Yatu Lau Company Limited

Financial Statements

31 December 2024

YATU LAU COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Contents

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Yatu Lau Company Limited (the Company) as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date and report as follows:

Directors

The names of the Directors at any time during the financial year and up to the date of this report are:

Viliame Leqa - Chairman
Aisake Taito
Tomi Finau
Adi Koila Mara Nailatikau
Meli Saubulinayau
Akapusi Tuifagalele
Seru Savou
Sokoveti Tuimoala

Principal activities

The principal activities of the Company during the year were that of owners and administrators of properties, equity investments, motel and hotel operations and property development and sales.

Results

Operating profit

The operating profit before tax and changes in fair value of investment properties was $256,760 (2023: $911,428). The net profit after income tax and fair value gain of investment properties for the year was $1,407,495 (2023: $1,450,657) after providing for income tax expense of $424,041 (2023: $845,736).

Dividends

The Directors declared a dividend of $500,000 for the year (2023: $500,000).

Reserves

The Directors recommend that no transfer be made to reserves.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of the business activities and the realisation of assets and the payments of liabilities in the normal course of the business.

Bad debts and allowance for impairment loss

Prior to the completion of the Company's financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment loss. In the opinion of the Director, no further allowance for impairment loss is required.

As at the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the allowance for impairment loss in the Company, inadequate to any substantial extent.

Non-current assets

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

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

Unusual transactions

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

Significant events during the year

There were no significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Company, the results or cash flows of those operations, or the state of affairs of the Company in future financial years.

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

Other circumstances

As at the date of this report:

(i) no charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable;

(iii) no contingent liabilities or other liabilities of the Company 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 Company to meet its obligations as and when they fall due.

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

Directors' benefits

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

Auditor independence

The Directors have obtained an independence declaration from the Company's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the *Auditor's Independence Declaration to the Directors of Yatu Lau Company Limited* on page 6.

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

Dated this 15th day of May 2025.

....
Viliame Leqa
Chairman

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 Company for the financial year ended 31 December 2024:

  (i) give a true and fair view of the financial position of the Company as at 31 December 2024 and of the performance of the Company for the year ended 31 December 2024; and

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

Dated this 15th day of May 2025.

....
Viliame Leqa
Chairman

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Level 7
1 Butt Street
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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF YATU LAU COMPANY LIMITED

As lead auditor for the audit of Yatu Lau Company Limited for the financial year ended 31 December 2024, 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 Yatu Lau Company Limited and the entities it controlled during the financial year.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji

15 May 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yatu Lau Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Yatu Lau Company Limited (the Company), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly in all material respects the financial position of the Company as at 31 December 2024, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) accounting standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors and management are responsible for the other information. The other information comprises the information in the Directors' Report for the year ended 31 December 2024 but does not include the financial statements and the auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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Responsibilities of Management and Those Charged with Governance for the Financial Statements *continued*

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Directors' and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT *continued*

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

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

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

Report on Other Legal and Regulatory Requirements

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

(a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

(b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji

15 May 2025

YATU LAU COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023
		$	$
Revenue			
Rental income	2(a)	2,552,169	3,409,290
Hotel revenue	2(b)	3,403,465	1,093,755
		5,955,634	4,503,045
Other revenue			
Gain on disposal of investment property		-	429,014
Other income		306,628	70,484
Total revenue		6,262,262	5,002,543
Expenses			
Property maintenance expenses	3(a)	(149,205)	(292,481)
Hotel operating expenses	3(b)	(2,560,020)	(1,226,111)
Administrative expenses	3(c)	(2,684,501)	(2,043,927)
Finance costs	3(d)	(611,776)	(528,596)
Total expense		(6,005,502)	(4,091,115)
Profit from operations		256,760	911,428
Change in fair value of investment properties	9	1,574,776	1,384,965
Profit before income tax		1,831,536	2,296,393
Income tax expense	4	(424,041)	(845,736)
Net profit for the year		1,407,495	1,450,657
Other comprehensive income			
Revaluation of land and buildings	25	1,035,714	582,851
Income tax effect	4	(103,571)	(58,285)
Total comprehensive income, net of tax		2,339,638	1,975,223
Attributable to:			
Equity holders of the Company		2,339,638	1,975,223
Earnings per share			
Basic and diluted earnings per share	16	0.17	0.17

The accompanying notes form an integral part of this Statement of Profit or Loss and Other Comprehensive Income.

	Notes	2024	2023
		$	$
Share capital			
At 1 January		9,635,306	9,635,306
At 31 December	15	9,635,306	9,635,306
Asset revaluation reserve			
At 1 January		9,604,866	9,080,300
Movement during the year, net of tax		932,143	524,566
At 31 December	25	10,537,009	9,604,866
Retained earnings			
At 1 January		34,251,389	33,300,732
Operating profit after income tax		1,407,495	1,450,657
Dividends declared		(500,000)	(500,000)
At 31 December		35,158,884	34,251,389
		55,331,199	53,491,561

The accompanying notes form an integral part of this Statement of Changes in Equity.

