for the subsidiary and 4.25% for the holding company.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date:

	Increase/ (decrease) in basis points	Effect on profit before tax \$
31 December 2020	+100	2,531
	-100	(2,531)
31 December 2019	+100	1,961
	-100	(1,961)

##### iii) 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 Group cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

#### b) Other financial risks

##### i) Credit risk

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## IV RISK MANAGEMENT (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 15 FINANCIAL RISK MANAGEMENT (continued)

#### b) Other financial risks (continued)

##### ii) Cash and cash equivalents and deposits

The counterparties relating to the Group's cash and cash equivalents and deposits are significant financial institutions. Management does not believe there is a significant risk of non-performance by these counterparties.

##### iii) Trade and other receivables

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors is carried out prior to management approval. Individual credit risk limits are then set based on the assessments done. The utilisation of credit limits is regularly monitored.

##### iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet present obligations. Management monitors rolling forecasts of the Group's liquidity reserve, comprising of cash and cash equivalents (Note 14) on the basis of expected cash flow.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2020 and year ended 31 December 2019 based on contractual undiscounted payments.

	2020	2019
	\$	\$
<b>Trade and other payables</b>		
- Less than 12 months	15,620,522	17,074,007
<b>Lease liabilities</b>		
- Less than 12 months	25,375	137,732
- Between 2 to 5 years	101,500	17,800
- More than 5 years	849,192	418,234

#### c) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group 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 less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

During the year, the Group's strategy, which was unchanged from 2019, was to maintain a minimum gearing ratio. The gearing ratio at 31 December 2020 was (33.2)% (31 December 2019: (7.1)%)

	2020	2019
	\$	\$
Interest bearing liabilities	3,037,029	2,353,189
Lease liabilities	438,412	573,766
Less: cash and short term deposits	(34,672,762)	(11,995,401)
Net debt	(31,197,321)	(9,068,446)
Equity	125,174,379	136,204,681
Total capital	125,174,379	136,204,681
<b>Capital and net debt</b>	<b>93,977,058</b>	<b>127,136,235</b>
	%	%
<b>Gearing ratio</b>	<b>(33.2)</b>	<b>(7.1)</b>

### 16 FAIR VALUE

The Group applies historical cost accounting except for cash, trade & other receivables and payables where the carrying value approximates the fair value due to their short-term nature.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## V OTHER INFORMATION

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 17 RELATED PARTIES

a) Directors' fee and emoluments

Amounts paid for directors' fees and emoluments are disclosed in Note 3.2.

b) Controlling entity

The Group's immediate parent is Coca-Cola Amatil (Fiji) Pte Limited ('CCAFPL'). At balance date, CCAFPL held 9,325,000 (2019: 9,325,000) ordinary shares in Paradise Beverages (Fiji) Limited, representing 89.59% (2019: 89.59%) of the issued share capital. The Group's ultimate parent is Coca-Cola Amatil Limited.

c) Ownership interest in related parties

PBFL owns 93.85% of the issued capital of its subsidiary company, Samoa Breweries Limited.

d) Related party transactions

All transactions with related parties are made on commercial terms and conditions. The material transactions during the period were:

	2020	2019
	\$	\$
<b>Parent company – Coca-Cola Amatil (Fiji) Pte Ltd</b>		
- Sales	(1,601,991)	(5,725)
- Purchases	1,108,958	814,720
- Expense recharges (net)	(137,824)	42,205
- Capital recharges (net)	-	7,583
	(630,857)	858,783
<b>Coca-Cola Amatil (Aust) Pty Ltd</b>		
- Sales	(1,321,493)	(1,411,246)
- Purchases	-	135,699
- Expense recharges (net)	1,173,417	2,043,200
- Capital recharges (net)	177,036	7,001
	28,961	774,654
<b>Ultimate parent company – CCA</b>		
- Expenses recharges (net)	1,939,815	1,378,054
- Management fees	227,468	178,741
- Insurance claim	(3,775,058)	(1,667,995)
	(1,607,776)	(111,200)
<b>Coca-Cola Amatil (NZ) Ltd</b>		
- Purchases	228,162	285,943
- Expense recharges (net)	96,694	29,156
- Capital recharges (net)	63,304	688,349
	388,160	1,003,448
<b>Pacific Refreshments Ltd</b>		
- Purchases	1,300,482	1,550,562
<b>The Coca-Cola Company</b>		
- Rebate recharges	(129,255)	(113,582)

