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2016 ANNUAL REPORT

A woman with long, curly hair is shown in profile, looking down at a martini glass she is holding. The glass contains a clear liquid and three olives. She is wearing a black top and a long pearl necklace. The background is a plain, light-colored wall.

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CORPORATE GOVERNANCE STATEMENT

Paradise Beverages (Fiji) Limited (PBFL) supports the Reserve Bank of Fiji (RBF) Corporate Governance Code for the Capital Markets as well as the Listing Rules of the South Pacific Stock Exchange (SPSE).

We are committed to delivering best practice in corporate governance and transparency in reporting, in accordance with guidelines specified in the RBF Code as well as the SPSE Listing Rules.

Principle 1: Establish clear Responsibilities for Board oversight

The PBFL Board is responsible for the overall corporate governance of the Company. The PBFL Articles of Association set out the objectives of the Board and also specifies the Board's responsibilities towards achieving these objectives.

The Board has delegated responsibility for operating and administering the Company to the General Manager Pacific Operations PBFL, who is accountable to the Board for the performance of these duties.

Principle 2: Constitute an effective Board

The PBFL Articles of Association specifies the number of Directors may not be less than the number required by the Companies Act (currently three) or more than six. The Board has determined that, for the time being, the maximum number of Directors is six.

Directors

The members of the Board as at the date of this report are:

- George Forster (since September 2012) chairman and non-executive director
- Shane Richardson (since June 2014) Non-independent non-executive director
- Alex Nario (since March 2015) Non-independent non-executive director
- Cecil Browne (since August 2009) Non-executive director
- Gardiner Whiteside (since August 2011) Non-executive director

With the exception of the non-executive directors and Chairman, the Board is made up of senior executives of Coca-Cola Amatil Limited. These Directors bring a wide range of technical expertise and operational knowledge ranging from production, finance, marketing and sales into the Pacific businesses.

Principle 3: Appointment of a Chief Executive Officer

The Board appoints the General Manager, PBFL in accordance with the Articles of Association for such term and at such remuneration as they deem appropriate, after a formal process of appointment and selection, strictly in accordance with PBFL's Recruitment and Selection Policy.

Principle 4: Board and Company Secretary

The Board appoints the Company Secretary of PBFL in accordance with the Articles of Association for such term and at such remuneration as they deem appropriate, after a formal process of appointment and selection, strictly in accordance with PBFL's Recruitment and Selection Policy.

The Company Secretary ensures that statutory requirements and compliance, Board policy and procedures are followed as well as timely completion and dispatch of Board agenda and briefing materials.

Principle 5: Timely and balanced disclosure

PBFL complies with its disclosure obligations under the SPSE Listing Rules and the Companies Act, and has developed procedures for managing compliance.

Annual Reports of the Company are compiled and prepared annually and contain salient and material information in accordance with SPSE Listing Rules and guidelines.

PBFL also has a formal vetting and authorisation process for all company announcements which are made from time to time to the SPSE, regulatory authorities and stakeholders.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle 6: Promote ethical and responsible decision-making

PBFL recognises that its reputation is one of its most valuable assets, and is founded largely on the ethical behaviour of the people who represent the Company.

The Board has adopted a Code of Conduct that sets out the principles for ethical behaviour for all Company personnel. This ethical framework provides the foundation for maintaining and enhancing PBFL's reputation.

PBFL's Code of Conduct commits its Directors, employees, contractors and consultants to comply with the laws of the country in which it operates, also to conduct business with integrity, honesty and fairness in accordance with the highest ethical conduct as a supplier of alcoholic beverages in Pacific markets.

Any breach of the Code of Conduct is a serious matter that may give rise to disciplinary action, including dismissal and legal action.

Principle 7: Register of interests

The Company has procedures in place for reporting any matter which may give rise to a conflict between the interests of a Director and those of the Company.

Employees are also required annually to disclose arrangements where potential conflicts may arise. A register of interests declared is maintained by the Company Secretary. When a potential conflict of interest arises, employees must advise the Company Secretary and their immediate Supervisor. A decision is then made as to whether the reported activities may continue.

Where the Board is considering a matter in which a Director has a material personal interest that Director may not be present during Board or Board Committee discussions nor vote on the matter.

Principle 8: Respect the rights of Shareholders

The PBFL Board encourages and promotes effective communication with shareholders and effective participation at General Meetings.

Issues and concerns raised by shareholders at Annual General Meetings are fully discussed by the Board and replies communicated to all shareholders by mail and an announcement to the South Pacific Stock Exchange for posting on the SPSE website.

In addition, the external auditor attends the Annual General Meeting and is available to answer shareholder questions about:

- Conduct of the audit
- The preparation and content of the auditor's report
- The accounting policies adopted by the Company in relation to the preparation of the financial statements;
and
- The independence of the auditor in relation to the conduct of the audit

Principle 9: Accountability and audit

In accordance with the Articles of Association, shareholders appoint the Company's external auditors at each Annual General Meeting. The role, responsibilities and reporting channels of the external auditors are clearly defined by the Board, in consultation with PBFL Board Audit Committee.

The Pacific Board Audit Committee comprises four (4) PBFL Board members. The Senior Partner of the external audit firm engaged in the PBFL external audit is an invited observer to the PBFL Board Audit Committee meetings.

The PBFL Board Audit Committee provides independent oversight over the Company's internal control and operations in addition to verifying and safeguarding the integrity of the Company's financial reporting.

In addition, an independent internal auditor has also been appointed by the PBFL Board Audit Committee to provide internal audit review and health checks of all PBFL's entities, reporting through the Pacific Board Audit Committee.



Principle 10: Recognise and manage risk

The PBFL Board has adopted a Risk and Assurance Framework together with supporting processes to oversee and manage risk. The processes to support the Framework are under ongoing review and include:

- Risk management system that enables the identification, management and reporting of risk throughout the business. The system deals with risk at all levels, including strategic, operational, compliance and financial risks;
- Crisis and incident management system that facilitates the reporting of all incidents to management and the escalation of potentially serious issues that may affect Pacific operations, brands or corporate reputation to more senior levels of management and appropriate corporate personnel. The system is designed to ensure that potentially critical issues are reported quickly and shared with the right people to enable PBFL to implement an effective and timely response;
- Regular reports by management to Directors, both oral and written, in addition to the compliance reporting program that covers financial standing, operating results and business risks to PBFL;
- Control Self-Assessment process whereby relevant staff assess the effectiveness of controls in the processes and systems they are responsible for administering in a fashion that assists the provision of the annual declaration referred to on Page 43 of this Annual Report;
- Clearly defined organisation structure with approved authority limits;
- Annual budgeting and monthly reporting systems for Pacific businesses which enable progress against strategy and annual plan to be monitored, trends to be evaluated and variances addressed;
- Procedures relating to capital expenditure, asset and liability management;
- Policies to manage financial risks;
- Appropriate due diligence procedures for corporate acquisitions and disposals;
- Risk engineering program that is aimed at reducing the risk of damage to property and interruption to business activities; and
- Comprehensive Pacific wide insurance program.

BOARD OF DIRECTORS



George Forster

Retired; formerly General Counsel and Company Secretary of Coca-Cola Amatil Limited

George joined CCA in April 2005 as General Counsel. He was appointed Company Secretary in February 2007. George holds Bachelor of Law and Bachelor of Commerce degrees from the University of New South Wales and has extensive experience of over thirty years as a corporate and commercial lawyer, including having been a partner of Freehills in Sydney.



Shane Richardson

Director of Alcohol & Coffee, Alcohol/Licensed of Coca-Cola Amatil Limited

Shane joined CCA in September 2013 as Director of the Licensed/Alcohol division. Prior to joining CCA, he held the role of Managing Director Campari Australia, a wholly owned subsidiary of Gruppo Campari where he led the business in the Oceanic region for over 3 years. Prior to his time at Campari he held multiple senior leadership roles within the Foster's business in Australia.



Alex Nario

Chief Financial Officer of Alcohol & Coffee, Alcohol/ Licensed of Coca-Cola Amatil Limited

Alex was appointed to his current role in January 2015 and brings 25 years of experience in the Coke system. Having started with The Coca-Cola Company back in 1990, in 1994 he joined CCA supporting the Australasia and Europe division, including spending time in the Ukraine and Romania.

Returning to Australasia, Alex held a number of roles, including Head of Commercial Strategy and Partners for CCA's Australian Beverages team, where he gained extensive experience in the commercial areas of sales, supply chain and M&A, as well as managing key partner relationships.

Alex holds a Bachelor of Economics from the University of Sydney and is a member of the CPA Australia.



Cecil Browne

Non-executive Director

Appointed non-Executive Director of Foster's Group Pacific Limited (now Paradise Beverages (Fiji) Limited) in 2009. Has worked for Barclays and ANZ for 35 years. Had work attachments with the Banks in London, Melbourne, Solomons, Cook Islands and East Timor. Held various senior executive positions with ANZ including Deputy General Manager ANZ Fiji and Head of Business Banking and then Deputy General Manager ANZ Fiji and Head of Corporate Banking. Retired in 2009 and joined Bank South Pacific as General Manager Retail. Currently holds position of General Manager Corporate and International.



