



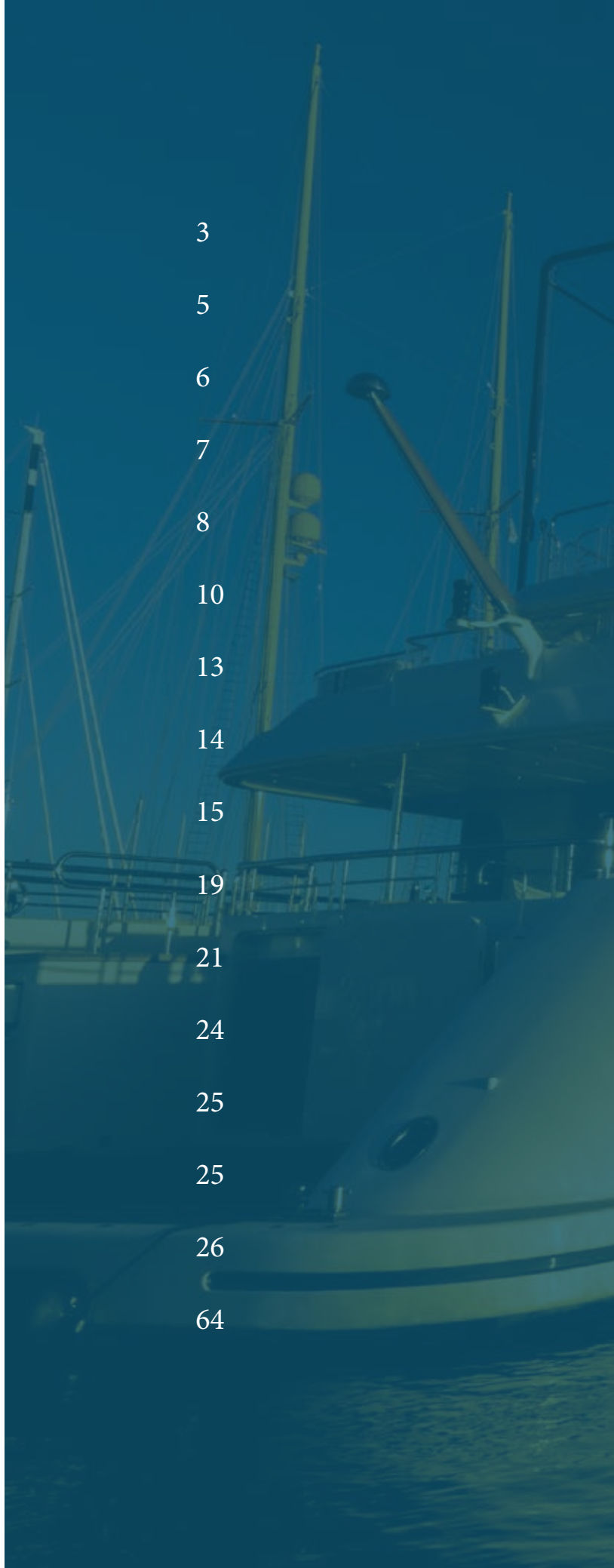
# 2020

## Annual Report



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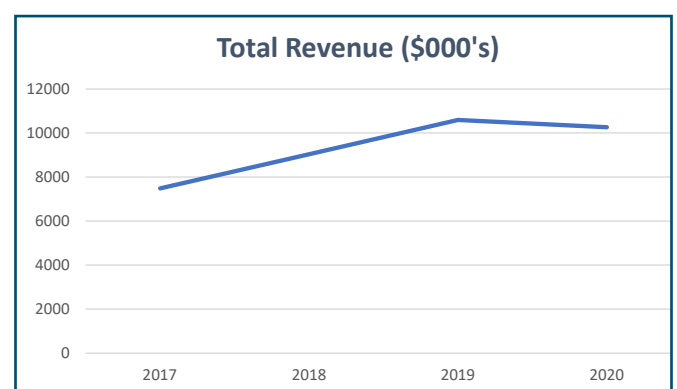
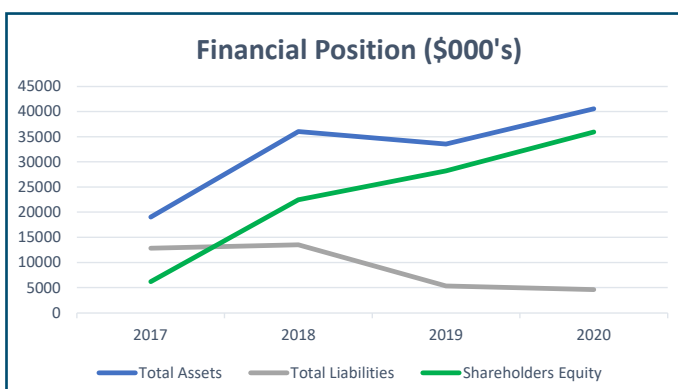
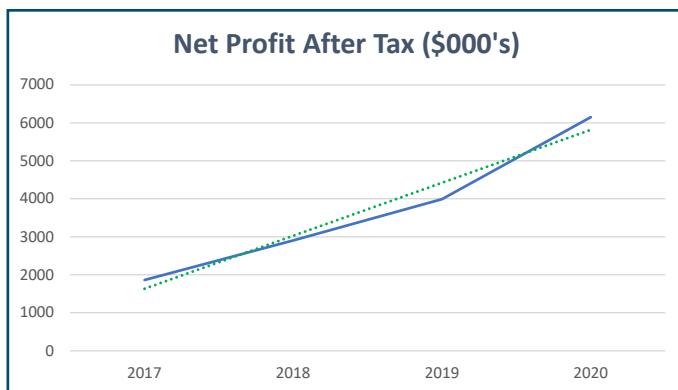


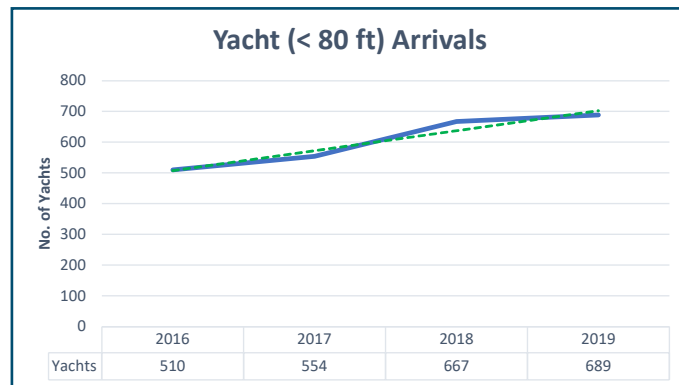
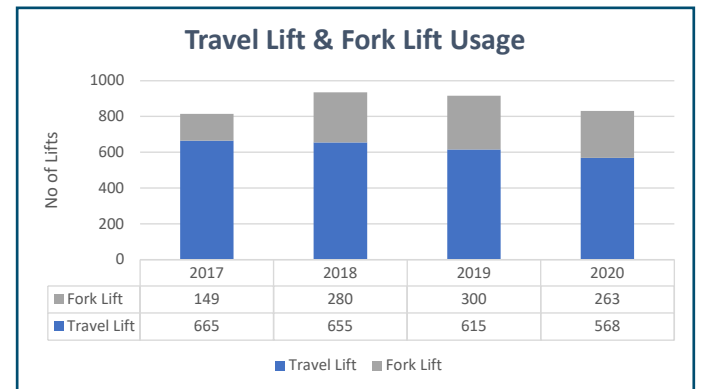
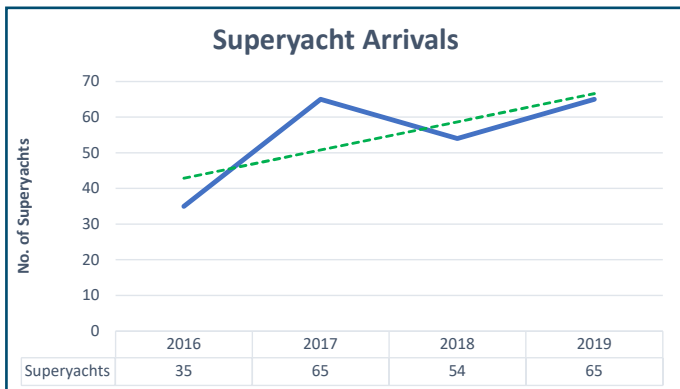
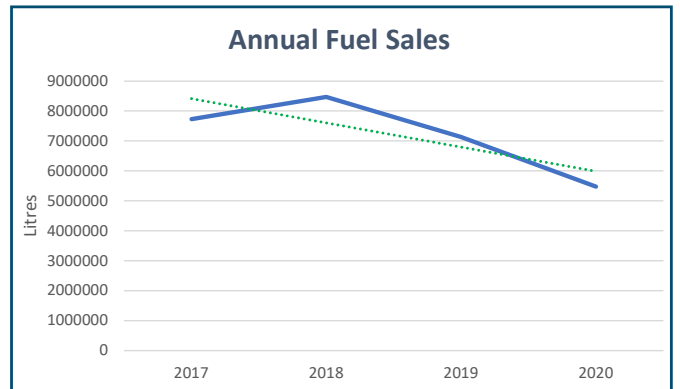
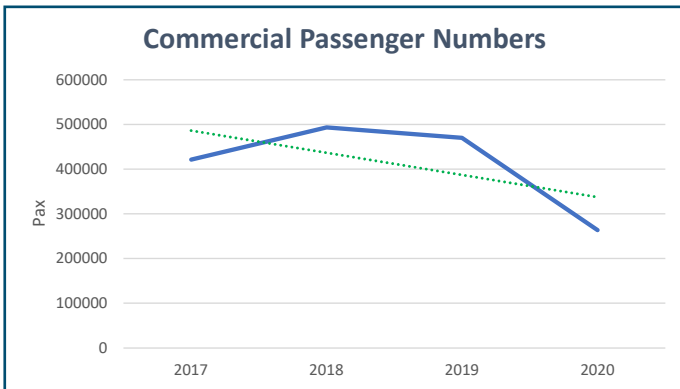
# 2020 Snapshot

## Financials

	2020	2019	2018	2017
Revenue	6,225,194	7,620,378	8,528,603	7,478,761
Other Income	4,038,598	2,973,856	499,748	14,375
<b>Total Revenue</b>	<b>10,263,792</b>	<b>10,594,234</b>	<b>9,028,351</b>	<b>7,493,136</b>
Sales and Marketing	(38,530)	(113,164)	(48,367)	(41,486)
Depreciation	(732,280)	(1,569,092)	(1,556,402)	(1,168,134)
Operating Costs	(2,749,966)	(3,229,100)	(2,494,251)	(2,475,934)
Employee emoluments & Benefits	(693,751)	(675,257)	(707,171)	(799,703)
<b>Operating profit after tax</b>	<b>6,049,265</b>	<b>5,007,621</b>	<b>4,222,160</b>	<b>3,007,879</b>
Finance costs	(88,470)	(330,853)	(568,166)	(656,870)
<b>Profit before income tax</b>	<b>5,960,795</b>	<b>4,676,768</b>	<b>3,653,994</b>	<b>2,351,009</b>
Income tax expense	188,594	(684,745)	(754,212)	(488,509)
<b>Net Profit after tax</b>	<b>6,149,389</b>	<b>3,992,023</b>	<b>2,899,782</b>	<b>1,862,500</b>

## Operational





# Summary of Key Financials

	2020	2019	2018	2017
Net Profit / (Loss) after Tax	6,149,389	3,992,023	2,899,782	1,862,500
Current Assets	1,572,628	1,733,664	2,946,174	2,320,045
Non - Current Assets	39,006,584	31,815,715	33,070,310	16,721,519
Total Assets	40,579,212	33,549,379	36,016,484	19,041,564
Current Liabilities	1,015,535	2,254,161	1,941,103	1,645,024
Non - Current Liabilities	3,633,910	3,091,981	11,598,507	11,194,164
Total Liabilities	4,649,445	5,346,142	13,539,610	12,839,188
Shareholders Equity	35,929,767	28,203,237	22,476,874	6,202,376

# Company Profile

Founded in 1999, Port Denarau Marina Limited (PDML) has emerged from humble beginnings to grow and develop alongside Fiji's burgeoning tourism industry. The Company owns and operates a world-class multi-use marina facility located on Denarau Island in Nadi.

Denarau Island is the Pacific's largest integrated island resort location, situated just 20 minutes' drive from Nadi International Airport and within minutes from the Nadi CBD. As well as the Marina, Denarau Island is home to an 18-hole international golf course, nine 4-5 star resorts, the Port Denarau Retail and Commercial Centre (PDRCC) and an industrial estate. Denarau Island is owned by the stakeholders of Denarau and run by a Board of Directors under the management company, Denarau Corporation Limited (DCL). PDML holds a 5% ownership in DCL and shares a seat on the Board with the Denarau Golf and Racquet Club. This seat is alternated every two years.