e) Related (payables)/receivables

	2020	2019
	\$	\$
Coca-Cola Amatil (Fiji) Pte Limited	(815,566)	(526,055)
Pacific Refreshments Pty Limited	(214,418)	(627,067)
Coca-Cola Amatil (NZ) Limited	(192,426)	(892,044)
Coca-Cola Amatil Limited	(560,217)	-
Coca-Cola Amatil (Aust) Pty Ltd	(1,372,501)	(1,721,069)
Related party payables	(3,155,128)	(3,766,235)



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## V OTHER INFORMATION (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 17 RELATED PARTIES (continued)

#### e) Related (payables)/receivables (continued)

	2020	2019
	\$	\$
Coca-Cola Amatil (Fiji) Pte Limited	-	1,355
Coca-Cola Amatil Limited	-	1,019,531
Coca-Cola Amatil (Aust) Pty Ltd	134,748	-
The Coca-Cola Company	41,157	12,608
Related party receivables	175,905	1,033,494
<b>Net related party (payables)</b>	<b>(2,979,223)</b>	<b>(2,732,741)</b>

#### 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 period the executives identified as key management personnel, with the greatest authority and responsibility for planning, directing and controlling the activities of the holding company included the General Manager-Pacific, General Manager Operations, Chief Engineer, Chief Financial Officer, General Manager of Sales & Corporate Affairs, Production/Operations Managers in Suva and Lautoka, Commercial Manager, Manager Financial Operations, Manager Information Technology-Pacific and General Manager People, Culture & Sustainability.

	2020	2019
	\$	\$
Compensation to key management personnel:		
- Short term benefits	2,607,929	3,249,911
- Share-based payments	-	50,596

There are no other benefits available for key management personnel.

### 18 PARADISE BEVERAGES (FIJI) LIMITED DISCLOSURES

	2020	2019
	\$	\$
<b>a) FINANCIAL POSITION</b>		
Current assets	68,202,881	57,492,720
Non-current assets	69,561,462	93,786,462
<b>Total assets</b>	<b>137,764,343</b>	<b>151,279,182</b>
Current liabilities	11,853,077	14,668,376
Non-current liabilities	2,382,769	2,914,234
<b>Total liabilities</b>	<b>14,235,846</b>	<b>17,582,610</b>
<b>Net assets</b>	<b>123,528,497</b>	<b>133,696,572</b>
<b>Equity</b>		
Share capital	6,734,250	6,734,250
Reserves	344,091	315,220
Retained earnings	116,450,156	126,647,102
<b>Total equity</b>	<b>123,528,497</b>	<b>133,696,572</b>
<b>b) FINANCIAL PERFORMANCE</b>		
(Loss)/profit for the year	(4,992,883)	9,906,635
Total comprehensive (loss)/income for the year	(4,992,883)	9,906,635

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## V OTHER INFORMATION (CONTINUED)

Paradise Beverages (Fiji) Limited and its subsidiary company  
for the year ended 31 December 2020

### 19 COMMITMENTS AND CONTINGENT LIABILITIES

	2020	2019
	\$	\$
(a) Capital expenditure commitments	3,459,751	2,612,792

Commitments relate to planned capital projects at the Fiji Brewery site to be utilised in the next financial year.

	2020	2019
	\$	\$
(b) Non-performance guarantees given by the bank	594,158	594,158

At balance date the claim against the subsidiary from one of its distributors that existed at the prior year balance date remained unresolved. The directors do not expect any material impact on the Group results.