YATU LAU COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024	2023
Assets		$	$
Current assets			
Cash and cash equivalents	5	2,626,174	2,906,440
Trade and other receivables	6	239,345	349,846
Inventories	8	117,351	5,696
Current tax asset		44,477	-
		3,027,347	3,261,982
Non-current assets			
Other assets	7	135,000	-
Investment properties	9	54,446,400	48,773,360
Financial asset	11(a)	45,000	45,000
Property, plant and equipment	10	31,646,338	28,256,860
Deferred tax assets	4	186,050	132,380
		86,458,788	77,207,600
Total assets		89,486,135	80,469,582
Current liabilities			
Trade and other payables	12	618,537	130,383
Interest-bearing borrowings	13	2,385,774	1,989,700
Employee benefit liability	14	52,352	37,856
Current tax liability		-	83,113
		3,056,663	2,241,052
Non-current liabilities			
Trade and other payables	12	530,843	676,754
Interest-bearing borrowings	13	23,718,326	17,747,431
Employee benefit liability	14	8,710	10,262
Deferred tax liability	4	6,840,394	6,302,522
		31,098,273	24,736,969
Total liabilities		34,154,936	26,978,021
Net assets		55,331,199	53,491,561
Shareholders' equity			
Share capital	15	9,635,306	9,635,306
Asset revaluation reserve	25	10,537,009	9,604,866
Retained earnings		35,158,884	34,251,389
Total shareholders' equity		55,331,199	53,491,561

The accompanying notes form an integral part of this Statement of Financial Position.

YATU LAU COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		$	$
Operating activities			
Receipts from tenants and customers		6,365,748	4,957,677
Payments to suppliers and employees		(5,057,081)	(3,829,792)
Cash generated from operations		1,308,667	1,127,885
Income tax paid		(171,000)	(29,323)
Interest paid		(611,776)	(528,596)
Bank charges		(74,076)	(55,964)
Net cash from operating activities		451,815	514,002
Investing activities			
Payments for property, plant and equipment		(2,609,197)	(5,484,539)
Proceeds from disposal of plant and equipment		-	25,000
Proceeds from disposal of investment property		-	6,200,000
Payments for investment properties		(4,098,264)	(1,995,509)
Payments for investment in financial assets		(135,000)	(45,000)
Net cash used in investing activities		(6,842,461)	(1,300,048)
Financing activities			
Proceeds from borrowings		8,103,679	4,344,508
Repayment of borrowings		(1,622,807)	(1,159,252)
Dividends paid		(256,589)	(336,505)
Net cash from financing activities		6,224,283	2,848,751
Net (decrease)/increase in cash and cash equivalents		(166,363)	2,062,705
Cash and cash equivalents at 1 January		2,516,740	454,035
Cash and cash equivalents at 31 December	5	2,350,377	2,516,740

The accompanying notes form an integral part of this Statement of Cash Flows.

1.1 Corporate Information

The financial statements of Yatu Lau Company Limited (the Company) for the year ended 31 December 2024 were authorized for issue in accordance with a resolution of the Directors on 15th of May, 2025. Yatu Lau Company Limited is a limited liability public company incorporated under the Fiji Companies Act, 2015 and domiciled in Fiji. Its principal activities, registered office and principal place of business are disclosed in Notes 27 and 28.

1.2 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) accounting standards as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for investment properties and available-for-sale financial assets that have been measured at fair value.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current financial year amounts and other disclosures.

1.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards and amendments	Impact
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	No material impact
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	No material impact

1.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These amendments are not expected to have a impact on the Company.

New standards and amendments	Effective date
Lack of exchangeability – Amendments to IAS 21	1 January 2025
Annual Improvements to IFRS accounting standards - Volume 11	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

1.6 Accounting judgments, estimates and assumptions

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

Judgments

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

1.6 Accounting judgments, estimates and assumptions *continued*

Estimations and assumptions

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

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Impairment losses on receivables

Impairment of account receivable balances is assessed at an individual level. All debtors in the 90+ days category are generally considered impaired and provided for on a specific basis after a detailed review of individual account balances. Receivables considered uncollectable are written off in the year in which they are identified.

Valuation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognized in other comprehensive income. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2023. A valuation methodology based on observable and not observable market data and observable internal financial data is used to estimate the fair value of investment properties.

The Directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of investment properties.

Fair value of equity investments

Management uses judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance date. Given that the entities subject to these investments are primarily the subsidiary of the holding company or associate of the holding company or subsidiary company, the fair value of the equity instruments is estimated to be the value in use of these entities. Investments in associated entities are accounted using the equity method of accounting in the Company's financial statements.