PDRCC is adjacent to the Marina and is an open-air commercial centre of approximately 10,000m<sup>2</sup> comprising 32 retail shops and 28 commercial premises including a supermarket, bottle store, bank, money exchange, bakery, pharmacy, clothing and souvenir shops as well as a number of bars and restaurants.

The Marina facilitates the movement of over 500,000+ people each year and sees more than 28,000 vessel movements annually. The Government of Fiji declared it a Port of Entry in June 2017.

The Marina has won various prestigious awards including the following:

- MIA (Marina Industries Association) International Marina of the Year 2015/2016
- ANZ Fiji Excellence in Tourism Awards for Services and Support to Industry<sup>®</sup> Award 2015
- MIA Level 3 Clean Marina & Fish Friendly Accreditation 2017 – 2020
- MIA International Marina of the Year Award 2017/2018
- MIA Best Community Support 2017/2018
- MIA Finalists Innovation by a Marina 2017/18
- ANZ Fiji Excellence in Tourism Award for "Specialized Tourism Services and Support to Industry<sup>®</sup> Awards 2018
- MIA Hall of Fame 2019

The Marina currently employs 23 staff directly as well as an additional 23 sub-contractors.

## Business Segments

The Marina's operations are divided into the following distinct areas:

1. Commercial vessel and passenger operations  
Port Denarau Marina is the gateway to the Mamanucas and Yasawa Islands and is in the ideal location for its commercial berthing. Commercial operations consist of ferry services, daytrips, game fishing, scuba diving, dinner cruises, parasailing, water skiing, wakeboarding, luxury charters, local and foreign cruise ships and a helipad.
2. Private yachting tourism and superyacht berthing  
Port Denarau Marina is Fiji's leading international marina for the cruising yachting tourist and the only super yacht marina in Fiji. It is internationally awarded and recognized marina with accolades in the Marina Industries Association Hall of Fame.
3. Fueling facilities and contract  
Port Denarau Marina is the only marina to offer easy high speed reticulated diesel transfers to superyacht at berths. There is also a fuel dock for smaller crafts and fuel on dock for commercial vessels.
4. Haul-out facilities and boat yard.  
Port Denarau Marina's haul out facility offers comprehensive marina services that includes a 50 tonne travelift, 6 ton Marina Bull Forklift, forklift services, a hardstand area, marine workshops, short and long term boat storage, and dry stack facilities.

Port Denarau Marina is a provider of diverse and integrated berthing facility for the maritime tourism market. It owns and rents, assets relating to this core business and are landlords.

# Directory

## Company Details:

**Date of Incorporation:**

**Place of Incorporation:**

**Company No.:**

**TIN No:**

**Head Office:**

**Phone:**

**Fax:**

**Email:**

Name: Port Denarau Marina Limited

06 November, 1998

Fiji

13308

50-12611-0-2

Port Denarau, Denarau Island, Fiji

675 0600

675 0063

info@denaraumarina.com

## Auditors:

Ernst & Young

Level 7, Pacific House

1 Butt Street, Suva

## Independent Accountants:

KPMG

BSP Suva Central

Renwick Road, Suva

## Solicitors:

Munro Leys Law

Level 3, Pacific House

1 Butt Street, Suva

## Investment Advisor & Offer Manager:

Kontiki Capital Limited

Level 2, Plaza 1, FNPF Boulevard

33 Ellery Street, Suva

## Capital Markets Regulator

Reserve Bank of Fiji

Tower 4, RBF Building

Pratt Street, Suva

## Securities Exchange:

South Pacific Stock Exchange

Shop 1 and 11, Sabrina Building

Victoria Parade, Suva

## Share Registry:

Central Share Registry Pte Limited

Shop 1 and 11, Sabrina Building

Victoria Parade, Suva

# Chairman's Report



**David George Skeggs**

## Shareholders

It is a privilege that I present the Annual Report for Port Denarau Marina Limited for the financial year ended 31 July 2020. As at balance date we had 648 shareholders (633 at listing last year).

The world has seen change which none of us ever thought was possible this time last year. We have all been affected in some way by the Covid-19 global pandemic and no doubt we will continue to be impacted for some time.

Trading for the Company has been affected by Covid-19 and revenue is down on last year. If not for the increase in fair value of our investment properties the Operating Profit After Income Tax would have also been down on last year.

We recently welcomed the Fiji Government's Blue Lane Initiative which allowed the entry of foreign yachts under certain conditions which has provided a boost to revenue. We are grateful to the Fiji Government for facilitating this initiative which has brought about some positive spirit and hope.

The Company is well positioned to weather the storm from the continuing effects of Covid-19 on tourism with cash reserves and bank funding facilities in place.

We look forward to the safe opening of international borders in the not too distant future so that we can welcome tourists back to Fiji.

## Directors

During the year Bruce Phillips was appointed as an independent director and we welcome him to the team. Nigel Skeggs decided to return to New Zealand with his family and has recently tendered his resignation. I would like to acknowledge Nigel's excellent contribution to the Company during his time as a previous Chief Executive Officer and as a Director. We wish him and his family well.

## Financial Highlights

Revenue for the year has decreased to \$4,491,513 (2019 \$10,594,234). Operating Profit After Income Tax has increased for the year to \$6,149,389 (2019 \$3,992,023). Shareholders Equity has increased during the year to \$35,929,767 (2019 \$28,203,237).

## Dividend and Share Price

Due to the ongoing ramifications of Covid-19 and the uncertain future no dividend is proposed for the year ended 31 July 2020 (2019 2.25 cents per share). The share price on the initial listing was set at \$1.31 and the last trade at the date of writing this report has been at \$2.00. If you have been a shareholder since the company listed then you would have received a dividend and an unrealized gain which has provided you with a good return. It has been pleasing to see Shareholders Equity increase during the year.

## Investment

During the year we completed the construction of our new reservations and commercial building. We have currently mothballed the development of our vacant commercial land due to the effects of Covid-19 and are only intending to commit to critical capital expenditure in the short term until the future is clearer.

## Management and Staff

It has been a very difficult year for our team to deal with. Cyclones and then the effects of Covid-19 have provided numerous challenges to our CEO, Cynthia Rasch, and her staff. We are indebted to them for the commitment they have shown.



### **Community Engagement**

During these challenging times we have continued to support the community we operate in where we have been able to.

### **Customers**

We continue to be appreciative of all our customers and we have provided as much assistance as we can to help them during these most difficult times.

### **Corporate Governance**

The Board has continued to monitor the risk management framework that we have established to make sure it is up to date for our needs and meets best practice.

### **Commitment**

We continue to work together as a team to provide our shareholders, customers, suppliers and staff with the best possible outcomes that are achievable in the ever changing environment that we operate in.

In closing, it has been a very challenging financial year with the impact of the global pandemic on the economy. Whilst there is still uncertainty about the opening of international borders and travel, we remain ready to help serve our customers. I thank the Board, Management and Staff for their ongoing support.

**David George Skeggs**

Chairman



# CEO's Report



**Cynthia Rasch**

This year has certainly been a challenging one. The start of the financial year was strong in almost every area of our operations, with full capacity on our commercial and land tenancies, a long waitlist and a strong start to our yachting season for our transient visitors. In December 2019, the marina sustained damages during TC Sarai and while we were completing our repairs was hit by TC Harold in April 2020, in the midst of lockdowns.

Our new and modern reservations building was completed in February 2020. We were progressing steadily with obtaining our dredge permit and planning for the superyacht berth extension underway in preparation for America's Cup in 2021.

The end of March 2020 saw the first positive COVID-19 case in Fiji. Fiji borders were closed to international travel, bringing all tourism operations to a standstill. The passenger terminal building was

closed, inter-island bans saw sailing and boating of all kinds stopped. For what I think is the first time in the marina's history, every site was closed down at the same time.

The last quarter of the financial year includes much of the severe downturn in passengers and boat movements since the COVID-19 global pandemic took hold in March 2020 which had a big impact on our bottom line, wiping out earlier gains built up over much of 2019.

While many companies have laid off workers, we realigned our strategy and reviewed our operational requirements. The downtime gave us an opportunity to carry out much needed maintenance works and allowed us to be ready to receive international boats under the Blue Lane framework.

Port Denarau Marina has worked tirelessly to lobby for the safe opening of borders since March 2020. We collaborated with the authorities to ensure that the Blue Lane framework worked, logistics on ground were managed with the relevant regulatory bodies, the information was shared widely around the world to market the opening of Fiji maritime borders and that intending vessels traveling to Fiji were following Fiji Government's requirements.

The Prime Minister announced maritime borders opening to foreign flagged boats on the 21st June, making Fiji one of the first countries in Asia Pacific to re-open its marine borders during the global pandemic. The first vessel arrived into Fiji waters on the 15th July 2020. Fiji's 'Blue Lane' Framework is one of the most advanced initiatives, allowing yachts, crew and passengers to arrive by sea as well as yacht owners and guests to fly in by private jet under the 'VIP Blue Lane' framework on a case-by-case basis. Port Denarau Marina is the appointed Port of Entry for the country.

The opening of borders to yachts is under strict conditions. Yachts must apply and be approved before embarking towards Fiji. Approval is not automatic and each application will be specifically assessed and must be submitted through a registered Fiji yacht agent. After arrival in the quarantine area within Fiji waters, everyone is allowed to quarantine on board, following RT-PCR test on the 12th day of arrival before carrying out clearance process in Fiji.

#### **Some highlights of the Blue Lane Framework are:**

- Time spent on the yacht during the passage to Fiji is deducted from the 14 days quarantine period
- Owners and guests are allowed to fly-in on a private jet and quarantine on board the yacht upon approval.

The Blue Lanes was a life saver for our private berthing segment and many yachting dependent businesses who would have otherwise had to close their doors altogether. Our boatyard was busy as the marina rolled out promotions to allow owners and businesses to utilize the downtime to carry out maintenance and repair works. This ensured that we were operational and our team was employed. A total of 92 vessels including 11 superyachts have arrived under the Blue Lane Framework as at November 2020. As the air borders remain closed to international flights, and commercial operations remain largely suspended, we have offered our commercial tenants 75% discount on rental since May 2020 as their businesses are heavily reliant on the incoming tourist market. It is encouraging to note that many of our tenants have taken advantage of the rent reduction and have ensured their payments are up to date which in turn has helped us to continue paying our suppliers.

The coronavirus global pandemic has had far reaching effects on the global economy and it is difficult to forecast as to when countries will be travel ready. The recovery is highly dependent on how countries around the world manage border controls, the relaxation of air travel requirements and the development of a vaccine for the virus.

Moving forward, our focus now is to continue our work in obtaining our dredge permit which has been delayed by the Ministry of Lands & Mineral Resources. We are also working hard on marketing our Blue Lanes in anticipation of arrival of vessels for our 2021 season following America's Cup. Fiji has made a mark in the international maritime arena with the success of the Blue Lanes. We ensure that our facilities are in line with the Care Fiji Commitment and stakeholders are ready for when borders reopen. We are working closely with tenants to assist them during these times, to reduce lease terminations, where possible.

We have now received our land leases and are continuing to work on obtaining our wet leases.

Despite the challenges imposed by COVID-19, we are proud to have pivoted our focuses and continued to operate, employed our full team and provided our customers and community with the service and support that is expected from us.

Finally, I would like to thank our management team, and our wonderful staff for all their efforts during this stressful time. They have all carried out duties outside their normal work in a pleasant and co-operative manner to make sure our marina would be able to reopen in a great position when the time came.

And last but certainly not least I must thank our Board of Directors for their positive support. We are looking forward to brighter times ahead.

**Cynthia Rasch**  
CEO



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# Our Visionary Board



**David George Skeggs**  
Chairman



**Nigel James Skeggs**  
Director



**Bryan John Skeggs**  
Director



**Malakai Ratu Naiyaga**  
Director



**Bruce Phillips**  
Director



**Josephine Yee Joy**  
Company Secretary

# Our Management Team



**Cynthia Rasch**  
Chief Executive Officer



**Geoff Deutschmann**  
Operations Manager



**Kaveeta Singh**  
Financial Controller



**Vive Koyamaibole**  
Business Manager



**Samuela Verebasaqa**  
Repairs & Maintenance  
Manager



**Avinadan Nair**  
Yard Manager



**Merewairita Lewatu**  
Reservations Manager



**Jale Ramasima**  
Security & OHS Manager

# Vision, Mission & Goals

## Vision

"To be the leading marina facility in the Pacific, providing exceptional customer service with safe and healthy facilities; ensuring the enhancement of Fiji's nautical tourism industry while protecting our distinct marine environment for future generations"

## Mission

"People working together, enthusiastically as a team, make our Marina a success. We want all staff to be active, enthusiastic members of the team. We feel a personal responsibility for the welfare of all our people. As the Marina prospers, the individual should prosper.