### 20 COMPANY DETAILS

- a) Company incorporation  
The legal form of the holding company is a public company, domiciled and incorporated in the Republic of Fiji under the Fiji Companies Act, 2015. The holding company is listed on the South Pacific Stock Exchange, Suva.
- b) Registered office/Company operation  
The holding company's operations and registered office are located at 122-164 Foster Road, Walu Bay, Suva while the subsidiary is in Samoa.
- c) Number of employees  
As at balance date, the holding company employed a total of 325 employees (Group: 475 employees).

### 21 SIGNIFICANT EVENT

During the year impairment of \$14,299,626 was recognised on the brands of the holding company, engineering spares, raw materials inventory and non-performing plant & machinery, coolers, land and buildings (2019:\$7,325,797 non-performing plant & machinery as well as adjustments for the estimated bottles and crates on hand and with customers) of Samoa Breweries Limited. Restructuring costs relating to the Samoa subsidiary's carbonated soft drink manufacturing operations amounted to \$1,035,941 (2019:nil).

### 22 SUBSEQUENT EVENTS

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

# DIRECTORS' DECLARATION

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This Directors' Declaration is required by the Companies Act, 2015.

The Directors of the company have made a resolution that declared:

- (a) in the Directors' opinion, the financial statements and Notes of the Group for the financial year ended 31 December 2020:
  - i. give a true and fair view of the financial position of the company and the Group as at 31 December 2020 and of the performance of the company and the Group for the year ended 31 December 2020;
  - ii. have been made out in accordance with the Companies Act 2015.
- (b) They have received declarations as required by Section 395 of the Companies Act 2015;
- (c) At the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors.



**Betty Ivanoff**  
Chairperson

**26th March 2021**

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF PARADISE BEVERAGES (FIJI) LIMITED


As lead auditor for the audit of Paradise Beverages (Fiji) Limited ("the Company") and its subsidiary ("the Group") for the financial year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Paradise Beverages (Fiji) Limited and the entity it controlled during the financial year.



Ernst & Young  
Chartered Accountants



Steven Pickering  
Partner  
Suva, Fiji

26 March 2021



## INDEPENDENT AUDIT REPORT

To the shareholders of Paradise Beverages (Fiji) Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Paradise Beverages (Fiji) Limited ("the Company") including its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than the provision of assurance services in our capacity as auditor and pre-approved non-audit services we have no relationship with, or interest in, the Group. Partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description on how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to the key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements.

#### Carrying value of Samoa Breweries Limited ("SBL") property, plant and equipment

Why significant	How our audit addressed the key audit matter
<p>The trading performance of Samoa Breweries Limited's ("SBL") Alcohol Cash Generating Unit ("CGU") has deteriorated in recent years. As a result, as explained in Note 7, there is a continued risk the carrying value of related property, plant and equipment and other assets may be higher than their recoverable amount.</p> <p>Our audit focused on this area because the assessment of recoverable value requires management to make a number of key judgements and estimates with respect to the future trading performance and profitability of SBL's Alcohol CGU, including judgements and estimates on future growth rates, the impact on future trading of the general economic environment, the impact of competition on SBL's market share and the estimated resale values of these non-current assets.</p>	<p>In obtaining sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>▶ We tested the design and implementation of key controls around the impairment review process;</li> <li>▶ We assessed the appropriateness of the methodologies and the basis for key assumptions applied by the Directors and management in calculating the impairment charges against relevant assets;</li> <li>▶ We challenged the Directors and management's assumptions used as inputs to the impairment calculation and, where appropriate, corroborated them by comparing to an available valuation report or to an approved internal strategic plan based on the long-term use of these assets. We considered whether the assumptions adopted were within a reasonable range;</li> </ul>