Gardiner Whiteside

Non-executive Director

Gardiner is a Public Accountant and has been in Practice for many years. He was appointed as a non-Executive Director of Foster's Group Pacific Limited (now Paradise Beverages (Fiji) Limited) in 2011.

He has had over 25 years of experience as a member of the Board of local companies and statutory and commercial entities.

Gardiner is a member of the New Zealand and Fiji Institutes of Chartered Accountants.

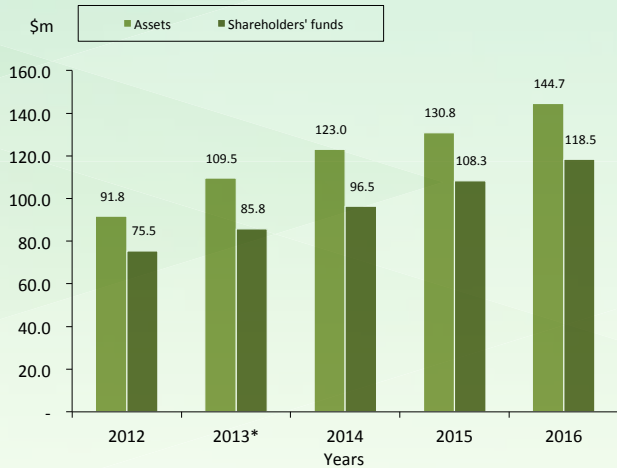
OPERATING RESULTS – PERFORMANCE HIGHLIGHTS

	Group					Holding Company				
	2012	2013*	2014	2015	2016	2012	2013*	2014	2015	2016
Sales Revenue (\$,'000)	74,563	129,036	86,691	93,192	97,671	51,526	91,378	62,725	67,197	71,871
Other operating revenue (\$,'000)	657	1,740	615	678	546	698	1,884	786	816	577
Gross Margin (\$,'000)	18,074	40,979	29,360	33,110	34,876	16,003	31,455	23,723	27,036	27,819
EBIT(\$,'000)	6,132	14,079	11,095	13,865	15,410	7,161	12,340	11,266	13,831	14,065
NPAT(\$,'000)	4,359	10,663	9,853	12,361	13,492	5,217	9,686	10,062	12,411	12,546
Operating Ratios										
Gross Margin Conversion to NSR [%]	24.2%	31.8%	33.9%	35.5%	35.7%	31.1%	34.4%	37.8%	40.2%	38.7%
EBIT/NSR Conversion [%]	8.2%	10.9%	12.8%	14.9%	15.8%	13.9%	13.5%	18.0%	20.6%	19.6%
NPAT/Sales Revenue [%]	5.8%	8.3%	11.4%	13.3%	13.8%	10.1%	10.6%	16.0%	18.5%	17.5%
Financial Position										
Total Assets (\$,'000)	91,833	109,468	123,007	130,792	144,660	73,816	86,815	100,627	109,460	121,030
Total Liabilities (\$,'000)	16,317	23,625	26,552	22,457	26,193	7,401	12,037	15,778	12,678	14,792
Net Assets (\$,'000)	75,516	85,843	96,455	108,336	118,468	66,415	74,777	84,849	96,781	106,238
Financial Position Ratios										
Gearing [%]	17.8%	21.6%	21.6%	17.2%	18.1%	10.0%	13.9%	15.7%	11.6%	12.2%
Cash Flows										
Net cash from operating (\$,'000)	3,795	10,983	12,568	16,866	17,268	2,825	11,427	10,731	14,757	14,211
Net cash used in investing(\$,'000)	10,486	(13,901)	(16,985)	(9,877)	(15,429)	11,657	(12,562)	(16,203)	(9,215)	(13,286)
Net cash flow used in financing (\$,'000)	(12,073)	(1,316)	-	(520)	(3,122)	(12,073)	(1,313)	-	(520)	(3,122)
Key Measures										
Earning per share (\$)	0.42	1.02	0.95	1.19	1.30					
Return on Net Assets [%]	5.8%	12.4%	10.2%	11.4%	11.4%	7.9%	13.0%	11.9%	12.8%	11.8%

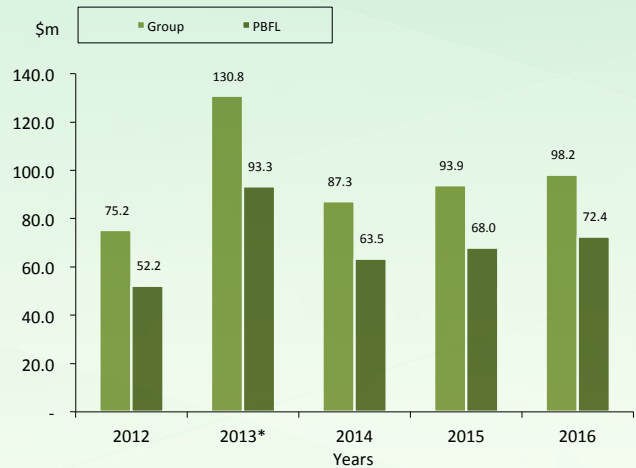
* - 18 months

OPERATING RESULTS – FINANCIAL HIGHLIGHTS

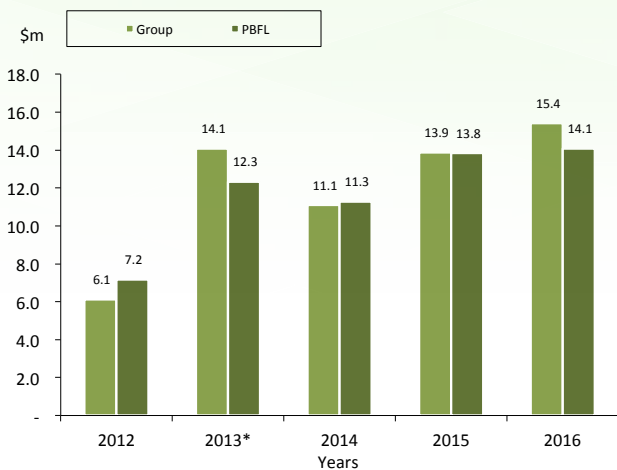
Group Total Assets & Shareholders' Funds



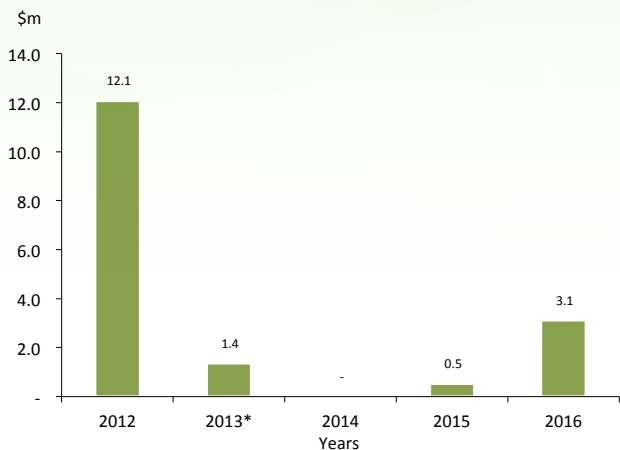
Operating Revenue



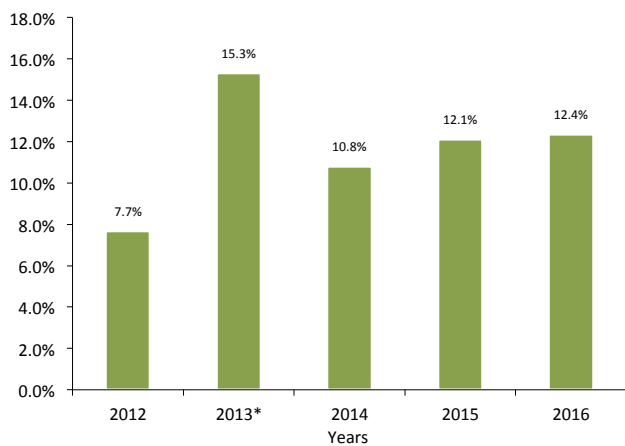
Earnings Before Interest & Taxes (EBIT)



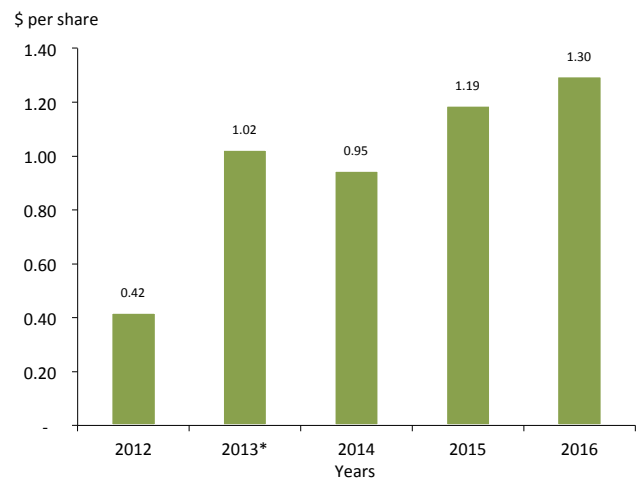
Group Dividends Declared/Paid



Group Return on Capital Employed



Group Earning per Share



* - 18 months

CHAIRMAN'S REPORT

BUSINESS ENVIRONMENT

Global growth remained soft with forecast for 2016 at 3.1%. The softer performance of the global economy is attributed to weaker outcomes in emerging and developing countries. Trade growth has slowed with the overall weakness in economic activity, in particular in investment, has been the primary restraint on trade growth (World Economic Outlook).