The good will which we have built as an organisation within the community is not only based on our reputation for high quality, honesty, fair practices, and superior service, but also on the promptness, courtesy, and consideration which all of us show by our daily actions. Therefore, it is important that each of us continue to build this good will through prompt, efficient, and courteous attention to visitors, boaters, the public, fellow Employees, telephone calls, and correspondence we have with others"

## Goals

Train &  
Empower Staff

Be at the Forefront  
of Technological  
Advances

Educate on Safe &  
Sustainable Boating

Promote Fiji &  
The Pacific

Provide Safe & Secure  
Facility

Act in the Best Interest  
of Marina's Owners and  
all Fijians

# Corporate Governance

Name of Listed Entity: **PORT DENARAU MARINA LIMITED**  
 For the Financial Year ended on: **31 JULY, 2020**

Principle	Requirement	Compliance Status (Please provide details)
<b>1. Establish clear responsibilities for board oversight</b>	Separation of duties: Clear separation of duties between Board and Senior Management.	The Board has overall responsibility for the Company, including approving and overseeing the implementation of its business objectives, risk strategy, financial soundness, corporate governance and corporate values.
	Board Charter: Adopt a Board charter detailing functions and responsibilities of the Board.	The Board is also guided by the Board Charter which includes a commitment to ensure compliance of the Company's legal and regulatory obligations, the roles, functions, obligations, rights, responsibilities and powers of the Board.
<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 Board consists of 5 Directors, 2 of which are Independent Directors. The Board should possess appropriate experience, competencies and personal qualities, including professionalism and personal integrity. The Board should have an adequate mix of core competencies in finance, accounting, business management, legal, strategic planning, risk management and industry-specific expertise.
	Gender Diversity: Do you have a policy for promoting gender diversity at Board level and have you achieved your policy goals?	Port Denarau Marina has a Gender Diversity policy in place and are working towards achieving this goal at Board level.
	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 Board has adopted a Remuneration and Nomination Committee Charter.
	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 will work on a performance evaluation process in 2021
	Directors Training: Directors' training and induction procedure to be in place to allow new directors to participate fully and effectively.	Induction program for new Directors is in place. Training will be undertaken as and when required.

	<p>Board Sub-committees: Board must have sub-committees which must at a minimum include -</p> <ul style="list-style-type: none"> <li>• Audit Committee;</li> <li>• Risk Management Committee; and</li> <li>• Nomination Committee/Recruitment Committee.</li> </ul>	<p>Audit, Risk and Compliance Committee and Nomination/ Recruitment Committee Charters have been adopted. Each Committee meets at least twice a year.</p>
<b>3. Appointment of Chief Executive Officer</b>	<p>CEO: To appoint a suitably qualified and competent Chief Executive Officer</p>	<p>The Board is responsible for selecting the CEO and having in place an appropriate succession plan. The Board also sets formal performance standards consistent with the long-term objectives, strategy and financial soundness of the Company, monitoring performance against these standards; and ensuring that the CEO's knowledge and expertise remain appropriate given the nature of the business and the institution's risk profile.</p>
<b>4. Appointment of a Board and Company Secretary</b>	<p>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.</p>	<p>The Board has appointed a competent Company Secretary who is the administrative link between the Board and management. The Company Secretary also monitors statutory requirements and board policies and procedures, and ensure that they are followed in a timely manner.</p>
<b>5. Timely and balanced disclosure</b>	<p>Annual Reports: Timely and accurate disclosures are made in Annual reports as per Rule 51 of Listing Rules.</p>	<p>The Company has incorporated SPX compliances in its Annual Report</p>
	<p>Payment to Directors and Senior management: Sufficient information to be provided to shareholders on remuneration paid to Directors and Senior management.</p>	<p>This disclosure is made when a change is to be effected.</p>
	<p>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.</p>	<p>The Company has a policy of informing shareholders promptly of any events that might significantly affect the value of the Company.</p>
<b>6. Promote ethical and responsible decision making</b>	<p>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.</p>	<p>The Corporate Governance Policy promotes principles of transparency, accountability, responsibility and relevant disclosure. It also emphasises the separate responsibilities of directors and Senior Management.</p>
<b>7. Register of Interests</b>	<p>Conflicts of Interest: Transactions with related parties resulting in conflict of interest are disclosed and a register is maintained for this purpose.</p>	<p>Board Directors and employees are required to declare any position or interest outside PDML that could lead to a conflict of interest. The minutes of board meetings reflect any declarations of conflicts of interest and how the conflict was managed. A register of interests for directors is also maintained.</p>



<b>8. Respect the rights of shareholders</b>	<p>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.</p>	<p>All shareholder queries may be directed to the Company Secretary who is responsible for replying to / addressing them. Shareholders are able to submit written questions for the AGM via the Company Secretary.</p>
	<p>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.</p>	<p>PDML has a website which is regularly updated with significant events that may be of interest to shareholders.</p>
	<p>Grievance Redressal Mechanism: To establish a Grievance Redressal Mechanism for Shareholders to address shareholders complaints and grievances.</p>	<p>A policy has been established and approved by the Board.</p>
	<p>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.</p>	<p>There have been no complaints to date.</p>
	<p>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.</p>	<p>The Board and CEO play an active role in strategic planning and business development matters to ensure growth and corporate sustainability.</p>
<b>9. Accountability and audit</b>	<p>Internal Audit: To appoint an internal auditor or an alternative mechanism to achieve the objectives of risk management, control and governance.</p>	<p>The Company does not have an internal auditor and the Audit and Risk Committee is tasked with overseeing the audit functions.</p>
	<p>External Audit: To appoint an external auditor who reports directly to the Board Audit Committee.</p>	<p>The Company has an external auditor to serve as an independent evaluator of the Company's financial reporting.</p>
	<p>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.</p>	<p>The Board adopts best practice and ensures rotation of senior partners at least every three years.</p>
	<p>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.</p>	<p>The Audit &amp; Risk Committee comprises of 2 Directors and the Independent Director is the Chair.</p>

<p><b>10. Risk Management</b></p>	<p>Risk Management Policy: 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 Company has a comprehensive risk management framework of policies and procedures. As a marina operation, PDML is exposed to various risks associated with business generally, as well as specific to the marine environment in which it operates. These risks are managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. PDML is developing a Risk Management Framework which the Board of Directors will be responsible for ensuring that appropriate policies are in place to mitigate or control risks while the CEO and management will be responsible for the development, implementation and maintenance of risk policies.</p>
	<p>Whistle Blower Policy: As part of risk management strategy, establish a Whistle Blower 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, SPSE Rules or Companies Act. [Refer Rule 68 of the Listing Rules]</p>	<p>A Whistle Blower policy has been established and approved by the Board.</p>

# Community Engagement

Port Denarau Marina continues supporting the community through participation, support and sponsorships. We've accomplished a lot this year despite the setbacks. Here is a tribute page to acknowledge our contributions to our community:



## Sea Mercy (long term and ongoing)

Sponsorship through discounted berthing, storage and administration for Sea Mercy vessels and equipment.

## Sailing 4 Handicaps

Discounted berthing and community support to Sailing 4 Handicaps with their charity work in donating \$100K worth of prosthetics and parts for Fijian amputees through the Ministry of Health. Wojtek Czyz is a successful athlete with ten years long international career in the field of disabled sports. He captains his vessel around the world and gives an opportunity of new life to the disabled communities he visits.

## Musket Cove Regatta

Continued support and sponsorship of berthing for the regatta event.

## Disability Gala Awards

Port Denarau Marina continues the sponsorship for the Fiji Disability Gala Awards as a naming sponsor. This platform supports participants in the disabled communities and acknowledges their contributions, rewards them for their achievements and encourages by upgrading their lives, creating education opportunities and assisting in running their own businesses.

## **Denarau Game and Sports Fishing Club**

Port Denarau continues our support of the DGSFC by providing space and sponsorship to conduct Fishing tournaments, celebrate ocean advocacy and encourage participation in the maritime and yachting community in the Western division.

## **Pacific Children's Foundation**

Continued sponsorship of 2 unprivileged poor and needy children's education under the Pacific Children's Foundation banner. Both children are from Korovuto College. The marina assists in their education such as stationery, uniforms, bags, and school expenses.

## **Launch of Dragon Boat Outreach Program**

Port Denarau Marina supports the efforts of Fiji Cancer Society in the launch of Fiji Dragon Boat Outreach program hosted in Denarau in February, 2020. Through the physical competition of dragon boat racing and the strength of camaraderie, Dragon Boat Fiji aims to provide cancer survivors with a total sense of wellness. Additionally, their Outreach program supports individual cancer patients who live, work or are treated in the Western division with needs they cannot afford or for which they lack coverage. The marina had plans to run the program from Denarau but this has been put on hold due to Covid-19.

# Highlights of The Year

## August 2019

Inaugural Australia-Fiji Rendezvous held with various side events. Superyacht Captains were treated to VIP lunches & crew and captain events.

Great networking & relationship building event between the countries & visiting boats with a friendly BBQ competition.



## September 2019

Port Denarau Marina represented Fiji at the Monaco Yacht Show held in France. Raising our profile to international audience & opportunity to network with brokers and agents. This was also the 1st South Pacific Stand promoting the region with Tourism Tahiti.

## October 2019

Supporting Sailing4handicaps organization who donated up to \$100K worth of prosthetic parts for Fijian amputees.

Port Denarau donated towards the rebuild of Sister Ruth's Home. This was part of an initiative by Nakovacake Development Trust who are our partners in providing cyclone shelter for foreign flagged vessels.



## December 2019

Ministry of Oceans and Fisheries, Korea visited the Marina for a site visit to understand our operations. Tropical Cyclone Sarai hit Fiji.

The Marina sustained damages from its wrath. The Cyclone was a Category 2 system however it was slow and steady resulting in some damages to the Marina infrastructure.



## January 2020

Port Denarau Marina worked together with government authorities to facilitate the visit of His Excellency Mr. Reuven Rivlin (President of Israel)

Port Denarau sponsors Leadership Fiji. The marina has been supporting Leadership Fiji from 2018 and is the first tourism partner for Leadership Fiji.

## February 2020

Newly built modern Reservations Building opens up to tenants, Port of Entry Border Office and Port Denarau Reservations Office.



### March 2020

Fiji Red Cross together with Port Denarau Marina continues to support our Blood Drive at the Marina.

Fiji records the first case of Covid-19 and the tourism industry takes a hit as Fiji shuts its borders to the world with its first positive case recorded in the Western Division.



### June 2020

Prime Minister Frank Bainimarama announces the Blue Lane initiative. Opening our maritime borders to foreign flagged vessels, to Yachts with Port Denarau Marina piloting this Initiative.

### July 2020

First Vessel to arrive into the Marina following the Blue Lane initiative since its announcement in June.



# Training & Development

Port Denarau Marina continues to endeavor in the training and development of our staff to enable them to be upskilled to better carry out their roles in an ever changing marina environment. We are all facing challenges during these unprecedented times and now more than ever, we are using this time to better prepare ourselves for when the industry bounces back. There were a number of training programs that we wished to undertake, however this was interrupted by the COVID-19. Highlighted below are some of the training and accreditation undertaken by our team and our commitment for the year ahead:

## **August 2019 and March 2020**

Contribution towards Marina Attendants Advanced Diploma in Leadership and Management for our Reservations Manager and Marina Attendant.

## **January 2020**

Re -accreditation as Certified Marina Manager of CEO for the second year.

## **Training on hold due to COVID-19**

- Plumbing Course for our Repairs & Maintenance staff
- Boat Master training and restricted master/ engineer Class Six course with MSAF and FNU
- CPA for our Financial Controller



# Environment

Our aim is to create and build on existing initiatives to accelerate the pace of change towards a more sustainable future in protecting our planet. By striving towards environmental and marine conservation, we are dedicated to protecting our marine species and environments.

The marina continues to improve on its Best Management practices under our Clean Marina and Fish Friendly status.

Under our commitment to eliminate single use plastics in the marina, we ventured on acquiring corn starch garbage bags to replace the bio degradable ones we use in our recycle program. The garbage bags were to be sourced from China. This initiative was put on hold due to COVID restrictions.



# Educational Outreach

Our Oceanlovers Education and Awareness program came to an end at 52 weeks of publication in October 2019. There were plans to further outreach this program with an animated TV Program and funding was being discussed overseas to make this possible when COVID hit.

It is our aim to secure funding and bring life to our Oceanlovers initiative so that we can continue to drive programming that empowers the children in our community to actively participate in solutions and educate the public on issues our oceans face. The animated program is designed to teach future generations about marine science and conservation.