## INDEPENDENT AUDIT REPORT *CONTINUED*

### Key Audit Matter *continued*

#### Carrying value of Samoa Breweries Limited (“SBL”) property, plant and equipment *continued*

Why significant	How our audit addressed the key audit matter
Management’s assessment resulted in a recorded impairment loss of \$4.7 million to the property, plant and equipment of SBL.	<ul style="list-style-type: none"> <li>▶ We compared the assumptions adopted in the prior year’s impairment assessments with actual results in the current year, investigated significant variances and considered the impact on the current year’s impairment assessment;</li> <li>▶ We used our internal valuation specialists to assist us with our audit of the impairment assessment models. We performed sensitivity analysis to assess the variability of the recoverable amount, and so impairment charge, to changes in key assumptions;</li> <li>▶ We assessed the completeness of the assets against which the CGU’s recoverable amount was compared by agreeing relevant asset values to the underlying books and records and considering the inclusion or exclusion of other related assets; and</li> <li>▶ We assessed the appropriateness and the adequacy of the related disclosures included in Note 7 to the financial statements.</li> </ul>

### Information Other than the Consolidated Financial Statements and Auditor’s Report

The Directors and management are responsible for other information. The other information comprises the information in the Group’s Annual Report for the year ended 31 December 2020 but does not include the consolidated financial statements and the auditor’s report thereon.

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

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

### Responsibilities of the Directors and management for the Consolidated Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the Companies Act 2015 and for such internal control as the Directors and management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the Directors and management are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and management either intend to liquidate the Group to cease operations, or have no realistic alternative but to do so.

The Directors and management are responsible for overseeing the Group’s financial reporting process.

### Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *continued*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors and management.
- ▶ Conclude on the appropriateness of the Directors' and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

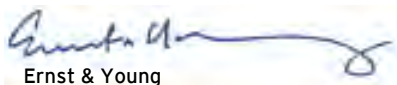
We are also required to provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors and management, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements


In accordance with the requirements of the Companies Act 2015, in our opinion:

- a) Proper books of account have been kept by the company and the group, so far as it appears from our examination of those books,
- b) the accompanying financial statements:
  - i) are in agreement with the books of account; and
  - ii) to the best of our information and according to the explanations given to us, give the information required by the Companies Act, 2015 in the manner so required.



Ernst & Young  
Suva, Fiji

26 March 2021



Steven Pickering  
Ernst & Young Chartered Accountants  
Level 7, Pacific House  
1 Butt Street  
Suva  
Fiji





## DISCLAIMER ON ADDITIONAL INFORMATION

The additional financial information, being the detailed SPX disclosure requirements has been compiled by the management of Paradise Beverages (Fiji) Limited.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than Paradise Beverages (Fiji) Limited may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

Disclosure requirements of the South Pacific Stock Exchange (not included elsewhere in this report) are as follows:



# SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS

## (a) Statement of interest of each Director in the share capital of the Company or in a related Corporation as at 31 December 2020 in compliance with Listing Requirements:

Cecil Browne (Direct interest) 500 shares in Paradise Beverages (Fiji) Limited.

Gardiner Whiteside (Direct interest) 500 shares in Paradise Beverages (Fiji) Limited.

## (b) Distribution Schedule of Security Holders

No. of Shareholders	Shareholding	Total Percentage Holding
355	0 - 500	0.76%
273	501 - 5,000 shares	3.98%
14	5,001 - 10,000 shares	0.90%
4	10,001 - 20,000 shares	0.51%
2	20,001 - 30,000 shares	0.50%
0	30,001 - 40,000 shares	0.00%
0	40,001 - 50,000 shares	0.00%
3	50,001 - 100,000 shares	1.99%
1	100,001 - 1,000,000 shares	1.77%
1	over 1,000,000 shares	89.59%

## (c) Share register, registered and principal administrative office and company secretary

### Registered and principal administrative office

Paradise Beverages (Fiji) Limited  
122 - 164 Foster Road  
Walu Bay  
Suva, Fiji  
Phone : 3315811  
Fax : 3300408

### Share registry

Central Share Registry Pte Limited,  
Shop 1 & 11 Sabrina Building,  
Victoria Parade, Suva  
Ph: 3304 130 / 3313 764

The company is incorporated in Fiji with limited liability and is listed on the South Pacific Stock Exchange. The company secretary is Mr Vinish Singh, Chief Financial Officer, Paradise Beverages (Fiji) Limited.