The Fijian economy grew for the seventh consecutive year in 2016, with an estimated growth of 2.0% (Reserve Bank of Fiji – Economic Review December 2016). The lower growth recorded in 2016 was mainly on the back of the agricultural sector largely underpinned by the devastating impact of TC Winston and the consequent flooding associated with adverse weather conditions. Despite this, consumption and investment activity remained buoyant, with commercial banks new lending for consumption purposes growing by 7.9% in the year. Improved labour market conditions, higher disposable incomes and inward remittances continued to support consumption activity. Tourism activity remained positive with the number of visitor arrivals increasing annually by 5.0%. Inflation was 3.9% in December 2016, compared to 1.6% for the comparative year.

Samoa's economy expanded by 6.4% in financial year 2016 (ended 30 June). The fishing, hotel, transport, construction, communications, commerce, and food manufacturing sectors are important contributors to this performance. Inflation was 1.0% compared to 1.9% for the comparative year.

Against this backdrop, I am pleased to announce the results posted by the company for the year ended 31 December 2016.

BUSINESS ISSUES

The group's (comprising of the company and its subsidiary company, Samoa Breweries Limited) business delivered solid earnings growth with profit from operations growing by 10.8%, driven by sustained volume and revenue growth and containment of costs.

The capital investment plan set when Coca Cola Amatil acquired the business in late 2012 progressed as intended during 2016. F\$17m was invested in 2016, bringing the total invested post the acquisition to F\$50m.

The majority of the 2016 investment was at our Suva Brewery, with the new Brewhouse being successfully commissioned early in the year. The focus then moved to commencing the Packaging Line Upgrade and the Suva Site Redevelopment projects.

The key capital investments for the year included:

- Suva Packaging Line Upgrade
- Suva Site Redevelopment
- Suva High Gravity Brewing
- Distillery Steam Boiler
- Samoa Cold Drink Refrigerators

Taken together, the above mentioned capital investments represent the largest business transformation in the company's 59 year history and reinforces the confidence the Board has in the company's future.

FINANCIAL RESULTS

Group sales volumes remained constant at 3.585 million nine litre cases in 2016 compared to 3.585 million nine litre cases in 2015, whilst sales revenue for the same period increased by 4.8% to \$97.7m from \$93.2m.

Key group financial information for the year ended 2016 is as follows:

- Profit before income tax was \$15.4m, for the prior period was \$13.6m, reflecting a 13.2% increase;
- Profit for the year (after income tax) was \$13.5m, for the prior period was \$12.4m, reflecting a 8.9% increase;
- Return on equity (defined as profit for the year (after tax) divided by equity) was 11.5%, for the prior period was 11.4%, reflecting a 0.1 point increase; and
- Earnings per share was \$1.30, the prior period was \$1.19.

A key highlight to the 2016 result was the above mentioned revenue increase being driven by selling price increases and a favourable intra-brand volume mix outcome.

Fiji

Beer sales volumes marginally grew by 0.8% to 2.134 million nine litre cases in 2016 from 2.117 million nine litre cases in 2015. Alcoholic ready to drink (ARTD) volume continued its solid growth at 12.3%, recording 0.274 million nine-litre cases in the current period, with 0.244 million nine-litre cases in the prior period. Spirit sales volumes on the other hand decreased by 10.3% to 0.052 million nine litre cases in 2016 from 0.058 million nine litre cases in 2015, mainly driven by our export strategy of ceasing bulk spirit exports.

Sales revenue increases were driven by slight overall volume growth of 1.6%, favourable intra-brand volume mix outcomes and price increases.

Cost of sales increased by 7.9% mainly driven by CPI increase and depreciation cost on new capital investment, offset by benefit from efficiencies derived from new capital investments.

CHAIRMAN'S REPORT (CONTINUED)

Selling, distribution and administrative expenses increased by \$0.1 million, driven by increased investment in brand advertising, trade promotion activities and trade marketing to defend volume.

Profit before income tax increased by 2.9% to \$14.1m compared to \$13.7m in the prior period.

Samoa

The business recorded a profit after income tax of WST\$1.2m, with the prior year recording a loss after income tax of WST\$0.1m. This turn around to profitability was primarily driven by revenue growth on the back of price increase and favourable intra-brand mix and reduction in cost of sales.

Soft drink volumes increased by 6.2% to 0.481 million nine litre cases from 0.453 million nine litre cases in the prior period driven by aggressive market execution activities. Beer sales volumes on the other hand decreased by 10.1% to 0.646 million nine litre cases in 2016 from 0.711 million nine litre cases in 2015, mainly driven by our export volumes to American Samoa.

During the year, the business also placed 150 new cold drink refrigerators in the market to support and drive volumes.

DIVIDENDS

During the year, the company paid a special dividend to shareholders of \$0.30 per share, relating to the 2015 financial year. In relation to the 2016 financial year, the directors are recommending \$0.30 per share dividend, to be approved by the Shareholders in today's AGM.

The company's dividend policy is summarized as:

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

This policy is reviewed on an ongoing basis, so as to ensure the needs of the Company's stakeholders (namely management and shareholders) are being met with regards to dividends.

CONCLUSION

In this fourth reporting period of CCA's majority ownership of the company, the business's performance has been very pleasing with strong EBIT growth on a fairly flat volume.

The Fijian economy is projected to grow by 3.6% in 2017, however, the recent damages from the mid-December 2016 Tropical Depression are likely to negatively impact growth for some key sectors in 2017, particularly the agriculture sector. Samoa's growth in gross domestic product is forecasted to decrease to 1.9% in 2017 as the industrial sector bottoms out, being partially offset by expected increases in visitor arrivals.

Looking forward the main focus of the company for growth in 2017 and beyond will be to continue building up export markets for beer and rum under our Bounty and Rum Co. of Fiji brands. The company will also continue to drive the capital investment program that will provide the essential plant & equipment upgrades needed to improve our business efficiencies and capability, particularly in relation to our export market potential.

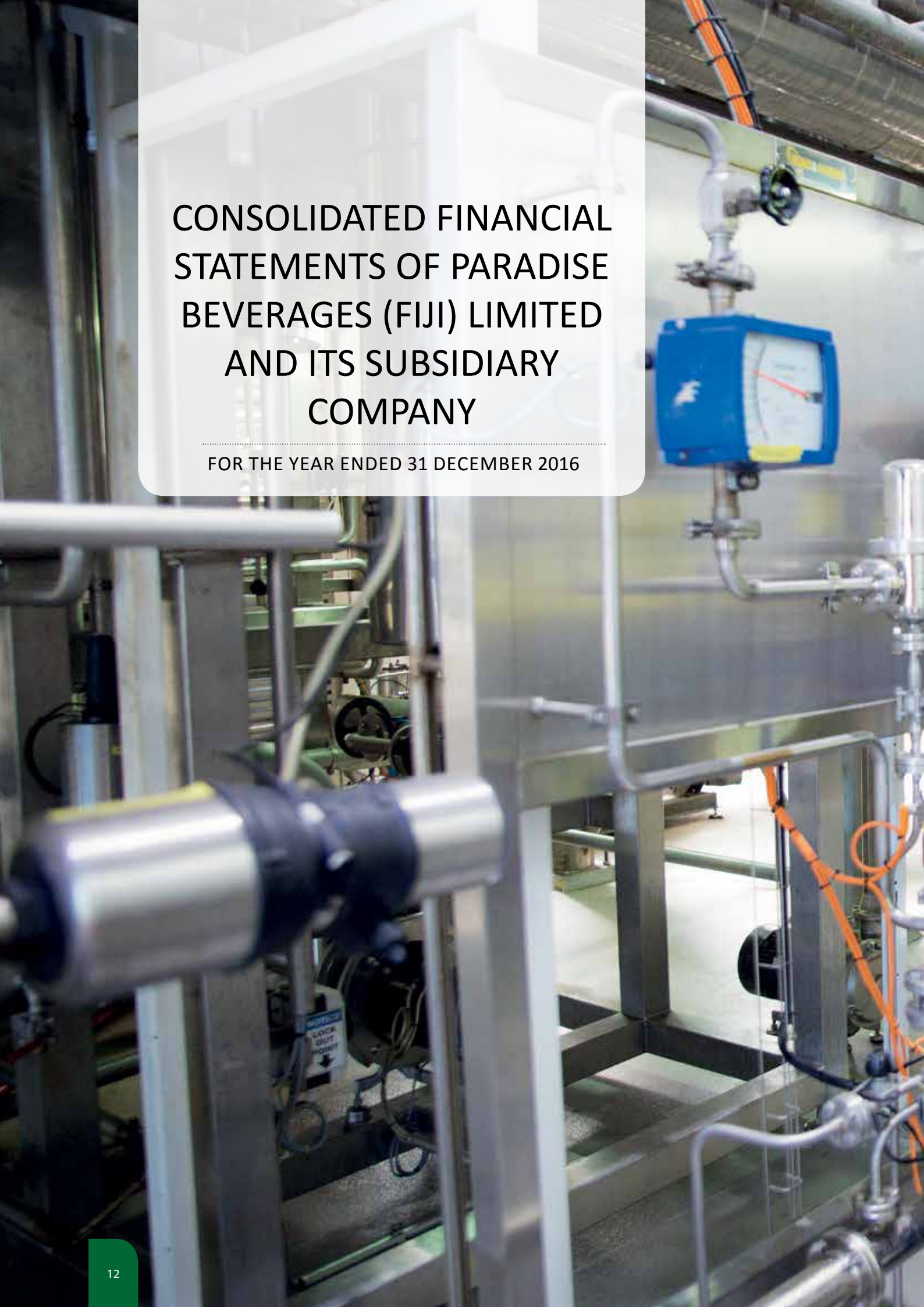
Further, the Company has budgeted \$21.3m for the capital investment program in 2017. Key projects for the year include the completion of the major redevelopment works at Suva Brewery (bottle/can line upgrades, admin office/raw material storage/employee amenities), and the commencement of the redevelopment of the Lautoka Distillery (bottle line and wastewater treatment plant).