# Financial Information



**PORT DENARAU MARINA LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**PORT DENARAU MARINA LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 July 2020**

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In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Port Denarau Marina Limited ("the Company") as at 31 July 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

**Directors**

The names of the Directors in office during the year and up to the date of this report are:

- David George Skeggs
- Nigel James Skeggs
- Bryan John Skeggs
- Malakai Naiyaga
- Bruce Whewell Phillips (appointed on 20 January 2020)

**Principal activities**

The principal activities of the Company during the financial year was the operation of a marina and marina related activities at Denarau Island. There were no significant changes to the activities during the year.

**Results**

The Company recorded a net profit of \$6,149,389 (2019: \$3,992,023) after providing for income tax benefit of \$188,594 (2019 income tax expense: \$684,745).

Total comprehensive income for the year, net of tax was \$8,925,141 (2019: \$3,992,023).

**Dividends**

Final dividend amounting to \$nil (2019: \$900,000) was declared subsequent to year end from the profits recorded.

**Bad and doubtful debts**

Prior to the completion of the Company'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 provided 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 Company, inadequate to any substantial extent.

**Non-current assets**

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

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to non-current assets in the Company's financial statements misleading.

**Unusual transactions**

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company in the current financial year, other than those reflected in the financial statements.

**Basis of accounting**

The Directors believe that the basis of the preparation of the financial statements is appropriate and the Company will be able to continue its 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 are appropriate.

**PORT DENARAU MARINA LIMITED  
DIRECTORS' REPORT (continued)  
FOR THE YEAR ENDED 31 JULY 2020**

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**Events subsequent to balance sheet date**

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

**Impact of COVID-19 pandemic on the company**

During the financial year, the Novel Coronavirus (COVID-19) was declared a pandemic in March 2020 by the World Health Organization. There have been considerable economic impacts in Fiji and globally arising from the outbreak of COVID-19 and Government action to reduce the spread of the virus. The outbreak of COVID-19 and the quarantine measures imposed by the Fijian and other governments as well as the travel restrictions imposed by Fiji and other countries in early 2020 have caused disruption to the businesses and economic activity.

COVID-19 has had an impact on the operations of the Company. The business continues to operate, albeit not at our original planned or expected levels due to the travel restrictions. The company decided to provide discounts to tenants occupying its investment properties. These discounts ranged between 50% - 75% and amounted to \$743,340 during the year. At present the "Blue lane initiative" from Government allows foreign yachts to berth subject to strict quarantine measures, but this could change as government requirements evolve.

As at the date of these financial statements, the Company has factored in its forecasts the anticipated impacts of COVID-19 on its operations based on conditions at this time. While the Company's current year results have reflected the impact of COVID-19 through end of July 2020, the longer-term impacts of the COVID-19 situation will depend on future developments and Governments' varying effort which the Directors and management will continue to monitor.

Apart from the exception above, no other matter or circumstance has arisen that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Other circumstances**

As at the date of this report:

- i) no charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;
- ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and
- iii) no contingent liabilities or other liabilities of the Company has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

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

**Directors' benefits**

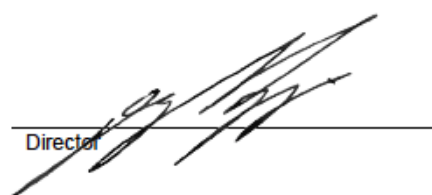
Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time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

**Auditor independence**

The Directors have obtained an independence declaration from the Company'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 Port Denarau Marina Limited on page 5.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 22 day of October 2020.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**PORT DENARAU MARINA LIMITED  
DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 31 JULY 2020**

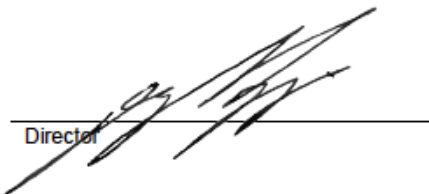
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Directors of Port Denarau Marina Limited ("the Company") have made a resolution that declared:

- a) In the Directors' opinion, the financial statements and notes of the Company for the financial year ended 31 July 2020:
  - i) give a true and fair view of the financial position of the Company as at 31 July 2020 and of the performance of the Company for the year ended 31 July 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.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 22 day of October 2020.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



1<sup>st</sup> Floor, 131 Vitogo Parade  
Lautoka, Fiji  
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### Auditor's Independence Declaration to the Directors of Port Denarau Marina Limited

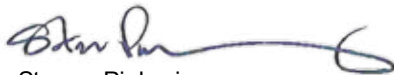
As lead auditor for the audit of Port Denarau Marina Limited for the financial year ended 31 July 2020, I declare to the best of my knowledge and belief, there have been:

- (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 Port Denarau Marina Limited during the financial year.



Ernst & Young  
Chartered Accountants



Steven Pickering  
Partner  
Suva, Fiji  
22 October 2020

## Independent Auditor's Report

### To the Shareholders of Port Denarau Marina Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Port Denarau Marina Limited ("the Company"), which comprise the statement of financial position as at 31 July 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 July 2020, and its financial performance and its 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 (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of 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 financial statements section of the audit report, including in relation to these 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 matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the matter
<i>Land based assets recorded at fair value (refer note 10, 11 and 16)</i>	
<p>The valuations of right-of-use assets, buildings and investment properties, carried at \$14m, \$1m and \$20m respectively, are important to our audit as they represent significant judgment areas and a significant percentage (86%) of the total assets of the Company. The valuations of right-of-use assets, buildings and investment properties are subjective and are highly dependent on assumptions and estimates.</p> <p>The company has recorded these assets at fair value based on independent external valuations.</p> <p>The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving the capitalisation, discount and terminal yield rates.</p>	<p>We assessed the Company's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers.</p> <p>We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Company to determine whether there were any matters that might have affected their objectivity or limited the scope of their work.</p> <p>We assessed the appropriateness of the classification of assets between land &amp; buildings, right of use assets and investment properties. This assessment included assessing the appropriateness of the allocation of leased Right of Use assets as Investment Property as a consequence of the nature of the use of those assets to generate a rental income stream.</p>





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**Independent Auditor's Report (continued)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the matter
<i>Land based assets recorded at fair value (refer note 10, 11 and 16)</i>	
<p>At 31 July 2020 the property market, and economy as a whole, were significantly impacted by the restrictions and economic uncertainty resulting from the COVID-19 pandemic. Significant assumptions used in the valuation are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. A small difference in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of these assets.</p> <p>Given the market conditions at balance date, the independent valuer has reported on the basis of the existence of 'material valuation uncertainty', noting that less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case. In this situation the disclosures in the financial statements provide particularly important information about the assumptions made in the valuation and the market conditions at 31 July 2020. As a result, we consider the valuation and the related disclosures in the financial statements to be particularly significant to our audit. For the same reasons we consider it important that attention is drawn to the information in Notes 10, 11 and 16 in assessing the valuation at 31 July 2020.</p>	<p>We assessed the allocation of the valuation of property to the three classes of assets based on the information provided by the independent valuer.</p> <p>We tested the integrity of factual inputs into the projected cash flows used in the valuations to leases and other relevant documents. We challenged the capitalisation, discount and terminal yield rates used in the valuations by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we sought to understand the reasons for this and undertook sensitivity analysis to assess the impact of these assumptions.</p> <p>We also considered the adequacy of the disclosures in Notes 10,11 and 16, including consideration of disclosure of the specific uncertainties arising from the COVID-19 pandemic.</p>

**Other information**

The Directors are responsible for the Annual Report, which includes information other than the financial statements and auditor's report.

Our opinion on the 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 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 financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have 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 those charged with governance and management for the Financial Statements**

The Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act 2015, and for such internal control as management and the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Independent Auditor's Report (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISA, we exercise professional judgement 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the Directors' and management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance 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 those charged with governance, the auditor determines 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. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Independent Auditor's Report (continued)**

**Report on Other Legal and Regulatory Requirements**

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

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

A handwritten signature in blue ink, appearing to read 'Ernst &amp; Young', with a stylized flourish at the end.

**Ernst & Young  
Chartered Accountants**

A handwritten signature in blue ink, appearing to read 'Steven Pickering', with a stylized flourish at the end.

**Steven Pickering  
Partner  
Suva, Fiji  
22 October 2020**

**PORT DENARAU MARINA LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 JULY 2020**

	Notes	2020 \$	2019 \$
<b>Revenue</b>			
Revenue from contracts with customers	2(a)	4,491,513	6,433,745
Other income	2(b)	2,231,403	4,160,489
		<b>6,722,916</b>	<b>10,594,234</b>
<b>Expenses</b>			
Sales and marketing expense		(38,530)	(113,164)
Depreciation and amortisation expense		(732,280)	(1,569,092)
Operating expenses	2(c)	(2,749,966)	(3,229,100)
Salaries and employee benefits expense	2(d)	(693,751)	(675,257)
		<b>2,508,389</b>	<b>5,007,621</b>
Profit from operations			
		<b>2,508,389</b>	<b>5,007,621</b>
Finance costs		(88,470)	(330,853)
Change in fair value of investment properties	11	3,540,876	-
		<b>5,960,795</b>	<b>4,676,768</b>
Profit before income tax			
		<b>5,960,795</b>	<b>4,676,768</b>
Income tax benefit/(expense)	5(a)	188,594	(684,745)
Operating profit after income tax		<b>6,149,389</b>	<b>3,992,023</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent years:</i>			
Revaluation of assets		3,084,169	-
Tax effect of revaluation		(308,417)	-
Other comprehensive income for the year, net of tax		2,775,752	-
<b>Total comprehensive income for the year, net of tax</b>		<b>8,925,141</b>	<b>3,992,023</b>
<b>Basic earnings per share</b>			
	4	<b>0.15</b>	<b>0.18</b>
<b>Diluted earnings per share</b>			
		<b>0.15</b>	<b>0.18</b>

*The accompanying notes form an integral part of this statement of profit or loss and other comprehensive income.*

**PORT DENARAU MARINA LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 JULY 2020**

	Notes	2020 \$	2019 \$
<b>Issued capital</b>			
Balance at the beginning of the year		1,000,000	1,000,000
Balance at the end of the year	13	<u>1,000,000</u>	<u>1,000,000</u>
<b>Retained earnings</b>			
Balance at the beginning of the year		11,770,264	7,602,158
Net profit after income tax		6,149,389	3,992,023
Disposal of property		-	176,083
Transfer from asset revaluation reserve*		6,803,086	-
Dividends proposed	18	(900,000)	-
Balance at the end of the year		<u>23,822,739</u>	<u>11,770,264</u>
<b>Other components of equity</b>			
<b>Asset revaluation reserve</b>			
Balance at the beginning of the year		15,432,973	13,874,716
Other comprehensive income		2,775,752	-
Reduction in tax rate		-	1,734,340
Disposal of property		-	(176,083)
Transfer to retained earnings*		(6,803,086)	-
Reversal of revaluation		(298,611)	-
Balance at the end of the year	21	<u>11,107,028</u>	<u>15,432,973</u>
<b>Total shareholders' equity</b>		<u><b>35,929,767</b></u>	<u><b>28,203,237</b></u>

\* Transfer from Asset revaluation reserve to retained earnings represent revaluation surplus previously recognised on investment properties which were previously treated as property, plant and equipment.

The accompanying notes form an integral part of this statement of changes in equity.