## (d) Subsidiary's performance Section 51.2 (x)

	2020
	F\$
<b>Samoa Breweries Limited</b>	
Turnover	18,253,085
Other income	285,938
	18,539,023
Depreciation	(2,252,216)
Impairment	(4,670,529)
Other expenses	(24,568,071)
Interest	(296,442)
Income tax expense	(961,311)
	(32,748,569)
Net loss after tax	(14,209,546)
Assets	14,933,175
Liabilities	(13,174,551)
Shareholders' Funds	1,758,624

# SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS (CONTINUED)

## (e) Top 20 Shareholders Report

Share Class: Ordinary Shares

Shareholder Name	No. of Shares	Total % Holding
Coca-Cola Amatil (Fiji) Limited	9,325,000	89.59%
The Fiji National Provident Fund Board	184,145	1.77%
Praful Patel Investments Pty Ltd < P & A Patel Superfund A/C >	80,107	0.77%
Pravin Patel	69,310	0.67%
Platinum Insurance Limited	57,323	0.55%
Graham Eden	28,505	0.27%
BSP Life (Fiji) Limited	23,750	0.23%
Rodney C Wardrop	15,625	0.15%
Fijicare Insurance Limited	13,848	0.13%
Chhabildas Jamnadas	12,500	0.12%
Alison A Cupit	10,875	0.10%
Harifam Limited	10,000	0.10%
Johnson L Joe	9,375	0.09%
Geoffrey Mark Eden	7,550	0.07%
George Tavanavanua	7,150	0.07%
J Santa Ram (Stores) Limited	6,500	0.06%
Captain Edward P Barratt	6,250	0.06%
Edward V Palad F/N Palad	6,250	0.06%
Krishneel Satya Maharaj	6,250	0.06%
M H Ltd S/Ship Fund Trustees (Inc)	6,250	0.06%
	9,886,563	94.99%*

\* Rounded to 2 decimal places





















## (f) Five year financial history

	2020	2019	2018	2017	2016
	\$000	\$000	\$000	\$000	\$000
Net (loss)/profit	(5,820)	3,267	12,213	14,738	13,492
Assets	149,587	161,659	162,250	158,411	144,660
Liabilities	24,413	25,454	24,116	28,471	26,192
Equity	125,174	136,205	138,134	129,940	118,468

Dividend per share	\$0.50
Earnings per share	(\$0.56)
Net tangible assets per share	\$11.84
Highest market price per share	\$30.00
Lowest market price per share	\$14.86
Market price per share at end of financial year	\$21.94

## SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS (CONTINUED)

### (g) Board meeting attendance – section 51.2 (viii)

Directors	17 March 2020	15 June 2020	10 August 2020	1 December 2020
Cecil Browne				
Gardiner Whiteside				
Betty Ivanoff				
Chris Litchfield				
Roger Hare				