Our goals remain to provide our customers with the best service and our consumers with the best quality fresh beer and world class rums and spirits.

On behalf of the Board, I would like to thank the management team and our employees for their outstanding efforts over the past year.



George Forster
CHAIRMAN

The background of the page is a photograph of a modern industrial beverage production facility. The machinery is made of stainless steel and includes various pipes, valves, and a prominent blue pressure gauge with a white face and a red needle. The scene is brightly lit, suggesting a clean and professional environment.

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

FOR THE YEAR ENDED 31 DECEMBER 2016



DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the directors herewith submit the statements of financial position of the group as at 31 December 2016, and the related statements of comprehensive income, changes in equity and cash flows for the year ended on that date and report as follows:

DIRECTORS

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

George Forster;
Shane Richardson;
Alex Nario;
Cecil Browne;
Anthony Scanlan resigned on 19th August 2016; and
Gardiner Whiteside.

PRINCIPAL ACTIVITIES

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

TRADING RESULTS

The profit after income tax of the group for the year ended 31 December 2016 was \$13,492,309 as compared to \$12,360,604 the year ended 31 December 2015.

DIVIDENDS

A special dividend of \$0.30 per share, totalling \$3,122,438, was declared and paid during the year (31 December 2015: \$520,406).

RESERVES

The directors recommend that no transfer be made to or from reserves except for movements required under International Financial Reporting Standards. Under the provisions of the sec 196 (a) and sec 737 of the Fiji Companies Act 2015, the share premium reserve has been reclassified as part of the Existing Company's total issued share capital.

BAD AND DOUBTFUL DEBTS

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

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

NON-CURRENT ASSETS

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

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

UNUSUAL TRANSACTIONS

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

EVENTS SUBSEQUENT TO BALANCE DATE

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

OTHER CIRCUMSTANCES

As at the date of this report:

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

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

DIRECTORS' REPORT (CONTINUED)

BASIS OF ACCOUNTING

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

DIRECTORS' BENEFITS

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

DIRECTORS' INTERESTS

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

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

AUDITOR INDEPENDENCE

The directors have obtained an independence declaration from the group's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of Paradise Beverages (Fiji) Limited on page 44.


GROUP CONTRIBUTION

Contributions to group profit after income tax are as follows:

	2016	2015
	\$	\$
Paradise Beverages (Fiji) Limited	12,546,252	12,411,295
Samoa Breweries Limited (subsidiary)	944,431	(54,718)
Consolidation eliminations	1,626	4,027
	13,492,309	12,360,604

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

Dated this 28th day of March 2017.


 George Forster
 Director


 Gardiner Whiteside
 Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2016	2015
Continuing operations			
Revenue	2.1	97,670,767	93,192,076
Cost of sales		(62,795,209)	(60,082,122)
Gross profit		34,875,558	33,109,954
Other operating income	2.2	545,559	678,211
Selling and distribution expenses	3.1	(12,084,002)	(12,130,876)
Administrative expenses	3.2	(7,927,155)	(7,791,836)
Profit from operations		15,409,960	13,865,453
Finance costs	3.3	(52,467)	(315,442)
Profit before income tax		15,357,493	13,550,011
Income tax expense	10a	(1,865,184)	(1,189,407)
Profit for the year from continuing operations		13,492,309	12,360,604
Other comprehensive income:			
Exchange differences on translation of foreign operations		(252,752)	(1,393)
Other comprehensive income for the year		(252,752)	(1,393)
Total comprehensive income for the year		13,239,557	12,359,211
Profit from continuing operations attributable to:			
Equity holders of Paradise Beverages (Fiji) Limited		13,434,227	12,363,970
Non-controlling interests		58,082	(3,366)
Total profit from continuing operations for the year		13,492,309	12,360,604
Total comprehensive income attributable to:			
Equity holders of Paradise Beverages (Fiji) Limited		13,199,133	12,362,669
Non-controlling interests		40,424	(3,458)
Total comprehensive income for the year		13,239,557	12,359,211
Earnings per share			
Basic earnings per share	5	1.30	1.19

The accompanying notes to be read as part of this Consolidated Statement of Comprehensive Income.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	2016	2015
Retained earnings			
Balance at the beginning of the year		93,213,423	81,369,859
Operating profit after tax		13,434,227	12,363,970
Dividends paid/proposed	4	(3,122,438)	(520,406)
Balance at the end of the year	12	103,525,212	93,213,423
Share premium reserve			
Balance at the beginning of the year		4,652,625	4,652,625
Movement during the year		(4,652,625)	-
Balance at the end of the year		-	4,652,625
Foreign currency translation reserve			
Balance at the beginning of the year		6,461,265	6,462,658
Other comprehensive income		(252,752)	(1,393)
Balance at the end of the year		6,208,513	6,461,265
General reserve			
Balance at the beginning of the year		75,000	75,000
Movement during the year		-	-
Balance at the end of the year		75,000	75,000
Share-based payments reserve			
Balance at the beginning of the year		80,278	38,332
Employee share-based payments		32,728	41,946
Balance at the end of the year		113,006	80,278
Share capital			
Balance at the beginning of the year		2,081,625	2,081,625
Movement during the year		4,652,625	-
Balance at the end of the year	12a	6,734,250	2,081,625
Non-controlling interests			
Balance at the beginning of the year		1,771,335	1,774,793
Operating profit/(loss) after tax		58,082	(3,366)
Other comprehensive income		(17,658)	(92)
Balance at the end of the year	12	1,811,759	1,771,335
Total equity		118,467,740	108,335,551

The accompanying notes to be read as part of this Consolidated Statement of Changes in Equity.


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2016	2015
Current assets			
Cash and cash equivalents	13	1,170,972	931,797
Trade and other receivables	6a	19,463,190	16,679,415
Inventories	6b	31,231,930	30,194,363
Current tax assets	10b	516,485	521,753
Prepayments		623,633	565,382
Total current assets		53,006,210	48,892,710
Non-current assets			
Property, plant and equipment	7	82,264,694	72,276,171
Intangible assets	8	9,389,515	9,623,582
Total non-current assets		91,654,209	81,899,753
Total assets		144,660,419	130,792,463
Current liabilities			
Trade and other payables	6c	16,274,178	13,928,342
Interest-bearing liabilities	13a	1,713,252	188,749
Employee benefits provisions	11a	1,957,086	1,748,029
Income tax payable	10b	23,225	348,105
Total current liabilities		19,967,741	16,213,225
Non-current liabilities			
Employee benefits provisions	11a	1,488,103	1,929,242
Deferred tax liabilities	10b	4,736,835	4,314,445
Total non-current liabilities		6,224,938	6,243,687
Total liabilities		26,192,679	22,456,912
Net assets			
Equity			
Share capital	12a	6,734,250	2,081,625
Reserves	12	6,396,519	11,269,168
Retained earnings	12	103,525,212	93,213,423
Equity attributable to members of Paradise Beverages (Fiji) Limited		116,655,981	106,564,216
Non-controlling interests	12	1,811,759	1,771,335
Total equity		118,467,740	108,335,551

The accompanying notes to be read as part of this Consolidated Statement of Financial Position.

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


George Forster
Director
28th March 2017


Gardiner Whiteside
Director
28th March 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2016	2015
		\$	\$
Inflows/(outflows)			
Operating cash flows			
Receipts from customers		198,072,807	183,992,283
Payment to government - excise duty & VAT/VAGST		(102,497,260)	(93,911,289)
Payments to suppliers and employees		(76,528,202)	(72,334,330)
Interest paid		(52,467)	(315,442)
Income taxes paid		(1,727,257)	(565,033)
Net operating cash flows		17,267,621	16,866,189
Investing cash flows			
Payments for additions of property, plant and equipment		(15,464,179)	(9,915,939)
Proceeds from disposal of property, plant and equipment		35,578	38,714
Net investing cash flows		(15,428,601)	(9,877,225)
Financing cash flows			
Dividends paid to equity holders of Paradise Beverages (Fiji) Limited	4	(3,122,438)	(520,406)
Net financing cash flows		(3,122,438)	(520,406)
Net (decrease)/increase in cash and cash equivalents		(1,283,418)	6,468,558
Cash and cash equivalents held at the beginning of the year		743,048	(5,722,488)
Effects of exchange rate changes on cash and cash equivalents		(1,910)	(3,022)
Cash and cash equivalents held at the end of the year	13	(542,280)	743,048

The accompanying notes to be read as part of this Consolidated Statement of Cash Flows.