**PORT DENARAU MARINA LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2020**

	Notes	2020 \$	2019 \$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	4,396,176	22,909,779
Investment properties	11	20,113,692	8,470,233
Right-of-use assets	16	14,186,311	-
Prepayments and other receivables	9	302,930	422,424
Deferred tax assets	5(c)	7,475	13,279
		<u>39,006,584</u>	<u>31,815,715</u>
<b>Current assets</b>			
Cash and cash equivalents	6	503,584	415,840
Trade receivables	7	592,350	1,041,343
Inventories	8	46,027	60,787
Prepayments and other receivables	9	146,159	215,694
Current tax asset		284,508	-
		<u>1,572,628</u>	<u>1,733,664</u>
<b>Total assets</b>		<u>40,579,212</u>	<u>33,549,379</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders</b>			
Share capital	13	1,000,000	1,000,000
Retained earnings		23,822,739	11,770,264
Other components of equity	21	11,107,028	15,432,973
<b>Total equity</b>		<u>35,929,767</u>	<u>28,203,237</u>
<b>Non-current liabilities</b>			
Payable to related party	15(c)	704,325	1,277,603
Deferred tax liabilities	5(c)	2,410,130	1,814,378
Lease liabilities	17	519,455	-
		<u>3,633,910</u>	<u>3,091,981</u>
<b>Current liabilities</b>			
Trade and other payables	12	475,878	1,298,787
Employee benefits liability	14	60,758	35,906
Payable to related party	15(c)	300,000	600,000
Lease liabilities	17	178,899	-
Current tax liability		-	319,468
		<u>1,015,535</u>	<u>2,254,161</u>
<b>Total liabilities</b>		<u>4,649,445</u>	<u>5,346,142</u>
<b>Total equity and liabilities</b>		<u>40,579,212</u>	<u>33,549,379</u>

*The accompanying notes form an integral part of this statement of financial position.*

**PORT DENARAU MARINA LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 JULY 2020**

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Net profit after tax		6,149,389	3,992,023
<u>Adjustment for non-cash income and expenses:</u>			
Depreciation		732,280	1,492,882
Amortisation of deferred cost		-	76,210
(Gain)/loss on sale of property, plant and equipment		-	(2,564,614)
Change in fair value of investment properties		(3,540,876)	-
Impairment loss		289,494	-
Movements in provisions		37,139	6,905
Reduction in tax rate		-	1,734,340
Decrease/(increase) in deferred tax asset		5,804	(7,139)
Increase/(decrease) in deferred income tax liability		320,514	(2,113,160)
Exchange (gain)/loss		(497,722)	415,260
<u>Working capital adjustments</u>			
Decrease/(increase) in trade and other receivables		276,239	(103,445)
(Decrease)/increase in trade and other payables		(592,935)	253,791
Decrease in inventory		14,760	6,911
(Decrease) in income tax payable		(603,976)	(47,783)
<b>Net cash from operating activities</b>		<u>2,590,110</u>	<u>3,142,181</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	27,893
Acquisition of property, plant and equipment		(1,226,310)	(1,807,350)
<b>Net cash (used in) investing activities</b>		<u>(1,226,310)</u>	<u>(1,779,457)</u>
<b>Cash flows from financing activities</b>			
Net repayment of related party borrowings		(375,556)	(2,038,626)
Dividends paid		(900,000)	(500,000)
Principal repayment of lease liabilities		(500)	-
<b>Net cash (used in) financing activities</b>		<u>(1,276,056)</u>	<u>(2,538,626)</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		87,744	(1,175,902)
Net cash at the beginning of the year		415,840	1,591,742
<b>Cash at the end of year</b>	6	<u>503,584</u>	<u>415,840</u>

*The accompanying notes form an integral part of this statement of cash flows.*

# PORT DENARAU MARINA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JULY 2020

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#### 1.1 Corporate information

Port Denarau Marina Limited (the "Company") is incorporated and domiciled in the Republic of Fiji. The financial statements of Port Denarau Marina Limited for the year ended 31 July 2020 were authorised for issue in accordance with a resolution of the Directors on 22 October 2020.

The Company was listed on the South Pacific Stock Exchange on 14 August 2019.

#### 1.2 Basis of preparation of the financial statements

The financial statements reflect the financial performance of the Company for the trading year from 1 August 2019 to 31 July 2020 and have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

On this basis the financial statements for the year ended 31 July 2020 have been prepared on the basis as a going concern.

The financial statements have been prepared on the basis of historical costs except where stated.

#### 1.3 Functional and presentation currency

These financial statements are presented in Fijian dollars, which is the Company's functional and presentational currency. All amounts have been rounded to the nearest dollar, except when otherwise indicated.

#### 1.4 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future years.

##### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

##### Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

##### Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

##### Valuation of land based assets

Fair value of land based assets are determined by reference to market-based evidence. Independent valuation is performed with sufficient regularity to ensure the carrying amount does not differ materially from the asset's fair value at the balance sheet date. The current policy is to undertake an independent valuation every three years.

Right-of-use assets relate to leasehold land having an initial lease term of 89 and 99 years which is considered substantial and are utilized by the company as well as being leased out as part of investment properties. Leasehold land utilized by the company is recorded as right-of-use assets while portion leased out to tenants are recorded as part of investment properties. The split between right-of-use assets and investment properties is determined based on the square meter of land occupied which was 65% and 35% respectively.

The fair value of land based assets for the year ended 31 July 2020 was determined by Stephen Doyle, an independent registered valuer of the firm Jones Lang LaSalle. The method used was midpoint between depreciated replacement cost and capitalisation approach. For accounting purpose, buildings were recorded at the depreciated replacement cost with residual from the fair value being applied to land.

The significant unobservable inputs used in the fair value measurement of the Company's land based assets are:

<u>Assumption</u>	<u>Estimate used</u>
Capitalisation rate	Rate used was 6.25%
Underlying land value	Comparison sales approach - \$1,000 per square meter ('psm')
Estimated replacement cost	Cost used range from \$2,975 to \$4,150 psm

A significant decrease (increase) in the capitalisation rate would result in a significantly higher (lower) fair value measurement and a significant increase (decrease) in the underlying land value and estimated replacement cost would result in a significantly higher (lower) fair value measurement.



**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**1.4 Significant accounting judgments, estimates and assumptions (continued)**

**Estimations and assumptions (continued)**

Impairment of financial assets

The Company uses a simplified approach to implement an expected credit loss model for trade receivables given that trade receivables have terms of one year or less and generally no significant financing components. The Company calculates the lifetime expected credit losses as its provision against such receivables.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The fair value less cost to sell calculation is based on available data from binding sales transactions in arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Leases - estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**Measurement of fair value**

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

**1.5 Changes in significant accounting policies**

The Company initially applied IFRS 16 from 1 August 2019.

**IFRS 16 Leases**

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

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

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

**1.5 Changes in significant accounting policies (continued)**

**IFRS 16 Leases (continued)**

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

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

<b>Assets</b>	<b>\$</b>
Property, plant and equipment	(7,917,686)
Right-of-use assets	<u>8,386,566</u>
<b>Total assets</b>	<u>468,880</u>
<b>Liabilities</b>	
Lease liabilities	698,854
Trade payables	<u>(229,974)</u>
<b>Total liabilities</b>	<u>468,880</u>
<b>Total adjustment to equity</b>	<u>-</u>

The company has lease contracts for leasehold land. Before the adoption of IFRS 16, the company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the company.

- Leases previously classified as finance leases

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

- Leases previously accounted for as operating leases

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

The company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.
- Lease liabilities excludes variable lease payments over and above the minimum lease premium of \$23,709 as the variable lease payment does not depend on an index or rate. The excess over the minimum lease premium is included as an expense in the period it occurs.

Based on the above, as at 1 August 2019:

- Right-of-use assets of \$8,386,566 were recognised and presented separately in the statement of financial position. This includes the initial upfront lease asset of \$7,917,686 that were reclassified from Property, plant and equipment.
- Lease liabilities of \$698,854 were recognised. This includes reclassification of \$229,974 from trade payables relating to prior year unpaid lease payments.

The lease liabilities as at 1 August 2019 can be reconciled to the operating lease commitments as of 31 July 2019, as follows:

<b>Lease liabilities</b>	<b>\$</b>
Operating lease commitments as at 31 July 2019	1,720,959
Weighted average incremental borrowing rate as at 1 August 2019	<u>4.95%</u>
Discounted operating lease commitments as at 1 August 2019	<u>698,854</u>
<b>Lease liabilities as at 1 August 2019</b>	<u>698,854</u>

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**1.6 Summary of significant accounting policies**

**a) Property, plant and equipment**

**i) Recognition and measurement**

With the exception of land based assets (leasehold land, buildings and yacht club), property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 August 2017, the Company's date of transition to IFRS, was determined with reference to its fair value to date.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**ii) Subsequent expenditure**

Subsequent expenditure is capitalised only if probable that the future economic benefits associated with the expenditure will flow to the Company

**iii) Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative years are as follows:

• Buildings	1.25%
• Beacons and moorings	12.00%
• Jetties and anchor chains	4.00% - 12.00%
• Motor vehicles	15.00% - 26.00%
• New marina	6.00% - 15.00%
• Plant and equipment	9.50% - 20.00%

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

**iv) Land based assets revaluation**

Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Upon disposal or derecognition of an asset, any associated revaluation reserve balance is transferred to retained earnings.

**b) Investment property**

Investment property is initially measured at cost and subsequently at fair value (The Directors determine the fair value of land based assets at each balance date with reference to a report by an independent registered valuer engaged by the Company to value the land based assets every three years) with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property is recognised in the profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

**c) Financial instruments**

**i) Recognition and measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

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**1.6 Summary of significant accounting policies (continued)**

**c) Financial instruments (continued)**

**ii) Classification and measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets: Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how Directors of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales; and
- and demonstrate why those sales do not reflect a change in the entity's business model.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

**Financial assets: Subsequent measurement and gains and loss**

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or loss on derecognition is also recognised in profit or loss.

**ii) Derecognition**

**Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**PORT DENARAU MARINA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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**1.6 Summary of significant accounting policies (continued)**

**c) Financial instruments (continued)**

**ii) Derecognition (continued)**

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognised in profit or loss.

**iii) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**d) Impairment**

**i) Non-derivative financial assets**

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

- The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL.
- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:
  - the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
  - the financial asset is more than 90 days past due.

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Aaa3 or a higher rating per Moody's. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

**PORT DENARAU MARINA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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**1.6 Summary of significant accounting policies (continued)**

**d) Impairment (continued)**

**i) Non-derivative financial assets**

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**e) Inventories**

Inventory has been valued at the lower of cost or net realisable value after allowances for damaged and obsolete inventory. Cost is determined on an average cost basis.

**f) Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

**ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences are considered based on the business plans for individual subsidiaries in the Company.

**PORT DENARAU MARINA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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**1.6 Summary of significant accounting policies (continued)**

**f) Income tax (continued)**

**ii) Deferred tax (continued)**

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this assumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**g) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**h) Foreign currencies**

Foreign currency transactions are translated to Fiji dollars at rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies are converted to Fiji currency at the rates of exchange ruling at the balance sheet date. All exchange gains or losses whether realised or unrealised are included in the statement of comprehensive income.

**i) Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Revenue from the sale of goods is recognised at a point in time, when control of the goods has transferred to the buyer, usually on delivery of goods.

**j) Value Added Tax (VAT)**

Revenue, expenses and assets are recognised net of the amount of respective sales tax except:

- where the Value Added Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables that are stated with the amount of Value Added Tax included and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

**k) Comparatives**

Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current year.

**l) Deferred cost**

Dredging cost incurred is recognised as deferred cost and is amortised over a period of 10 years.

**m) Finance costs**

Finance costs include interest expense which is recognised using the effective interest method.

**n) Share capital**

Increment costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

**o) Employee benefits**

**i) Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**PORT DENARAU MARINA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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**1.6 Summary of significant accounting policies (continued)**

**o) Employee benefits (continued)**

**ii) Defined contribution plans**

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**p) Leases**

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*i) Right-of-use assets*

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

– Leasehold land 89 and 99 years

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Leasehold land utilized by the company is recorded as right-of-use assets while portion leased out to tenants are recorded as part of investment properties. The split between right-of-use assets and investment properties is determined based on the square meter of land occupied which was 65% and 35% respectively.

Subsequently, right-of-use assets are measured at fair value. The Directors determine the fair value of right-of-use assets at each subsequent balance date with reference to a report by an independent registered valuer engaged by the Company to value the right-of-use assets every three years.

Any revaluation increment is credited to the asset revaluation reserve included in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrease is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Upon disposal or derecognition of an asset, any associated revaluation reserve balance is transferred to retained earnings.

*ii) Lease liabilities*

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*iii) Short-term leases and leases of low-value assets*

The company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.



**PORT DENARAU MARINA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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**1.6 Summary of significant accounting policies (continued)**

**p) Leases (continued)**

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**q) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

**q) Earnings per share**

Basic earnings per share is determined by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

**1.7 Standards issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the company's financial statements.

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

**2. Revenue and expenses**

Revenue, other income and expenses include the following for the year ended 31 July 2020:

	2020	2019
	\$	\$
<b>a) Revenue from contracts with customers</b>		
Berthing	3,304,946	4,236,828
Terminal	89,749	974,150
Boat yard and storage	688,539	681,534
Fuel and other income	408,279	541,233
	<u>4,491,513</u>	<u>6,433,745</u>
<b>b) Other income</b>	<b>\$</b>	<b>\$</b>
Investment property rentals	1,733,681	1,186,633
Gain on disposal of property, plant and equipment	-	2,973,856
Realised exchange gain	479,281	-
Unrealised exchange gain	18,441	-
	<u>2,231,403</u>	<u>4,160,489</u>
<b>c) Operating expenses</b>	<b>\$</b>	<b>\$</b>
Auditors remuneration	19,500	30,000
Unrealised exchange loss	-	95,180
Realised exchange loss	-	320,080
Loss on disposal of property, plant and equipment	-	409,242
Impairment loss – deferred costs	289,494	-
Other operating costs	2,440,972	2,374,598
	<u>2,749,966</u>	<u>3,229,100</u>
<b>d) Salaries and employee benefits expense</b>	<b>\$</b>	<b>\$</b>
Wages and salaries	692,292	644,425
Staff training	1,459	30,832
	<u>693,751</u>	<u>675,257</u>

**3. Operating segments**

The Company does not have any reportable segments.