# ANNEXURE P: ANNUAL COMPLIANCE REPORT ON CORPORATE GOVERNANCE

**Name of Listed Entity: Paradise Beverages (Fiji) Limited**  
**For the Financial Year ended on: 31 December 2020**

Principle	Requirement	Compliance Status
<b>1. Establish clear responsibilities for board oversight</b>	Separation of duties: Clear separation of duties between Board and Senior Management.	The Board has delegated responsibility for operating and administering the Company to the Management of the Company led by General Manager Pacific Operations, PBF. The General Manager, Pacific Operations, PBF is accountable to the Board for the performance of these duties.
	Board Charter: Adopt a Board charter detailing functions and responsibilities of the Board.	The PBF Board is responsible for the overall corporate governance of the Company. The PBF Board has adopted a Board Charter which can be accessed at <a href="http://www.paradisebeverages.com.fj">http://www.paradisebeverages.com.fj</a>
<b>2. Constitute an effective Board</b>	Board Composition: Balanced Board Composition with Executive and Non-Executive directors of which 1/3rd of total number of directors to be independent directors.	The PBF Board currently consists of five Directors comprising of: <ul style="list-style-type: none"> <li>Two Independent Non-Executive Directors; and</li> <li>Three Non-Executive Directors who are also senior executives in the Coca-Cola Amatil Limited Group.</li> </ul> Further details of the PBF Board Composition can be found on pages 16 of the 2020 Annual Report.
	Gender Diversity: Do you have a policy for promoting gender diversity at Board level and have you achieved your policy goals?	PBF's Diversity and Inclusion Policy sets out a commitment to achieving diversity, including setting measurable diversity objectives within the business. Continuing this commitment, PBF is developing gender diversity objectives specific to the Board and setting a plan to achieve them.
	Nomination Committee: Selection, approval, renewal and succession of Directors to be conducted by Nomination Committee in accordance with Articles of Association of the Company and Fit and Proper Policy of Reserve Bank.	The PBF Board Charter provides broad guidance on the composition and renewal of the PBF Board.  In accordance with legislative requirements, at least one third of the Directors (or if their number is not 3 or a multiple of 3, then the nearest one third) shall retire from office at each Annual General Meeting (AGM). The retiring Directors shall be eligible for re-election at the AGM. Relevant details of the retiring Directors are included in the Notice of Meeting.  While considering Board renewal, the Board considers Directors with a broad range of skills, knowledge, expertise and experience from a diverse set of backgrounds who can contribute to the success of PBF.
	Board Evaluation: Process of evaluation of performance of the Board, its Committees and individual directors. Evaluation to be linked to key performance indicators of the listed entity.	The Board evaluation process is as follows: <ul style="list-style-type: none"> <li>At each meeting of the Board, a separate evaluation session is conducted, where the Board discusses the effectiveness and performance of management, the Company, the processes of the Board and the decision-making rhythms of the organisation. Suggestions for improvement and change are built into the formal matters arising of the Board.</li> <li>In terms of evaluation of individual directors, the very composition of the Board, comprising independent and Coca-Cola Amatil appointed directors means this process works effectively and Coca-Cola Amatil ensures it has directors nominated to the Board who have diverse and relevant skills and experience, with rotations on a basis that is appropriate for the representation of our shareholders.</li> </ul>
	Directors Training: Directors' training and induction procedure to be in place to allow new directors to participate fully and effectively.	Directors are provided access to a Board Resource Centre which acts as a Training and Education repository, which also contains updates on directors' duties and obligations from the retained law firms in the region. Similarly, the directors have briefing sessions with Accounting and law firms to discuss governance, accounting, disclosure and related matters.
	Board Sub-committees: Board must have sub-committees which must at a minimum include - <ul style="list-style-type: none"> <li>Audit Committee;</li> <li>Risk Management Committee; and</li> <li>Nomination Committee/Recruitment Committee.</li> </ul>	The Board has determined that, given the nature, composition and location of the Directors, the scope of all the relevant sub-committees are most effectively dealt with in the agendas of the full Board meetings.