OVERVIEW

CORPORATE INFORMATION

Paradise Beverages (Fiji) Limited (referred to as PBFL or Company) is a for profit company limited by shares that is incorporated and domiciled in Fiji, whose shares are publicly traded on the South Pacific Stock Exchange. The registered office of PBFL is located at 122-164 Foster Road, Walu Bay, Suva, Fiji. PBFL's ultimate parent entity is Coca-Cola Amatil Limited, a for profit company limited by shares that is incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange. The nature of operations and principal activities of PBFL and its subsidiary together (referred to as Group) are described in Note I Segment Reporting. This financial report was authorised for issue in accordance with a resolution of the Paradise Beverages (Fiji) Limited Board of Directors on 28th March, 2017.

BASIS OF PREPARATION

This general purpose financial report:

- has been prepared in accordance with the International Financial Reporting Standards, other authoritative pronouncements of the International Accounting Standards Board (IASB) and the Fiji Companies Act 2015;
- has been prepared on the basis of historical cost, except for certain financial assets and liabilities which have been measured at fair value (Note 15);
- complies with International Financial Reporting Standards as issued by the IASB;
- is presented in Fiji Dollars;
- presents reclassified comparative information where necessary to conform to changes in presentation in the current year;
- presents all values as rounded to the nearest dollar, unless otherwise stated;
- adopts all new and amended International Accounting Standards and Interpretations issued by the IASB that are relevant to the Group and effective for reporting periods beginning on or after 1 January 2015, all of which did not have a material impact on the financial statements; and
- does not early adopt any International Accounting Standards and Interpretations that have been issued or amended but are not yet effective, refer below.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The following standards, amendments and interpretations to existing standards were published and are mandatory for the annual periods beginning on or after 1 January 2016 or later periods:

Reference	Summary	Application date of standard	Application date for the Group
IFRS 15 Revenue from Contracts with Customers	Requires revenue to be recognised on satisfaction of the performance obligations specified under contracts	1 January 2018	1 January 2018
IFRS 9 Financial Instruments	New requirements on recognition of expected credit losses	1 January 2018	1 January 2018
IFRS 16 Leases	Requires operating leases to be recognised on balance sheet	1 January 2019	1 January 2019

There were no significant changes to the group's accounting policies during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

In preparing the 2016 financial report, the Group has made changes to the presentation and layout of the consolidated income statement, consolidated balance sheet and notes to the financial statements. These changes have been made to enhance the disclosure of information required to understand the financial statements. The notes have been grouped into sections that are based on materiality and relevance to the financial position and performance of the Group and reflect the internal management financial reporting of PBFL. Where necessary, additional information has been provided to assist with understanding of the Group's results.

OVERVIEW (CONTINUED)

USE OF ESTIMATES

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

- Estimation of useful lives of property, plant and equipment and intangible assets, refer to Note 7 and 8;
- Impairment testing, refer to Note 9; and
- Income tax, refer to Note 10.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

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

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

Non-controlling interests (NCIs)

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

FOREIGN CURRENCY TRANSLATION

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

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

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

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

The rate used to translate the assets and liabilities of the subsidiary, Samoa Breweries Limited was 1.2143:1 (2015: 1.2021:1) while the average rate used to translate revenue and expense accounts was 1.2231:1 (2015: 1.2070:1).

I. RESULTS FOR THE YEAR

1 SEGMENT REPORTING

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

(a) Geographical segments

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments for the year ended 31 December 2016 and year ended 31 December 2015.

	Samoa	Fiji	Eliminations	Total
	\$	\$	\$	\$
As at 31 December 2016				
Revenue				
External sales	25,851,806	71,870,849	(51,888)	97,670,767
Segment revenue	25,851,806	71,870,849	(51,888)	97,670,767
Results				
Profit from operating activities	1,343,836	14,065,058	1,066	15,409,960
Finance costs	(50,082)	(2,385)	–	(52,467)
Profit before income tax	1,293,754	14,062,673	1,066	15,357,493
Income tax (expense)	(349,323)	(1,516,421)	560	(1,865,184)
Net profit	944,431	12,546,252	1,626	13,492,309
Assets and liabilities				
Segment assets	41,331,705	121,029,719	(17,701,005)	144,660,419
Total assets	41,331,705	121,029,719	(17,701,005)	144,660,419
Segment liabilities	11,872,205	14,791,726	(471,252)	26,192,679
Total liabilities	11,872,205	14,791,726	(471,252)	26,192,679
Other segment information				
Capital expenditure:				
- Tangible fixed assets	2,178,322	14,870,293	(228,103)	16,820,512
Amortisation of intangible assets	–	(234,066)	–	(234,066)
Depreciation	(4,136,076)	(4,227,382)	–	(8,363,458)
Doubtful and bad debts	(109,521)	117,316	–	7,795

I. RESULTS FOR THE YEAR (CONTINUED)

1 SEGMENT REPORTING (CONTINUED)

(a) Geographical segments (continued)

	Samoa	Fiji	Eliminations	Total
	\$	\$	\$	\$
As at 31 December 2015				
Revenue				
External sales	26,026,738	67,197,265	(31,927)	93,192,076
Segment revenue	26,026,738	67,197,265	(31,927)	93,192,076
Results				
Profit from operating activities	27,463	13,830,689	7,301	13,865,453
Finance costs	(171,419)	(144,023)	-	(315,442)
(Loss)/profit before income tax	(143,956)	13,686,666	7,301	13,550,011
Income tax benefit/(expense)	89,238	(1,275,371)	(3,274)	(1,189,407)
Net (loss)/profit	(54,718)	12,411,295	4,027	12,360,604
Assets and liabilities				
Segment assets	39,166,521	109,459,780	(17,833,838)	130,792,463
Total assets	39,166,521	109,459,780	(17,833,838)	130,792,463
Segment liabilities	10,364,326	12,678,329	(585,743)	22,456,912
Total liabilities	10,364,326	12,678,329	(585,743)	22,456,912
Other segment information				
Capital expenditure:				
- Tangible fixed assets	1,101,407	9,406,109	-	10,507,516
Amortisation of intangible assets	-	(234,066)	-	(234,066)
Depreciation	(4,150,989)	(3,410,860)	-	(7,561,849)
Doubtful and bad debts	(301,173)	63,487	-	(237,686)

(b) Secondary reporting - Business segments

	Net external operating revenue	
	2016	2015
	\$	\$
Beer	70,122,468	67,659,614
Spirits	6,385,606	6,983,734
Soft drinks	9,546,755	8,506,414
Other	11,615,938	10,042,314
Group total	97,670,767	93,192,076

I. RESULTS FOR THE YEAR (CONTINUED)

2 REVENUE

	Net external operating revenue	
	2016	2015
	\$	\$
2.1 Revenue		
Sale of products	182,029,615	164,332,601
Excise and other duties and taxes	(84,358,848)	(71,140,525)
	97,670,767	93,192,076
2.2 Other operating revenue		
Foreign exchange gain	302,141	445,949
Gain on disposal of property, plant and equipment	35,578	11,759
Other revenue	207,840	220,503
Total other operating revenue	545,559	678,211
Total revenue	98,216,326	93,870,287

RECOGNITION AND MEASUREMENT

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable net of discounts, allowances and applicable amounts of value added taxes such as the Fijian Value Added Tax (VAT) and Samoan Value Added Goods and Services Tax (VAGST). The following specific criteria must also be met before revenue is recognised:

Sale of products

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Other operating revenue

Foreign exchange gain

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

I. RESULTS FOR THE YEAR (CONTINUED)

3 EXPENSES

	2016	2015
	\$	\$
3.1 Selling and distribution expenses		
Advertising and promotion	3,689,937	3,623,314
Employee related costs	3,183,247	2,734,358
Sales, marketing and distribution	5,186,656	5,757,935
Loss on disposal of property, plant and equipment	24,162	15,269
Total selling and distribution expenses	12,084,002	12,130,876
3.2 Administrative expenses		
Auditor's remuneration	99,054	95,754
Depreciation and amortisation	762,489	785,455
Directors' fees	16,000	16,000
Doubtful debts	(7,795)	237,686
Employee related costs	3,271,646	3,220,778
Insurance	534,271	775,904
Management fees	201,090	118,735
Loss on disposal of property, plant and equipment	-	9,117
Unrealised foreign exchange loss	100,061	10,691
Other operating expenses	2,950,339	2,521,716
Total administrative expenses	7,927,155	7,791,836
3.3 Finance costs		
Interest on bank overdrafts	52,467	315,442
Total finance costs	52,467	315,442

RECOGNITION AND MEASUREMENT

Employee related costs

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

For accounting policies on the provision for employee benefits and share based payments, refer to Notes 11a and 12b respectively.