**4. Earnings per share**

	\$	\$
The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares:		
<b>Profit or loss attributable to ordinary shareholders</b>		
Profit attributable to ordinary shareholders	6,149,389	3,992,023
<b>Weighted average number of ordinary shares:</b>		
Issued ordinary shares at 1 January	40,000,000	1,000,000
Effect of 1:40 share split at 8 January 2019	-	21,797,260
Total	<u>40,000,000</u>	<u>22,797,260</u>
Basic earnings per share	<b>0.15</b>	<b>0.18</b>

\* There are no dilutive shareholdings.

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

**5. Income tax**

	2020	2019
	\$	\$
a) The amount of income tax attributable to the year differed from the prima facie amount payable on the operating profit. The difference is reconciled as follows:		
Operating profit before income tax	5,960,795	4,676,768
Prima facie income tax expense calculated at 10% (2019:20%) on the operating profit	596,080	935,354
Tax effect of non-deductible expenses (net)	(44,612)	(24,064)
Reduction in tax rate from 20% to 10%	-	(226,440)
Reversal of over provision from prior year	(716,713)	-
Other movement	(23,349)	(105)
Income tax (benefit)/expense	<u>(188,594)</u>	<u>684,745</u>
b) Tax (benefit)/expense	\$	\$
<u>Current income tax</u>		
Current income tax charge	201,801	1,230,649
Adjustments in respect of non-deductible differences	(44,612)	(24,064)
<u>Deferred income tax</u>		
Temporary differences relating to future years	(345,783)	(521,840)
Tax (benefit)/expense	<u>(188,594)</u>	<u>684,745</u>
c) Deferred income tax	\$	\$
Deferred income tax at 31 July relates to the following:		
Allowance for estimated credit loss	1,399	170
Provision for employee entitlements	6,076	3,591
Unrealised exchange (gain)/loss	(1,844)	9,518
Property, plant and equipment	(2,408,286)	(1,814,378)
Net deferred income tax liability	<u>(2,402,655)</u>	<u>(1,801,099)</u>
Represented on the Statement of Financial Position as:	\$	\$
Deferred tax assets	7,475	13,279
Deferred tax liability	<u>(2,410,130)</u>	<u>(1,814,378)</u>
	<u>(2,402,655)</u>	<u>(1,801,099)</u>

\*\* Of this deferred liability amount, \$2,042,757 (2019: \$1,734,340) relates to revaluations of property which will not be reclassified to profit or loss and for which the movement has been recognised in OCI.

**6. Cash and cash equivalents**

	\$	\$
Cash at bank	502,461	411,480
Cash on hand	325	3,365
Petty cash	602	799
Imprest account	196	196
Cash at bank and on hand for the purposes of the cash flow statement	<u>503,584</u>	<u>415,840</u>

At 31 July 2020, the Company had available \$2,500,000 (2019: \$1,500,000) of undrawn committed borrowing facilities.

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

**7. Trade receivables**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade receivables from contracts with customers	312,415	636,492
Less: allowance for expected credit losses	(13,988)	(1,701)
Unearned (pre-billed income) income	293,923	406,552
	<u>592,350</u>	<u>1,041,343</u>

Trade receivables are non-interest bearing and are generally on 30-90 day terms. As at 31 July 2020, \$13,988 (2019: \$1,701) trade receivables were impaired and were fully provided for. Movements in provision for impairment of receivables were as follows:

Opening balance	1,701	1,701
Movement during the year	12,287	-
Closing balance	<u>13,988</u>	<u>1,701</u>

The ageing analysis of trade receivables is as follows:

	Total	Past due but not impaired			
		Neither past due nor impaired	30-60 days	60-90 days	>90 days
	\$	\$	\$	\$	\$
<b>31 July 2020</b>	592,350	358,307	51,903	39,024	143,116
<b>31 July 2019</b>	1,041,343	927,172	96,135	22,729	(4,693)

**8. Inventories**

Inventories	<u>46,027</u>	<u>60,787</u>
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**9. Prepayments and other receivables**

Prepayments	115,397	180,728
Sundry debtors	30,762	34,966
Deferred costs*	302,930	422,424
	<u>449,089</u>	<u>638,118</u>
<i>Disclosed as:</i>		
Current	146,159	215,694
Non-current	302,930	422,424
	<u>449,089</u>	<u>638,118</u>

\* Deferred costs relate to dredging costs which will be amortised over a ten-year period once completed. Dredging activity is not expected to be completed within the next twelve months. Impairment loss of \$289,494 was recognised during the year on dredging cost.

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

**10. Property, plant and equipment**

	Buildings	Jetties, beacons and moorings	Plant & equipment, vessels and motor vehicles	Work-in- progress	Total
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>
At 31 July 2018	22,931,428	6,880,421	2,657,062	-	32,468,911
Additions	395,461	81,474	237,574	1,092,841	1,807,350
Transfer to investment properties	(92,390)	-	-	-	(92,390)
Disposals	(1,942,663)	-	(166,279)	-	(2,108,942)
<b>At 31 July 2019</b>	<b>21,291,836</b>	<b>6,961,895</b>	<b>2,728,357</b>	<b>1,092,841</b>	<b>32,074,929</b>
Additions	883,169	191,933	151,208	-	1,226,310
Reclassification	1,092,841	-	-	(1,092,841)	-
Transfer to investment properties	(5,142,639)	-	-	-	(5,142,639)
Transfer to right-of-use assets	(8,127,706)	-	-	-	(8,127,706)
Revaluation*	(6,617,951)	-	-	-	(6,617,951)
Disposals**	(331,790)	-	-	-	(331,790)
<b>At 31 July 2020</b>	<b>3,047,760</b>	<b>7,153,828</b>	<b>2,879,565</b>	<b>-</b>	<b>13,081,153</b>
<b>Accumulated depreciation</b>					
At 31 July 2018	2,498,753	3,629,216	2,020,107	-	8,148,076
Depreciation charge	920,900	350,940	221,042	-	1,492,882
Disposals	(309,529)	-	(166,279)	-	(475,808)
<b>At 31 July 2019</b>	<b>3,110,124</b>	<b>3,980,156</b>	<b>2,074,870</b>	<b>-</b>	<b>9,165,150</b>
Depreciation charge	42,800	353,759	230,883	-	627,442
Revaluation*	(897,595)	-	-	-	(897,595)
Transfer to right-of-use assets	(210,020)	-	-	-	(210,020)
<b>At 31 July 2020</b>	<b>2,045,309</b>	<b>4,333,915</b>	<b>2,305,753</b>	<b>-</b>	<b>8,684,977</b>
<b>Carrying amounts</b>					
At 31 July 2019	18,181,712	2,981,739	653,487	1,092,841	22,909,779
<b>At 31 July 2020</b>	<b>1,002,451</b>	<b>2,819,913</b>	<b>573,812</b>	<b>-</b>	<b>4,396,176</b>

\* The fair value of land based assets were determined as a midpoint between depreciated replacement cost and capitalisation approach. The valuation was prepared as at 31 July 2020 and undertaken by independent valuer Jones Lang LaSalle.

\*\* Disposals relates to reversal of revaluation surplus previously recognized on idle capital expenditure.

Valuation uncertainty

Independent registered valuer Jones Lang LaSalle (JLL) highlighted that the World Health Organisation declared a Global Pandemic on 11 March 2020 due to the outbreak of Covid-19.

The valuer noted it is difficult, at the current time, to determine the effect Covid-19 will have on the marina sector in Fiji. The impact will largely depend on both the scale and longevity of the outbreak and the consequential ongoing impact on the economy. Since the outbreak, comparable transactions and market evidence has been limited.

Consequently, at the valuation date, the valuer placed less reliance on previous evidence for comparison purposes to inform their current opinions of value and have reported on the basis of 'material valuation uncertainty'. As such, less certainty and a higher degree of caution is attached to the valuation than would normally be the case.

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

**11. Investment properties**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 August	8,470,233	8,377,843
Reclassification from property, plant and equipment	5,142,639	92,390
Reclassification from right-of-use assets	2,899,942	-
Net gain from fair value remeasurement	3,540,876	-
Additions during the year	<u>60,002</u>	<u>-</u>
Balance at 31 July	<u>20,113,692</u>	<u>8,470,233</u>

Investment properties comprises of yacht club, terminal building, administration building, a number of workshop buildings and leasehold land that are leased to third parties with annual rents indexed to consumer prices. Subsequent renewals are negotiated with each lessee. 35% of leasehold land is considered to be rented out as part of investment properties based on square meter of land. The Directors determine the fair value of the investment property at each balance date with reference to a report by an independent registered valuer engaged by the Company to value the investment property every three years. The valuation was prepared as at 31 July 2020 and undertaken by independent valuer Jones Lang LaSalle.

Valuation uncertainty

Independent registered valuer Jones Lang LaSalle (JLL) highlighted that the World Health Organisation declared a Global Pandemic on 11 March 2020 due to the outbreak of Covid-19.

The valuer noted it is difficult, at the current time, to determine the effect Covid-19 will have on the marina sector in Fiji. The impact will largely depend on both the scale and longevity of the outbreak and the consequential ongoing impact on the economy. Since the outbreak, comparable transactions and market evidence has been limited.

Consequently, at the valuation date, the valuer placed less reliance on previous evidence for comparison purposes to inform their current opinions of value and have reported on the basis of 'material valuation uncertainty'. As such, less certainty and a higher degree of caution is attached to the valuation than would normally be the case.

**12. Trade and other payables**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade payables	56,526	475,267
Other payables and accruals	426,955	793,825
VAT (receivable)/payable	<u>(7,603)</u>	<u>29,695</u>
	<u>475,878</u>	<u>1,298,787</u>

**13. Share capital**

Issued and paid up capital

Number of ordinary shares	40,000,000	40,000,000
Share capital	<u>\$1,000,000</u>	<u>\$1,000,000</u>

Weighted average number of ordinary shares at year end is disclosed in Note 4.

**14. Employee benefits liability**

	<b>\$</b>	<b>\$</b>
Employee entitlements	<u>60,758</u>	<u>35,906</u>

**15. Related party disclosures**

**a) Ultimate holding company**

The ultimate holding company is Skeggs Group Limited.

**b) Related party transactions**

Key management personnel compensation

Key management comprises of the Chief Executive Officer, Operations Manager, Business Manager and Financial Controller.

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

15. Related party disclosures (continued)	2020	2019
<b>b) Related party transactions (continued)</b>	<b>\$</b>	<b>\$</b>
<u>Key management personnel compensation (continued)</u>		
Short-term employee benefits	398,512	376,437
Post-employment benefits	21,450	24,659
	<u>419,962</u>	<u>401,096</u>
<u>Other related party transactions</u>		
During the year the Company had an interest-bearing loan payable to Skeggs Group Limited, with interest expense paid. Detail as follows:		
	<b>\$</b>	<b>\$</b>
<u>Skeggs Group Limited</u>		
Interest charged on related party payable @4.95%	56,447	316,474
Sale of Mariners' Reach property	-	4,170,000
	<u>56,447</u>	<u>4,486,474</u>
<b>c) Payable to related party</b>		
Skeggs Group Limited	1,004,325	1,877,603
<u>Disclosed as:</u>		
Current	300,000	600,000
Non- current	704,325	1,277,603
	<u>1,004,325</u>	<u>1,877,603</u>

**16. Right-of-use assets**

	2020	2019
	<b>\$</b>	<b>\$</b>
Balance at 1 August	8,386,566	-
Transfer to investment properties*	(2,899,942)	-
Change in fair value through OCI	8,804,525	-
Depreciation charge for the year	(104,838)	-
	<u>14,186,311</u>	<u>-</u>

\* Represents portion of land leased out as part of investment properties considered as 35% of leasehold land based on the square meter of land occupied.

The Company adopted IFRS 16 as of 1 August 2019. The above represent assets under lease contracts which have been recognized as an asset in accordance with IFRS 16. The assets are written down over the terms of their contracts having an initial lease term of 89 and 99 years which is considered substantial. The Company elected to use the modified retrospective approach in transition to IFRS 16. Consequently, there are no prior period comparatives.

The cost relating to variable lease payments that do not depend on an index or a rate amounted to \$23,709 for the year ended 31 July 2020. There were no leases with residual value guarantees or leases not yet commenced to which the company is committed.

Right-of-use assets relate to leasehold land which are utilized by the company as well as being leased out as part of investment properties. Right-of-use assets for accounting purpose are revalued in the same manner as the company's land based assets. The Directors determine the fair value of the right-of-use assets at balance date with reference to a report by an independent registered valuer engaged by the Company to value the right-of-use asset as at 31 July 2020. The valuation was undertaken by independent valuer Jones Lang LaSalle.