## ANNEXURE P: ANNUAL COMPLIANCE REPORT ON CORPORATE GOVERNANCE (CONTINUED)

Principle	Requirement	Compliance Status
<b>3. Appointment of Chief Executive Officer/ Managing Director</b>	CEO: To appoint a suitably qualified and competent Chief Executive Officer/ Managing Director.	The Board has appointed the General Manager, Pacific Operations, PBF (the <b>GM</b> ). Reporting to the PBF Board, the GM was appointed by the Board with support from the PBF and Coca-Cola Amatil Human Resources Teams.
<b>4. Appointment of a Board and Company Secretary</b>	Company Secretary: Board to appoint a suitably qualified and competent Company Secretary, who is accountable to the Board, through Chair, for all compliance and governance issues.	The PBF Board approves the appointment of the PBF Company Secretaries.  The PBF Company Secretaries ensure that statutory requirements and compliance (including continuous disclosure obligations), Board policy and procedures are followed as well as timely completion and dispatch of Board agenda and briefing materials.
<b>5. Timely and balanced disclosure</b>	Annual Reports: Timely and accurate disclosures are made in Annual reports as per Rule 51 of Listing Rules.	Annual Reports of the Company are compiled and prepared annually and contain salient and material information in accordance with the SPX Listing Rules and guidelines.
	Payment to Directors and Senior management: Sufficient information to be provided to shareholders on remuneration paid to Directors and Senior management.	Remuneration of directors and senior management is appropriately disclosed in the Annual Report.
	Continuous Disclosure: General disclosures or company announcements to be made in a timely manner. The disclosures should be factual without omitting material information and to be expressed in a clear and objective manner to shareholders.	PBF has a formal vetting and authorisation process for all company announcements which are made from time to time to the SPX, regulatory authorities and stakeholders. The Company Secretary, in conjunction with the General Counsel, provide guidance to the Board on matters that must be disclosed.
<b>6. Promote ethical and responsible decision-making</b>	Code of Conduct: To establish a minimum Code of Conduct of the listed entity applicable to directors, senior management and employees and conduct regular trainings on the same.	Being a subsidiary of Coca-Cola Amatil Limited, PBF follows the Amatil Group Code of Conduct.  The Code of Conduct commits PBF Directors, employees, contractors and consultants to comply with the laws of the country in which it operates, also to conduct business with integrity, honesty and fairness in accordance with the highest ethical conduct as a supplier of alcoholic beverages.
<b>7. Register of Interests</b>	Conflicts of Interest: Transactions with related parties resulting in conflict of interest are disclosed and a register is maintained for this purpose.	Employees are also required annually to disclose arrangements where potential conflicts may arise. A register of interests declared is maintained by the Company Secretary.
<b>8. Respect the rights of shareholders</b>	Communication with shareholders: To design communication strategy to promote effective communication with shareholders and encourage their participation. Examples: Communication through Annual Reports, Annual General Meetings, or any other means of electronic communication.	Issues and concerns raised by shareholders at Annual General Meetings are fully discussed and responded by the Board. Throughout the year shareholders are invited to contact directors directly with any queries (either in writing or by phone), or may submit written questions to the Board via the Company Secretary.
	Website: To create and maintain a Website of the listed entity to communicate effectively with shareholders and other stakeholders. All matters of importance to be updated regularly on the Website.	Company's website located at <a href="http://www.paradisebeverages.com.fj">http://www.paradisebeverages.com.fj</a>
	Grievance Redressal Mechanism: To establish a Grievance Redressal Mechanism for Shareholders to address shareholders complaints and grievances.	Policy in place to address this. Policy can be accessed at <a href="http://www.paradisebeverages.com.fj">http://www.paradisebeverages.com.fj</a>
	Shareholders' Complaints: To provide the number of shareholders' complaints received and attended to during the year. Provide reasons if any complaint is unresolved or unattended.	No complaints received during the year, but any issues raised are addressed with the relevant shareholder.
	Corporate Sustainability:  To adopt a business approach that creates long-term shareholder value by embracing opportunities, managing risks, maximising profits and minimising negative social, economic, and environmental impacts.	The Company's Sustainability achievements are included in the Chairperson's Report.