Finance costs

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

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

I. RESULTS FOR THE YEAR (CONTINUED)

4 DIVIDENDS

	2016	2015
	\$	\$
Declared and paid in period:		
Special dividend paid at 30¢ per share (2015: 5¢ per share)	3,122,438	520,406

5 EARNINGS PER SHARE

	2016	2015
Operating profit after income tax (\$)	13,492,309	12,360,604
Weighted average number of shares on issue	10,408,125	10,408,125
Basic earnings per share (cents)	1.30	1.19

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

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

II. ASSETS AND LIABILITIES – OPERATING AND INVESTING

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

Details of Assets and Liabilities – Operating and Investing are as follows:

	Note	2016	2015
		\$	\$
Working capital	6	34,420,942	32,945,436
Property, plant and equipment	7	82,264,694	72,276,171
Intangible assets	8	9,389,515	9,623,582
Current and deferred tax assets/(liabilities)	10b	(4,243,575)	(4,140,797)
Other assets/(liabilities)	11	(2,821,556)	(3,111,889)
		119,010,020	107,592,503
Capital - Financing	Sec III	119,010,020	107,592,503

6 WORKING CAPITAL

	Note	2016	2015
		\$	\$
Trade and other receivables	6a	19,463,190	16,679,415
Inventories	6b	31,231,930	30,194,363
Trade and other payables	6c	(16,274,178)	(13,928,342)
		34,420,942	32,945,436

6a TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
Trade receivables	18,927,276	16,569,578
Provision for impaired receivables	(784,966)	(796,157)
	18,142,310	15,773,421
Other Receivables:		
Related parties	441,131	408,660
Other	879,749	497,334
	19,463,190	16,679,415
Movements in the provision for impaired receivables		
Balance at beginning of the year	796,157	555,587
(Decrease)/Increase in provisions	(7,795)	237,686
Translation differences	(3,396)	2,884
Balance at end of the year	784,966	796,157
Trade receivables past due but not impaired		
At balance dates, the ageing analysis of trade receivables is as follows:		
Current	10,412,615	8,922,725
0-30 days	5,480,539	4,147,444
30-60 days	811,525	2,165,186
60+ days	1,437,631	538,066
	18,142,310	15,773,421

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

6a TRADE AND OTHER RECEIVABLES (CONTINUED)

RECOGNITION AND MEASUREMENT

Trade and other receivables are recognised at amounts due and subsequently reviewed for collectability on an ongoing basis. Where there is evidence that amounts due may not be fully or partly recoverable, a specific provision for impaired receivables is recognised in the income statement. Bad debts are written off during the period in which they become known.

Refer to Note 14b) ii) on credit risk of trade and other receivables. For details of related party receivables included in trade and other receivables, refer to Note 16.

Trade receivables are non-interest bearing and are generally on the following terms:

Beer and Ready-to-Drink alcoholic beverages	7 – 14 days
Spirits (domestic)	21 days
Bulk Spirits (export)	30 – 60 days
Soft Drinks	30 days

6b INVENTORIES

	2016	2015
	\$	\$
Raw materials and engineering stores	20,344,565	18,272,548
Work in progress	9,678,802	9,279,173
Finished goods	2,287,965	3,333,760
	32,311,332	30,885,481
Provision for impaired inventories	(1,079,402)	(691,118)
	31,231,930	30,194,363
Movements in the provision for impairment of inventories were as follows:		
Balance at beginning of the year	(691,118)	(404,322)
Charge for the period	(837,370)	(624,796)
Utilised	446,611	336,627
Translation differences	2,475	1,373
Balance at end of the year	(1,079,402)	(691,118)

RECOGNITION AND MEASUREMENT

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

6c TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade payables	5,606,870	4,222,469
Related parties:		
- Coca-Cola Amatil (Fiji) Ltd-parent entity	149,381	135,686
- Other related parties	613,885	967,922
Dividends payable	532,128	513,456
Accruals and other creditors	9,371,914	8,088,809
	16,274,178	13,928,342

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

6c TRADE AND OTHER PAYABLES (CONTINUED)

RECOGNITION AND MEASUREMENT

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

Terms and conditions of the above financial liabilities:

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

For details of related party payables included in trade and other payables, refer to Note 16.

7 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings and improvements	Plant, furniture and motor vehicles	Property, plant and equipment under construction	Total
	\$	\$	\$	\$	\$
31 December 2016					
Cost	3,210,097	20,286,327	114,963,202	16,236,216	154,695,842
Accumulated depreciation and impairment	–	(7,461,345)	(64,969,803)	–	(72,431,148)
	3,210,097	12,824,982	49,993,399	16,236,216	82,264,694
Movement:					
At 1 January 2016	3,229,581	7,952,520	39,088,262	22,005,808	72,276,171
Additions ¹	–	–	–	16,820,512	16,820,512
Disposals	–	–	(25,236)	–	(25,236)
Depreciation expense	–	(581,770)	(7,781,688)	–	(8,363,458)
Reclassification/transfers	–	5,506,744	18,897,361	(22,582,467)	1,821,638
Net foreign currency and other movements	(19,484)	(52,512)	(185,300)	(7,637)	(264,933)
At 31 December 2016	3,210,097	12,824,982	49,993,399	16,236,216	82,264,694
31 December 2015					
Cost	3,229,581	14,855,483	99,492,231	22,005,808	139,583,103
Accumulated depreciation and impairment	–	(6,902,963)	(60,403,969)	–	(67,306,932)
	3,229,581	7,952,520	39,088,262	22,005,808	72,276,171
Movement:					
At 1 January 2015	3,230,277	8,232,693	40,856,711	15,143,543	67,463,224
Additions	–	–	–	10,068,402	10,068,402
Disposals	–	–	(51,341)	–	(51,341)
Depreciation expense	–	(552,385)	(7,009,464)	–	(7,561,849)
Reclassification/transfers	–	275,094	5,302,165	(3,200,266)	2,376,993
Net foreign currency and other movements	(696)	(2,882)	(9,809)	(5,871)	(19,258)
At 31 December 2015	3,229,581	7,952,520	39,088,262	22,005,808	72,276,171
1 January 2015					
Cost	3,230,277	14,588,704	97,773,141	15,143,543	130,735,665
Accumulated depreciation and impairment	–	(6,356,011)	(56,916,430)	–	(63,272,441)
	3,230,277	8,232,693	40,856,711	15,143,543	67,463,224

¹ At 31 December 2016, non-cash addition balance for the group amounted to \$1,601,412 (2015: \$245,079).

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

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECOGNITION AND MEASUREMENT

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

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

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

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

The recoverable amount of property, plant and equipment is the greater of carrying value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the statement of comprehensive income.

Impairment of property, plant and equipment and intangible assets

The group assesses whether there are any indicators of impairment of all property, plant and equipment and intangible assets at each reporting date. Property, plant and equipment and intangible assets are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. For the year ended 31 December 2016, no additional provision for impairment has been made as the group reasonably believes that no indicators for impairment exist.

KEY ESTIMATES

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

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

8 INTANGIBLE ASSETS

	Indefinite lives		Definite lives		Total
	Brand names and trademarks	Goodwill	Brand names and trademarks	Software development and other assets	
	\$	\$	\$	\$	\$
31 December 2016					
Cost	520,000	1,554,908	7,766,976	393,633	10,235,517
Accumulated amortisation and impairment ¹	–	–	(504,854)	(341,148)	(846,002)
	520,000	1,554,908	7,262,122	52,485	9,389,515
Movement:					
At 1 January 2016	520,000	1,554,908	7,417,462	131,212	9,623,582
Amortisation expense	–	–	(155,340)	(78,727)	(234,067)
At 31 December 2016	520,000	1,554,908	7,262,122	52,485	9,389,515
31 December 2015					
Cost	520,000	1,554,908	7,766,796	393,633	10,235,517
Accumulated amortisation and impairment ¹	–	–	(349,514)	(262,421)	(611,935)
	520,000	1,554,908	7,417,462	131,212	9,623,582
Movement:					
At 1 January 2015	520,000	1,554,908	7,572,801	209,939	9,857,648
Amortisation expense	–	–	(155,339)	(78,727)	(234,066)
At 31 December 2015	520,000	1,554,908	7,417,462	131,212	9,623,582
1 January 2015					
Cost	520,000	1,554,908	7,766,976	393,633	10,235,517
Accumulated amortisation and impairment ¹	–	–	(194,175)	(183,694)	(377,869)
	520,000	1,554,908	7,572,801	209,939	9,857,648

¹ Movements are due to amortisation.

RECOGNITION AND MEASUREMENT

Indefinite lived

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

Goodwill

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

Brand names and trademarks

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

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

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

8 INTANGIBLE ASSETS (CONTINUED)

Definite lived

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

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

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

Impairment of property, plant and equipment and intangible assets

The group assesses whether there are any indicators of impairment of all property, plant and equipment and intangible assets at each reporting date. Property, plant and equipment and intangible assets are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. For the year ended 31 December 2016, no additional provision for impairment has been made as the group reasonably believes that no indicators for impairment exist.

KEY ESTIMATES

Useful lives of assets are estimated based on historical experience and the expected period of future consumption of embodied economic benefits. In addition, the condition of assets is assessed and adjustments to useful lives are made when deemed necessary.

9 IMPAIRMENT TESTING

RECOGNITION AND MEASUREMENT

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

A summary of intangible assets deemed to have indefinite lives is presented below:

	2016	2015
	\$	\$
Goodwill	1,554,908	1,554,908
Brand names	520,000	520,000
	2,074,908	2,074,908

IMPAIRMENT TESTING

Annual impairment testing is carried out at the cash generating unit (CGU) level, by comparison of the CGU's recoverable amount to its carrying amount. The value in use for the purpose of recoverable amount calculations was determined by discounting the forecasted future cash flows to be generated from the continuing use of the CGUs and using the terminal growth rates of nil to 2% (2015: nil to 2%).