Valuation uncertainty

Independent registered valuer Jones Lang LaSalle (JLL) highlighted that the World Health Organisation declared a Global Pandemic on 11 March 2020 due to the outbreak of Covid-19.

The valuer noted it is difficult, at the current time, to determine the effect Covid-19 will have on the marina sector in Fiji. The impact will largely depend on both the scale and longevity of the outbreak and the consequential ongoing impact on the economy. Since the outbreak, comparable transactions and market evidence has been limited.

Consequently, at the valuation date, the valuer placed less reliance on previous evidence for comparison purposes to inform their current opinions of value and have reported on the basis of 'material valuation uncertainty'. As such, less certainty and a higher degree of caution is attached to the valuation than would normally be the case.

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

<b>17. Lease liabilities</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at 1 August	698,854	-
Accretion of interest	23,209	-
Payment	(23,709)	-
	<u>698,354</u>	<u>-</u>
<i>Disclosed as:</i>		
Current	178,899	-
Non-current	519,455	-
	<u>698,354</u>	<u>-</u>
<b>18. Dividends payable</b>		
	<b>\$</b>	<b>\$</b>
Balance at 1 August	-	500,000
Arising during the year	900,000	-
Paid during the year	(900,000)	(500,000)
Balance at 31 July	<u>-</u>	<u>-</u>
<b>19. Expenditure commitments</b>		
	<b>\$</b>	<b>\$</b>
Capital expenditure commitments	<u>234,072</u>	<u>2,804,553</u>
<i>Represents expenditure planned for dredging (2019: new administration building)</i>		
<b>20. Contingencies</b>		
	<b>\$</b>	<b>\$</b>
<b>(a) Contingent liabilities</b>		
Guarantees and bonds	<u>271,213</u>	<u>124,063</u>
<b>21. Other components of equity (Asset revaluation reserve)</b>		
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	15,432,973	13,874,716
Other comprehensive income	2,775,752	-
Reduction in tax rate	-	1,734,340
Disposal of property	-	(176,083)
Transfer to retained earnings	(6,803,086)	-
Reversal of revaluation**	(298,611)	-
	<u>11,107,028</u>	<u>15,432,973</u>

\*\* Reversal of revaluation related to previously recognized revaluation on idle capital expenditure.

**22. Financial risk management objectives and policies**

The Company is committed to the management of risk to achieve sustainability of service to its customers, employment of its staff and profits to its shareholders and therefore, takes on controlled amounts of risk when considered appropriate.

The Company has exposure to the following risks: market risk, liquidity risk, credit risk, operational risk and capital management risk.

Implementation of risk management strategy and the day to day management of risk is the responsibility of the Chief Executive Officer, supported by management of the Company. The following sections describe the risk management framework components:

**Market risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk is to manage and control market risk exposures within acceptable parameters while optimizing the return.



**PORT DENARAU MARINA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

**22. Financial risk management objectives and policies (continued)**

**Market risk (continued)**

**i) Interest rate risk**

Fair value interest rate risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. The objective is to manage the interest rate risk to achieve stable and sustainable net interest earnings in the long term.

The Company does not hold any financial instruments except for receivables, payables, and interest-bearing financial instruments which mainly pertain to a loan from its parent entity (Note 15) and cash and cash equivalents. Apart from the non-current portion of the interest-bearing related party payable, interest rate risk is minimal as the amortised cost of the remaining financial instruments approximates to fair value due to the short-term nature of these financial instruments.

**ii) Currency risk**

The Company is exposed to currency risk through its foreign-denominated (New Zealand dollar) related party payable. As the currency in which the Company presents its financial statements is the FJ Dollar, the Company's financial statements are affected by movements in the exchange rates between this currency and the NZ Dollar. The Company does not hedge its exposure to foreign exchange movements.

The summary of quantitative data about the Company's exposure to currency risk is as follows:

	<b>NZD</b>
<b>31 July 2020</b>	<b>\$</b>
<b>Financial liabilities</b>	
Related party payables	688,766
<b>Net statement of financial position exposure</b>	<b>688,766</b>
	<b>NZD</b>
<b>31 July 2019</b>	<b>\$</b>
<b>Financial liabilities</b>	
Related party payables	1,277,896
<b>Net statement of financial position exposure</b>	<b>1,277,896</b>

The following significant exchange rate against FJD was applied during the year.

	<b>Reporting date spot rate</b>	
	<b>2020</b>	<b>2019</b>
NZD	0.6858	0.6806

**Sensitivity Analysis**

A 1% weakening of the FJ dollar at 31 July 2020 and 2019 would have decreased the equity and increased the loss by FJ\$10,145 and FJ\$8,697 respectively.

**iii) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Company's financial liabilities are all payable within the next 12 months, except for the non-current portion of the related party payable. The Company has access to cash and cash equivalents at balance date of \$503,584.

**iv) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognised in profit or loss were as follows:

**PORT DENARAU MARINA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

**22. Financial risk management objectives and policies (continued)**

**Market risk (continued)**

**iv) Credit risk (continued)**

**Trade receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Board has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including their geographic location, trading history with the Company and existence of previous financial difficulties.

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivables which no loss allowance is recognised because of collateral.

**Expected credit loss assessment for customers as at 31 July 2020**

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers as at 31 July 2020 (all amounts expressed as % of loss rate).

<b>Trade receivables</b>	
<b>Past Due</b>	<b>Historical loss rate</b>
<30 days	0%
30-60 days	0%
61-90 days	0%
>91 days	10%

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Loss rates are based on actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

**Cash and cash equivalents**

The Company held cash and cash equivalents of \$503,584 at 31 July 2020 (2019: \$415,840). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA-, based on Moody's ratings. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company uses a similar approach for assessment of ECLs for cash and cash equivalents to those securities.

**PORT DENARAU MARINA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2020**

**22. Financial risk management objectives and policies (continued)**

**v) Operational risk**

The Company's operational risk management framework supports the achievement of the Company's financial and business goals. Operational risk is defined as the risk of economic gain or loss resulting from:

- Inadequate or failed internal processes and methodologies;
- People;
- Systems; or
- External events.

The Chief Executive Officer is closely involved in the operational management of the Company on a daily basis. The Directors are also required to meet regularly to discuss matters of strengthening the operational environment.

**vi) Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year 31 July 2020 and 31 July 2019.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital and net debt. The Company includes within net debt total liabilities less cash and cash equivalents. Capital includes equity attributable to equity holders.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total liabilities	4,649,445	5,346,142
Less: cash and cash equivalents	(503,584)	(415,840)
Net debt	<u>4,145,861</u>	<u>4,930,302</u>
Total capital	35,929,767	28,203,237
Total capital and net debt	<u>40,075,628</u>	<u>33,133,539</u>
Gearing ratio	10%	15%

**23. Financial instruments**

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried on the statement of financial position.

	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>Financial assets</u></b>				
Cash and cash equivalents**	503,584	415,840	503,584	415,840
Trade receivables**	592,350	1,041,343	592,350	1,041,343
Prepayment and other receivables**	<u>449,089</u>	<u>638,118</u>	<u>449,089</u>	<u>638,118</u>
	<u>1,545,023</u>	<u>2,095,301</u>	<u>1,545,023</u>	<u>2,095,301</u>
<b><u>Financial liabilities</u></b>				
Trade and other payables**	475,878	1,298,787	475,878	1,298,787
Lease liabilities**	698,354	-	698,354	-
Payable to related party*	<u>1,004,325</u>	<u>1,877,603</u>	<u>1,004,325</u>	<u>1,877,603</u>
Trade and other payables **	<u>2,178,557</u>	<u>3,176,390</u>	<u>2,178,557</u>	<u>3,176,390</u>

\* This related party loan payable is interest-bearing at a current nominal interest rate of 4.95% and denominated in New Zealand dollars. Its fair value is based on Level 2 in the fair value hierarchy.

\*\* These are financial assets and liabilities not measured at fair value but for which their carrying value is a reasonable approximation of fair value.

**PORT DENARAU MARINA LIMITED  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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**24. 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 Company, the results of those operations, or the state of affairs of the Company in future financial years.

**25. Principal business activities**

The principal activities of the Company during the financial year was the operation of a marina and marina related activities at Denarau Island. There were no significant changes to the activities during the year.

**26. Impact of COVID-19 pandemic on the company**

During the financial year, the Novel Coronavirus (COVID-19) was declared a pandemic in March 2020 by the World Health Organization. There have been considerable economic impacts in Fiji and globally arising from the outbreak of COVID-19 and Government action to reduce the spread of the virus. The outbreak of COVID-19 and the quarantine measures imposed by the Fijian and other governments as well as the travel restrictions imposed by Fiji and other countries in early 2020 have caused disruption to the businesses and economic activity.

COVID-19 has had an impact on the operations of the Company. The business continues to operate, albeit not at our original planned or expected levels due to the travel restrictions. The company decided to provide discounts to tenants occupying its investment properties. These discounts ranged between 50% - 75% and amounted to \$743,340 during the year. At present the "Blue lane initiative" from Government allows foreign yachts to berth subject to strict quarantine measures, but this could change as government requirements evolve.

As at the date of these financial statements, the Company has factored in its forecasts the anticipated impacts of COVID-19 on its operations based on conditions at this time. While the Company's current year results have reflected the impact of COVID-19 through end of July 2020, the longer-term impacts of the COVID-19 situation will depend on future developments and Governments' varying effort which the Directors and management will continue to monitor.

Apart from the exception above, no other matter or circumstance has arisen that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**27. Company details**

**Company incorporation**

The Company is incorporated in Fiji under the Companies Act, 2015.

**Registered office**

Denarau Island  
P O BOX 023  
Port Denarau, Fiji

**Principal place of business**

Denarau Island  
Nadi, Fiji

**Number of employees**

As at the end of reporting year, the Company employed a total of 23 (2019: 23) employees.

# Port Denarau Marina Limited

## ADDITIONAL INFORMATION-SPX LISTING RULES INFORMATION (NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

### 1 a. Schedule of each class of shares held by Directors and Senior Management under listing rule 51.2(iv) as at 31st July, 2020

Names	No. of Shares
SKEGGS GROUP LIMITED	28,147,306
KOINONIA HILL PTE LIMITED	38,165
NIGEL SKEGGS ATF ASHLEY STEPHANIE KAETAETA SKEGGS	30,534
NIGEL SKEGGS ATF ZOE MARIE KAARO SKEGGS	30,534
SUBHASHNI RASCH	3,816
GEOFFREY DAVID DEUTSCHMANN	3,000
KAVEETA SINGH	2,000
VIVE ADILAKICAGI DAUNIVESI	763
MEREWAIRITA LEWATU	382
JALE ULUAFI RAMASIMA	382
AVINADAN NAIR	382
JOSEFA SAMUEL SORBY	382

### 1 b. Distribution Shareholding (Annexure E):

No. of Holders	ShareHolding	Total % Holding
212	0 - 500	0.20
329	501 - 5,000	1.56
55	5001 - 10,000	1.11
23	10,001 - 20,000	0.86
3	20,001 - 30,000	0.20
9	30,001 - 40,000	0.81
3	40,001 - 50,000	0.36
7	50,001 - 100,000	1.37
4	100,001 - 1,000,000	2.56
3	over 1,000,000	90.97
<b>648</b>		<b>100</b>

## 1 c. Top 20 Shareholding

Shareholder Name	No. of Shares	% of Shares
SKEGGS GROUP LIMITED	28,147,306	70.37
BSP LIFE (FIJI) LIMITED	5,950,000	14.88
UNIT TRUST OF FIJI	2,290,077	5.73
PLATINUM INSURANCE LIMITED	375,294	0.94
FIJICARE INSURANCE LIMITED	250,000	0.63
CARLISLE (FIJI) LIMITED	200,000	0.50
TRUSTEES FOR FIJI OF THE CHURCH OF ENGLAND	200,000	0.50
KHADIM HOLDINGS PTE LTD	100,000	0.25
RITESH SINGH	80,128	0.20
J SANTA RAM (STORES) LIMITED	80,000	0.20
RICKY D BREWER	77,000	0.19
JAIWISH PRIVATE LIMITED	77,000	0.19
JP BAYLY TRUST	76,336	0.19
PRAVIN PATEL	57,252	0.14
KEN KUNG	50,000	0.13
UP-FRONT INVESTMENTS (1998) LIMITED	50,000	0.13
FHL TRUSTEES LIMITED AT FIJIAN HOLDINGS UNIT TRUST	42,587	0.11
NARSEYS PLASTICS INDUSTRIES LIMITED	40,000	0.10
URMILA DEVI SINGH	40,000	0.10
PARKINSON HOLDINGS LTD	38,168	0.10
DEBORAH KEOLA YASMEEN DEAN	38,168	0.10
KOINONIA HILL PTE LTD	38,165	0.10
DAVID KELLNER	38,000	0.10
ANAND NAIDU & ANJILA MANI	31,247	0.08
NIGEL SKEGGS ATF ASHLEY STEPHANIE KAETAETA SKEGGS	30,534	0.08
NIGEL SKEGGS ATF ZOE MARIE KAARO SKEGGS	30,534	0.08
<b>TOTALS</b>	<b>38,427,796</b>	<b>96.12</b>