## ANNEXURE P: ANNUAL COMPLIANCE REPORT ON CORPORATE GOVERNANCE (CONTINUED)

Principle	Requirement	Compliance Status
<b>9. Accountability and audit</b>	Internal Audit: To appoint an internal auditor or an alternative mechanism to achieve the objectives of risk management, control and governance.	Coca Cola Amatil's Group Risk team provides internal audit review and health checks of all PBF's entities, reporting to the PBF Board and also through Coca-Cola Amatil's Board Audit & Finance Committee.
	External Audit: To appoint an external auditor who reports directly to the Board Audit Committee.	In accordance with the Articles of Association, shareholders appoint the Company's external auditors at each Annual General Meeting. The role, responsibilities and reporting channels of the external auditors are clearly defined by the Board.
	Rotation of External Auditor: To appoint the external auditor for a fixed term requiring senior partner of the audit firm to rotate once in every three or less financial years.	The senior partner of the Company's external auditor, Ernst & Young, rotates at least once every 3 years.
	Audit Committee: To establish an Audit Committee comprising of at least 3 members of which majority are independent and Chair is not Chair of the Board.	The PBF Board has agreed that the functions of the Audit Committee will be best served by the full Board. This is mainly due the size of the Board, the Board members demography and the logistics around convening the various meetings. The Senior Partner of the external audit firm attends Board meeting to present the external audit report.
<b>10. Risk Management</b>	<p>Risk Management Policy:</p> <p>To establish a Risk Management Policy to address risk oversight, risk management and internal control. The Policy to clearly define the roles and responsibilities of the Board, Audit committee, management and internal audit function.</p>	<p>The PBF Board has adopted a Risk and Assurance Framework together with supporting processes to oversee and manage risk. The processes to support the Framework are under ongoing review and include:</p> <ul style="list-style-type: none"> <li>• Risk management system that enables the identification, management and reporting of risk throughout the business. The system deals with risk at all levels, including strategic, operational, compliance and financial risks;</li> <li>• Crisis and incident management system that facilitates the reporting of all incidents to management and the escalation of potentially serious issues that may affect Pacific operations, brands or corporate reputation to more senior levels of management and appropriate corporate personnel. The system is designed to ensure that potentially critical issues are reported quickly and shared with the right people to enable PBF to implement an effective and timely response;</li> <li>• Regular reports by management to Directors, both oral and written, in addition to the compliance reporting program that covers financial standing, operating results and business risks to PBF;</li> <li>• Control Self-Assessment process whereby relevant staff assess the effectiveness of controls in the processes and systems they are responsible for administering in a fashion that assists the provision of the annual declaration;</li> <li>• Clearly defined organisation structure with approved authority limits;</li> <li>• Annual budgeting and monthly reporting systems for Pacific businesses which enable progress against strategy and annual plan to be monitored, trends to be evaluated and variances addressed;</li> <li>• Procedures relating to capital expenditure, asset and liability management;</li> <li>• Policies to manage financial risks;</li> <li>• Appropriate due diligence procedures for corporate acquisitions and disposals;</li> <li>• Risk engineering program that is aimed at reducing the risk of damage to property and interruption to business activities; and</li> <li>• Comprehensive Pacific wide insurance program.</li> </ul>

## ANNEXURE P: ANNUAL COMPLIANCE REPORT ON CORPORATE GOVERNANCE (CONTINUED)

Principle	Requirement	Compliance Status
10. Risk Management continued	Whistleblower Policy: As part of risk management strategy, establish a Whistleblower Policy by creating a mechanism of reporting concerns of unethical behavior, actual or suspected fraud or violation of the listed entity's code of conduct or ethics policy, SPX Rules or Companies Act. [Refer Rule 68 of the Listing Rules]	Being a subsidiary of Coca-Cola Amatil Limited, PBF follows the Amatil Group Whistleblower Policy and has available an independent external third party hosted whistleblower hotline and reporting service.



*Rediscover*  
**Bounty**  
**WITH COLA**



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18+

ENJOY  
RESPONSIBLY

# OUR BRANDS

## OUR BEERS



## OUR RTDs



## OUR SPIRITS



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