Key estimates

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

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

10 INCOME TAX

10a INCOME TAX EXPENSE

	2016	2015
	\$	\$
Accounting profit before income tax	15,357,493	13,550,011
Prima facie tax thereon at the Fiji rate of 10%	1,535,749	1,355,001
Tax rates differential on overseas income	219,281	(24,473)
Non-deductible expenses	110,519	113,125
Tax losses recognised	–	(50,885)
Over provision from prior period	(365)	(203,361)
Income tax attributable to operating profit	1,865,184	1,189,407
Consolidated income statement		
Current income tax:		
Current income tax charge	1,406,833	1,453,151
Adjustments in respect of prior period	(4,456)	(206,420)
Deferred income tax:		
Origination and reversal of temporary differences	458,715	(6,439)
Tax losses recognised	–	(50,885)
Adjustment in respect of prior period	4,092	–
Income tax expense	1,865,184	1,189,407

10b CURRENT AND DEFERRED TAX ASSETS/(LIABILITIES)

	2016	2015
	\$	\$
Current tax assets	516,485	521,753
Current tax liabilities	(23,225)	(348,105)
Deferred tax liabilities	(4,736,835)	(4,314,445)
	(4,243,575)	(4,140,797)
Deferred income tax liabilities recognised in the balance sheet relate to the following:		
Provision for doubtful debts	167,670	150,748
Provision for employee entitlements	368,571	391,419
Provision for stock obsolescence	197,962	132,286
Tax losses	298,101	715,281
Accelerated depreciation	(4,570,627)	(4,422,478)
Unrealised exchange (gain)/loss	(3,642)	884
Amortised value used bottles	(1,196,264)	(1,282,585)
Unrealised profit in stock	1,394	–
Net deferred tax liability	(4,736,835)	(4,314,445)

RECOGNITION AND MEASUREMENT

Current tax

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

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

10b CURRENT AND DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax

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

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

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

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

Key estimates

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

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

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

11 OTHER ASSETS/(LIABILITIES)

	Note	2016	2015
		\$	\$
Prepayments		623,633	565,382
Employee benefits provisions – current and non-current	11a	(3,445,189)	(3,677,271)
		(2,821,556)	(3,111,889)

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

11a EMPLOYEE BENEFITS PROVISIONS

	2016	2015
	\$	\$
Current	1,957,086	1,748,029
Non-current	1,488,103	1,929,242
	3,445,189	3,677,271

RECOGNITION AND MEASUREMENT

Employee benefits

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

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

III. CAPITAL - FINANCING

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

	Note	2016	2015
		\$	\$
Equity	12	118,467,740	108,335,551
Net debt	13	542,280	(743,048)
		119,010,020	107,592,503

12 EQUITY

	Note	2016	2015
		\$	\$
Share capital	12a	6,734,250	2,081,625
Reserves		6,396,519	11,269,168
Retained earnings		103,525,212	93,213,423
Non-controlling interests		1,811,759	1,771,335
		118,467,740	108,335,551

12a SHARE CAPITAL

As at the end of the financial year, the number of fully paid ordinary shares for 2016 and 2015 was 10,408,125. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote. Ordinary shares have no par value.

	2016	2015
	\$	\$
Issued and paid up capital		
10,408,125 ordinary shares	2,081,625	2,081,625
Transfer from Share Premium Reserve	4,652,625	-
	6,734,250	2,081,625

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

III. CAPITAL - FINANCING (CONTINUED)

12b RESERVES

NATURE AND PURPOSE OF RESERVES

Foreign currency translation reserve

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

Share-based payments reserve

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

General reserve

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

Share premium reserve

The share premium reserve arises from the issue of shares at a premium. Under the provisions of the sec 196 (a) and sec 737 of the Fiji Companies Act 2015, the share premium reserve has been reclassified as part of the Company's existing total issued share capital.

13 NET DEBT

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at 31 December 2016 and 31 December 2015:

	Note	2016	2015
		\$	\$
Cash at banks		1,159,954	926,343
Cash on hand		11,018	5,454
Cash and cash equivalents		1,170,972	931,797
Less: Interest bearing liabilities - Bank overdraft	13a	(1,713,252)	(188,749)
Net debt		(542,280)	743,048

RECOGNITION AND MEASUREMENT

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

Cash at banks does not earn interest.

13a INTEREST-BEARING LIABILITIES

Country	Current	Maturity	Effective interest rate%	2016	2015
				\$	\$
Fiji	Bank o/d	On demand	3.00%	1,713,252	-
Samoa	Bank o/d	On demand	8.50%	-	188,749
				1,713,252	188,749

Particulars relating to interest-bearing liabilities:

The bank overdraft is secured by:

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

RECOGNITION AND MEASUREMENT

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

IV. RISK MANAGEMENT

14 FINANCIAL RISK MANAGEMENT

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

Operating and investing activities

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

Financing activities

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

Risk management

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

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

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

a) Market risk

i) Foreign currency risk

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

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

ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's overdraft facilities. As at 31 December 2016, the interest rate is 8.50% per annum for the subsidiary and 3.00% for the holding company.

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

	Increase/ (decrease) in basis points	Effect on profit before tax \$
31 December 2016	+100	3,125
	-100	(3,125)
31 December 2015	+100	202,178
	-100	(198,404)

iii) Operational risk

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

IV. RISK MANAGEMENT (CONTINUED)

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit risk

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

i) Cash and cash equivalents and deposits

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

ii) Trade and other receivables

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

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet present obligations. Management monitors rolling forecasts of the group's liquidity reserve, comprising of cash and cash equivalents (note 13) on the basis of expected cash flow.

The table below summarises the maturity profile of the group's financial liabilities at 31 December 2016 and year ended 31 December 2015 based on contractual undiscounted payments.

	2016	2015
	\$	\$
Trade and other payables		
- Less than 3 months	16,274,178	13,928,342

d) Capital management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

During the year, the group's strategy, which was unchanged from 2015, was to maintain a minimum gearing ratio. The gearing ratio at 31 December 2016 was 0.5% (31 December 2015: (0.7)%).

	2016	2015
	\$	\$
Interest bearing liabilities	1,713,252	188,749
Less: cash and short term deposits	(1,170,972)	(931,797)
Net debt	542,280	(743,048)
Equity	118,467,740	108,335,551
Total capital	118,467,740	108,335,551
Capital and net debt	119,010,020	107,592,503
	%	%
Gearing ratio	0.5	(0.7)

15 FAIR VALUE

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

V. OTHER INFORMATION

16 RELATED PARTIES

a) Directors' fee and emoluments

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

b) Controlling entity

The group's immediate parent is Coca-Cola Amatil (Fiji) Limited ('CCAFL'). At balance date, CCAFL held 9,325,000 ordinary shares in Paradise Beverages (Fiji) Limited, representing 89.59% (2015: 89.59%) of the issued share capital. The group's ultimate parent is Coca-Cola Amatil Limited.

c) Ownership interest in related parties

All material ownership interests in related parties are disclosed in Note 11 to the financial statements.

d) Related party transactions

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

	2016	2015
	\$	\$
Parent company – CCAFL		
- Sales	(10,569)	(5,253)
- Purchases	1,170,487	908,491
- Expense recharges (net)	154,634	190,141
- Capital recharges (net)	91,400	-
	1,405,952	1,093,379
Coca-Cola Amatil (Aust) Pty Ltd		
- Sales	(1,212,078)	(609,747)
- Expense recharges (net)	95,627	29,471
- Capital recharges (net)	-	207,450
	(1,116,451)	(372,826)
Ultimate parent company – CCA		
- Expenses recharges (net)	1,256,120	1,483,577
- Management fees	155,841	119,583
	1,411,961	1,603,160
Coca-Cola Amatil (NZ) Ltd		
- Sales	-	(1,775)
- Purchases	184,586	212,087
- Capital recharges (net)	61,471	-
	246,057	210,312
Pacific Refreshments Ltd		
- Purchases	1,211,006	1,435,312
The Coca-Cola Company		
- Rebate recharges	(62,056)	(266,557)

e) Related (payables)/receivables

	2016	2015
	\$	\$
Coca-Cola Amatil (Fiji) Limited	(149,381)	(135,686)
Pacific Refreshments Pty Limited	(251,576)	(514,579)
Coca-Cola Amatil (NZ) Limited	(53,487)	(63,367)
Coca-Cola Amatil Limited	(308,822)	(389,977)
	(763,266)	(1,103,609)
Samoa Breweries Limited		
Coca-Cola Amatil (Aust) Pty Ltd	382,642	155,075
The Coca-Cola Company	58,489	253,585
	441,131	408,660
Net (payables)	(322,135)	(694,949)

V. OTHER INFORMATION (CONTINUED)

16 RELATED PARTIES (CONTINUED)

f) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the period the executives identified as key management personnel, with the greatest authority and responsibility for planning, directing and controlling the activities of the holding company included the General Manager, General Manager Supply, Chief Engineer, Financial Controller, Marketing Manager, Sales Manager, S&OP Manager, Production Managers, Manager Financial Operations, IT Manager and Human Resources Manager.