## 2. Share Price Details:

Highest share price during the year was \$ 2.80

Lowest share price during the year was \$ 1.40

Share price at year end was \$ 2.40

Total Dividend Paid	\$900,000
Total Ordinary Shares	40,000,000
<b>Dividend Per Share</b>	<b>2.25 cents</b>
Net Tangible Assets	\$35,929,767
Total Ordinary Shares	40,000,000
<b>Net Tangible Assets Per Share</b>	<b>89.2 cents</b>

## 3. Attendance at Board Meetings:

Director	Number of Meetings Entitled to Attend	Number of meetings Attended	Number of Meetings Apology Given
Malakai Naiyaga	5	5	0
Bruce Phillips	3	3	0
David Skeggs	5	5	0
Bryan Skeggs	5	5	0
Nigel Skeggs	5	5	0

## 4. Share Register

Central Share Registry Pte. Limited  
Shop 1 and 11, Sabrina Building  
Victoria Parade, Suva, Fiji

# Notice of Annual General Meeting



## PORT DENARAU MARINA LIMITED NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2nd Annual General Meeting of Shareholders of Port Denarau Marina Limited (the “**Company**”), will be held at the Denarau Yacht Club, Port Denarau Marina, Denarau Island on Thursday, 14<sup>th</sup> January 2021 at 12pm to transact the following business;

Due to the COVID-19 restrictions, attendees may attend in-person or on-line. All attendees in-person will be accommodated within social distancing guidelines and while there is a maximum number we can accommodate, based on previous AGMs we anticipate being able to welcome all who wish to attend in-person. The following options are available for the shareholders, media and other stakeholders to participate in the AGM:

1. Attend in Person
2. Attend on-line through Zoom
3. Attend via Proxy

Shareholders who wish to attend the AGM on-line through Zoom, must fill the Pre-Registration Form attached to this Notice and email the duly completed form to [secretary@denarau marina.com](mailto:secretary@denarau marina.com) before 12pm, Tuesday 12<sup>th</sup> January 2021.

If you are considering attending the AGM in-person, please note that the Company will require attendees to confirm to the prevailing social distancing and social gathering Government regulations in addition to the health initiatives adopted by the Company on site.

Circumstances relating to COVID-19 are changing rapidly and we will update shareholders if any of these changes impact arrangements for the AGM.

### ORDINARY BUSINESS:

#### 1. Consideration of Financial Statements:

To receive and consider the audited financial statement of the Company for the financial year ended 31 July 2020 together with the reports of the Board of Directors and Auditors thereon.

#### 2. Confirmation of Declaration of Nil Dividend:

The Board recommends that a final dividend for the year 2020 will not be declared in light of the current COVID-19 global pandemic.

#### 3. Re-Election and Election of Directors

To consider and if thought fit, pass the following resolutions as ordinary resolution:

- (a) To appoint Bryan John Skeggs, director of the company, who retires by rotation pursuant to Article 7.3 of the Articles of Association of the Company, and being eligible, is re-elected as a director of the Company.







(b) To appoint Bruce Phillips (appointed on 20 January, 2020), whose term of office expires at the ensuing Annual General Meeting, be and is hereby appointed as a Director of the Company.

#### 4. Appointment of Auditors

To re-appoint Auditors in accordance with Section 422 of the Companies Act 2015, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next AGM and authorise the Directors to fix their remuneration.

The Board to recommend the re-appointment of Ernst & Young as Auditors of the Company and that the Board be authorised to fix their remuneration.

#### SPECIAL BUSINESS:

All other business transacted at an AGM is special business.

Explanatory Notes containing information in relation to each of the above resolutions accompanies the Notice of Meeting.

By order of the Board of Directors.

Josephine Yee Joy  
Company Secretary

Dated: 30<sup>th</sup> November, 2020

#### NOTES:

1. A member who is unable to attend the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf.
2. The proxy need not be a member of the company.
3. A proxy form is enclosed with this notice of meeting. To be effective the form must reach the registered office of the company not less than 48 hours before the time for holding the meeting.





**Explanatory Notes:**

This Explanatory Note is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice of the Annual General Meeting. The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the Notice of Meeting.

**Item 1: Consideration of Financial Statements**

As required by Section 401 of the Companies Act 2015, the Financial Report, the Directors' Report and the Auditor's Report of the Company for the recently completed financial year will be laid before the meeting. Shareholders will be provided with a reasonable opportunity to ask questions about or make comments on the management of the Company, However, there will be no formal resolution put to the meeting.

Questions that cannot be answered at the AGM needs to be addressed through a market announcement by the company within a reasonable timeframe.

**Item 2: Declaration of Dividends**

The Board recommends that Shareholders approve the declaration of nil dividend for the year ended 31 July 2020 in light of the current COVID-19 global pandemic.

**Item 3: Appointment of Directors**

- (a) The Board proposes that Bryan John Skeggs be appointed as director of the Company pursuant to Article 7.3 of the Articles of Association of the Company. The Board considers that the nominated director possesses attributes necessary for the development of the Company.

Bryan John Skeggs

A citizen of New Zealand, Bryan has a long term interest in Fiji being a Residential Property Owner on Denarau Island.

Bryan has a private sector background, having spent 30 years employed within the New Zealand Seafood Industry, and has extensive knowledge and experience in the Inshore, Deepwater and Aquaculture Sectors of the Industry. He has also spent many years on Industry boards both as a Director and a Chairperson.

Currently, Bryan holds various directorships within the Tourism, Seafood and Property Sectors in addition to his role as a director of PDML. Bryan graduated with a Bachelor of Commerce from the University of Auckland.





The Board considers that the nominated director possesses attributes necessary for the development of the Company.

Bruce Phillips

A citizen of Fiji, Bruce trained as an electrical refrigeration tradesman in 1961 and worked for McAlpines Ltd and Tip Top Ltd in Wellington and Hastings, NZ. In 1970 Bruce was employed by Burns Philp (SS) Ltd in Suva as the Service Manager for Fiji, Tonga and Samoa. In 1976 Bruce started a refrigeration and air-conditioning service business located in Lautoka, where he successfully ran his company, Kooline Refrigeration (Lautoka) Ltd, for the next 40 years. In 2008 he moved the company to Denarau. During the next several years he worked closely with Fletchers Construction Ltd and Tabua Investments in building The Regent Hotel, The Denarau Villas, The Radisson Hotel, Golf Terrace Apartments and the Shopping Centre; also, the Denarau Marina Terminal and Denarau Yacht Club buildings.

Bruce represents the Cove for Denarau Residential Estates Limited (DREL) and has previously represented Mariners Reach and The Links. He has also represented DREL at Denarau Corporation Limited (DCL).

**Item 4: Appointment of Auditors**

To re-appoint Auditors in accordance with Section 422 of the Companies Act 2015, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next AGM and authorise the Directors to fix their remuneration.

The Board to recommend the re-appointment of Ernst & Young as Auditors of the Company and that the Board be authorised to fix their remuneration.

**Proxies:** If you are unable to attend and vote at the Meeting and wish to appoint a person who is attending as your proxy, please complete the enclosed Form of Proxy. This form must be received by:

1. the Company at Port Denarau, Denarau Island, Fiji; or
2. Share Registry at Shop 1 and 11, Sabrina Building, Victoria Parade, Suva, Fiji; or
3. email address [secretary@denarau.com](mailto:secretary@denarau.com)

on or before 12pm 12<sup>th</sup> January, 2021, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.





**Proxy Form** [Section 157 and 158 of Companies Act 2015]

Name of the Member: \_\_\_\_\_

Registered Address: \_\_\_\_\_

SIN: \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ shares of the above-named Company, hereby appoint:

1. Name \_\_\_\_\_ of \_\_\_\_\_, or failing that;
2. Name \_\_\_\_\_ of \_\_\_\_\_,

as my/our proxy to attend and vote on a show of hands and poll on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 14<sup>th</sup> January 2021 at 12pm at Denarau Yacht Club, Port Denarau Marina, Denarau Island and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution Number	Resolution	*Optional [Mark X]		
		For	Against	Abstain
Ordinary Business				
1.	Consideration of Financial Statements			
2.	Confirmation of Declaration of Nil Dividend			
3.	Re-Election and Election of Directors (a) Bryan John Skeggs (b) Bruce Ohilips			
4.	Appointment of Auditors			
5.	Special Business (add if applicable)			

(Unless otherwise instructed, the proxy may vote as he thinks fit).





Signed this \_\_\_\_\_ day of \_\_\_\_\_.

Signature of Member(s) \_\_\_\_\_

**Notes:**

1. \*It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For'/'Against'/'Abstain' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority to conduct a poll.
3. If a representative of the corporation is to attend the meeting, Annexure K -"Appointment of Corporate Representative" should be filled in. If the Corporate Representative wishes to appoint a Proxy, this Form must be duly filled in.
4. This Proxy Form must be received by the Company at Port Denarau, Denarau Island, Fiji or Share Registry at Shop 1 and 11, Sabrina Building, Victoria Parade, Suva, Fiji or email address [secretary@denaraumarina.com](mailto:secretary@denaraumarina.com) on or before 12pm 12th January, 2021 being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting





**Appointment of Corporate Representative Form**

**APPOINTMENT OF CORPORATE REPRESENTATIVE**  
 [Pursuant to Section 160 of Companies Act 2015]

This form may be used by a company or other body corporate which is a security holder or which has been appointed as a proxy by a security holder.

*Insert the name of the body corporate making the appointment*  
 Hereby Appoints

*Insert the name of the appointee. Please note that multiple representatives can be appointed but only one representative may exercise the body corporate's power at any one time.*

to act as its representative at  all meetings OR  the meeting to be held on \_\_\_\_\_  
 [Date]  
 of

**PORT DENARAU MARINA LIMITED**

**SIGNATURES – THIS MUST BE COMPLETED**

	<i>Director</i>	<i>Sole director &amp; Sole Secretary</i>
Common Seal (if applicable)		
	<i>Director/ Company Secretary</i>	<i>Date</i>
		/ /





### Information

In order to be effective, the form must be received by the Company Secretary of Port Denarau Marina Limited within the time limit (if any) specified in the relevant company's Articles of Association for receipt of Corporate Representative Appointments. The original of the form will be retained by the company.

A body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of a company's members, creditors or debenture holders. The appointment may be by reference to a position held provided that the appointment identifies the position.

The appointment must be executed in accordance with the body corporate's Articles of Association and (if applicable) Section 53 of the Companies Act 2015. An appointment may be a standing one, which will continue until revoked.

If more than one representative is appointed, only one representative may exercise the body corporate's power at any one time.





### PRE-REGISTERING FORM FOR ONLINE ATTENDANCE

I/We, named below, being a shareholder of the Company, wish to register my/our attendance for the Annual General Meeting through Zoom.

(Please tick only ONE box. Incomplete or incorrectly completed form will not be processed).

I wish to attend the Annual General Meeting via Zoom.

I / We understand that the Company shall be entitled to reject the Pre- registration Form which is incomplete, improperly completed, illegible or where true intentions of the shareholder of the Company are not ascertainable from the instructions specified in the Preregistration Form.

Name(s) of Shareholder(s):

\_\_\_\_\_

Name of attendee:

\_\_\_\_\_

Voter identification card number / Passport Number/ Company Registration Number:

\_\_\_\_\_

Shareholder Identification Number:

\_\_\_\_\_

Email Address:

\_\_\_\_\_

Contact Number(s):

\_\_\_\_\_

Signature(s):

\_\_\_\_\_

Date: \_\_\_\_\_

\* Where authorized representative of a company or proxy holder for a shareholder.

#### IMPORTANT:

Please note the following:

1. Full name and voter identification card number/passport number(s)/ company registration number is required for the purposes of verification.
2. By completing and submitting this form, you agree and acknowledge that the Company and / or our service provider may collect, use and disclose your personal data, as contained in your submitted form for the purpose of processing and effecting your request.







- questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.
- Shareholders should raise their hand to vote.

NOTE: This duty completed Pre-registration Form must be emailed to [secretary@denarumarina.com](mailto:secretary@denarumarina.com) before 12pm, Tuesday 12<sup>th</sup> January, 2021.







PORTDENARAUMARINA

[denaraumarina.com](http://denaraumarina.com)