	2016	2015
	\$	\$
Compensation to key management personnel of the Group:		
* Short term benefits	2,751,545	2,538,002
* Share-based payments	32,728	41,946

There are no other benefits available for key management personnel.

17 PARADISE BEVERAGES (FIJI) LIMITED DISCLOSURES

	2016	2015
	\$	\$
a) FINANCIAL POSITION		
Current assets	35,618,400	34,203,967
Non-current assets	85,411,319	75,255,813
Total assets	121,029,719	109,459,780
Current liabilities	13,011,269	10,570,777
Non-current liabilities	1,780,457	2,107,552
Total liabilities	14,791,726	12,678,329
Net assets	106,237,993	96,781,451
Equity		
Share capital	6,734,250	2,081,625
Reserves	188,006	4,807,903
Retained earnings	99,315,737	89,891,923
Total equity	106,237,993	96,781,451
b) FINANCIAL PERFORMANCE		
	2016	2015
	\$	\$
Profit for the year	12,546,252	12,411,295
Total comprehensive income for the year	12,546,252	12,411,295

V. OTHER INFORMATION (CONTINUED)

18 COMMITMENTS AND CONTINGENT LIABILITIES

	2016	2015
	\$	\$
(a) Capital expenditure commitments	2,344,563	195,467

Current period commitments relate to planned capital projects to be utilised in the next financial year.

Total commitments for future operating lease rentals (excluding leasehold land), which have not been provided for in the accounts are as follows:

	2016	2015
	\$	\$
(b) Operating Lease Commitments		
- Within one year	93,722	152,084
- After one year but not more than five years	118,665	176,930
- After five years	952,786	952,786
	1,165,173	1,281,800

Motor vehicle and office equipment leases are held with ANZ Banking (Samoa) Corporation for terms of up to 60 months with monthly repayments ranging from \$1,951 to \$3,657.

Details of commitments relating to leasehold land held by the holding company are as follows:

- The holding company has various lease agreements with the Director of Lands and Housing Authority of Fiji. The terms of these leases range from 88 to 99 years with annual payments ranging from \$1,975 to \$10,000.

	2016	2015
	\$	\$
Non-performance guarantees given by the bank	594,158	564,158

At balance date, the holding company was involved in a court case initiated by a former employee. The directors believe that the holding company will successfully defend the claim.

19 COMPANY DETAILS

a) Company incorporation

The legal form of the holding company is a public company, domiciled and incorporated in the Republic of Fiji under the Fiji Companies Act, 2015. The holding company is listed on the South Pacific Stock Exchange, Suva.

b) Registered office/Company operation

The holding company's operations and registered office are located at 122-164 Foster Road, Walu Bay, Suva while the subsidiary is in Samoa.

c) Number of employees

As at balance date, the holding company employed a total of 292 employees (Group: 468 employees).

20 SUBSEQUENT EVENTS

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



DIRECTORS' DECLARATION

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

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

- (a) in the Directors' opinion, the financial statements and notes of the Group for the financial year ended 31 December 2016:
 - i. give a true and fair view of the financial position of the company and the Group as at 31 December 2016 and of the performance of the company and the Group for the year ended 31 December 2016;
 - ii. have been made out in accordance with the Companies Act 2015.
- (b) They have received declarations as required by Section 395 of the Companies Act 2015;
- (c) At the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

George Forster
Chairman

28th March 2017
Suva, Fiji



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Level 7
1 Butt Street Suva Fiji
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ey.com

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

As lead auditor for the audit of Paradise Beverages (Fiji) Limited and its subsidiary for the financial year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young
Chartered Accountants

Sikeli Tuinamuana
Engagement Partner
Suva, Fiji

28 March 2017

INDEPENDENT AUDIT REPORT

To the Shareholders of Paradise Beverages (Fiji) Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Paradise Beverages (Fiji) Limited ("the Company") including its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Matters

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

Key Audit Matters

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

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

Key audit matter	How our audit addressed the matter
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Impairment assessment of intangible assets	
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As at 31 December 2016, intangible assets relating to brand names amounts to \$7.9m and represents 5% of the total assets of the Group.	Our audit procedures considered the requirements of IAS 36 Impairment of Assets. This involved an assessment of whether the methodology used by management and the directors met the requirements of IAS 36 and we tested whether the impairment models used by the Group were mathematically accurate.
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As disclosed in Note 8 to the consolidated financial statements, the Directors' assessment of impairment for intangible assets and other assets within the relevant cash generating unit (CGU) involves critical accounting estimates and assumptions, specifically concerning assumptions about the future, including future cash flows.	We evaluated the cash flow forecasts by considering the reliability and accuracy of the Group's historical cash flow forecasts and considered this against our knowledge of the business and sectors. We corroborated our work with external information where possible. We also evaluated the key assumptions including the discount rate, terminal growth rates and forecast growth assumptions.
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	We considered the adequacy of the financial report disclosures contained in Note 8 regarding those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the intangible asset.
--	--

Information Other than the Consolidated Financial Statements and Auditor's Report

The management and directors are responsible for other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2016, but does not include the consolidated financial statements and the auditor's report thereon.

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

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

INDEPENDENT AUDIT REPORT continued

Responsibilities of the management and Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

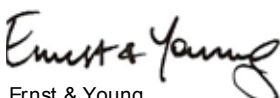
From the matters communicated with management and the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

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

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



Ernst & Young
Chartered Accountants



Sikeli Tuinamuana
Engagement Partner
28 March 2017

DISCLAIMER ON ADDITIONAL INFORMATION

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

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

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



SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS

(a) Statement of interest of each Director in the share capital of the Company or in a related Corporation as at 31 December 2016 in compliance with Listing Requirements:

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

(b) Distribution of Shareholding

Holding	No. of Holders	% Holding
Less than 500 shares	283	0.45%
500 to 5,000 shares	352	4.54%
5,001 to 10,000 shares	19	1.22%
10,001 to 20,000 shares	5	0.65%
20,001 to 30,000 shares	2	0.47%
30,001 to 40,000 shares	0	0.00%
40,001 to 50,000 shares	1	0.40%
50,001 to 100,000 shares	1	0.96%
100,001 to 1,000,000 shares	1	1.73%
Over 1,000,000 shares	1	89.59%
	665	100.00%

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

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

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

(d) Subsidiary's performance Section 6.3.1 (viii)

	2016
	F\$
Samoa Breweries Limited	
Turnover	25,851,806
Other income	166,970
	26,018,776
Depreciation	(4,136,076)
Other expenses	(20,538,864)
Interest	(50,082)
Income tax expense	(349,323)
	(25,074,345)
Net profit after tax	944,431
Assets	41,331,707
Liabilities	(11,872,205)
Shareholders' Funds	29,459,502

SOUTH PACIFIC STOCK EXCHANGE DISCLOSURE REQUIREMENTS (CONTINUED)

(e) Top 20 Shareholders Report

Share Class: Ordinary Shares

Shareholder Name	No. of Shares	Total % Holding
Coca-Cola Amatil (Fiji) Limited	9,325,000	89.59%
Fiji National Provident Fund	179,615	1.73%
Unit Trust of Fiji (Trustee) Co Ltd	99,901	0.96%
Praful Patel Investments Pty Ltd < P & A Patel Superfund A/C >	41,332	0.40%
Graham R Eden	24,740	0.24%
Colonial Fiji Life Limited	23,750	0.23%
Rodney C Wardrop	15,625	0.15%
Raojibhai Holdings (Fiji) Ltd	14,880	0.14%
Chhabildas Jamnadas	12,500	0.12%
Pacific Transport Limited	12,500	0.12%
Alison A Cupit	11,875	0.11%
Harifam Limited	10,000	0.10%
Johnson L Joe	9,375	0.09%
Fiji Care Insurance Limited	8,798	0.08%
George Tavanavanua	7,150	0.07%
Beverley Ann Muir	6,875	0.07%
Carolyn Frances Thompson-Edwards	6,875	0.07%
Patelkhatri Investments (Fiji) Ltd	6,608	0.06%
J Santa Ram Stores Limited	6,500	0.06%
Radike & Eta Qereqeretabua	6,400	0.06%
	9,830,299	94.45%

(f) Five year financial history

	2016	2015	2014	2013*	2012
	\$000	\$000	\$000	\$000	\$000
Net profit	13,492	12,361	9,853	10,663	4,359
Assets	144,660	130,792	123,007	109,468	91,833
Liabilities	26,192	22,457	26,552	23,625	16,317
Equity	118,468	108,336	96,455	85,843	75,516

Dividend per share	\$0.30
Earnings per share	\$1.30
Net tangible assets per share	\$10.48
Highest market price per share	\$12.40
Lowest market price per share	\$11.18
Market price per share at end of financial year	\$12.10

*-2013 financial period presents information for 18 months.

(g) Board meeting attendance – section 6.31 (vi)

Directors	18 th March 2016	26 th May 2016	25 th August 2016	24 th November 2016
George Forster	✓	✓	✓	✓
Anthony Scanlan	✓	✓	n/a	n/a
Cecil Browne	✓	✓	✓	✓
Gardiner Whiteside	✓	✓	✓	✓
Shane Richardson	✓	✓	✓	✓
Alex Nario	✓	✓	✓	✓

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— Rum with Cola —

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— Rum with Cola —

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