Deferred tax liabilities

Deferred tax liability is recognized on taxable temporary differences over accounting and tax carrying amounts in respect of the Company's fixed assets and is measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled. Management's decision in recording its deferred tax liability requires significant judgment and estimates of future tax rates and future tax payables. Accordingly, subsequent events may result in outcomes that may be different from judgments and estimates applied.

Expected credit loss

The Company uses a provision matrix to calculate Expected Credit Losses (ECLs) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company’s historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in a customer segment, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

1.6 Summary of accounting policies

(a) Financial instruments

i) Recognition and measurement

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

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

ii) Classification and measurement

Financial assets

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

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company’s management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and demonstrate why those sales do not reflect a change in the Company’s business model.

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

1.6 Summary of accounting policies *continued*

(a) Financial instruments *continued*

ii) Classification and measurement *continued*

Financial assets: Business model assessment *continued*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

iii) Derecognition

Financial assets

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

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

1.6 Summary of accounting policies *continued*

(a) Financial instruments *continued*

iii) Derecognition *continued*

Financial liabilities

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

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

iv) Offsetting

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

(b) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Impairment

i) Non-derivative financial assets

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

1.6 Summary of accounting policies *continued*

(c) Impairment *continued*

i) Non-derivative financial assets *continued*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be A3 or a higher rating per Moody's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

<u>Measurement of ECLs</u>

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

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

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

<u>Credit-impaired financial assets</u>

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

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

<u>Presentation of allowance for ECL in the statement of financial position</u>

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

1.6 Summary of accounting policies *continued*

(c) Impairment *continued*

i) Non-derivative financial assets *continued*

Write-off

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

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

The Company considers evidence of impairment for receivables at a specific asset level.

In assessing impairment the Company uses historical information of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii) Non - financial assets

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

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

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

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

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

(d) Functional and presentation currency

These financial statements are presented in Fiji dollars (FJD), which is the Company's functional currency. Except as indicated, financial information presented in FJD has been rounded to the nearest dollar.

1.6 Summary of accounting policies *continued*

(e) Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance date. All differences are taken to the statement of profit or loss and other comprehensive income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates when the fair value is determined.

(f) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss and other comprehensive income over the term of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use or sale, are capitalized as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as an expense in the year in which they are incurred.

(g) Property, plant and equipment

Land and buildings held for use in the production or supply of goods and services are stated at fair value, less any subsequent accumulated depreciation and subsequent impairment losses. Revaluation are performed by external independent valuers with sufficient regularity that the carrying amounts do not differ materially from those that would be determined using fair value at the end of each reporting year.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Any revaluation increase arising on the revaluation of such land and buildings is credited as other comprehensive income in the statement of profit or loss and other comprehensive income and recorded as revaluation reserve in shareholders' equity. Decreases that off-set previous increases of the same asset are charged against other comprehensive income and revaluation reserves in the equity; all other decreases are charged as expense in the statement of profit or loss and other comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment, excluding freehold land. Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Building on freehold land	50 years
Furniture, fittings and equipment	5 - 8 years
Motor vehicles	5 years

1.6 Summary of accounting policies *continued*

(g) Property, plant and equipment *continued*

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income in the year the asset is derecognized. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(h) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss and other comprehensive income.

Deferred tax is provided, using the liability method, on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences:

Deferred tax

- where the deferred tax liability arises from goodwill amortization or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that it is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

1.6 Summary of accounting policies *continued*

(h) Taxes *continued*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Deferred tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss and other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

Value Added Tax

Revenue, expenses and assets are recognized net of the amount of Value Added Tax (VAT) except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and net of outstanding bank overdraft. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Bank overdrafts are included in borrowings in current liabilities in the statement of financial position.

(j) Inventories

Inventories includes consumables and merchandise stocks. Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in-first-out principle. The cost of the inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of the business, less the estimated cost of completion and selling expenses.

(k) Investment properties

Investment properties principally comprising freehold land, leasehold land and buildings held to earn rentals and/or for capital appreciation are measured initially at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

(l) Non-current asset held for sale

Non-current assets and disposal Company's classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal Company's are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal Company is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.6 Summary of accounting policies *continued*

(l) Non-current asset held for sale *continued*

In the statement of profit or loss and other comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Company retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of profit or loss and other comprehensive income.

Property, plant and equipment once classified as held for sale are not depreciated or amortized.

(m) Trade receivables

Trade receivables are carried at original invoice amount less allowance made for impairment of these receivables. An allowance for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that the trade receivable is impaired. Impairment assessment at a collective level is based on past experience and data in relation to actual write-offs.

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of profit or loss and other comprehensive income.

(n) Trade and other payables

Liabilities for trade payables and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

(o) Employee entitlements

Wages, salaries and sick leave

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates prevailing at that time.

Annual leave

Provisions made in respect of employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Defined contribution plans

Contribution to Fiji National Provident Fund or other superannuation plans are expensed when incurred.

Bonus plans

The Company pays bonuses to employees based on performance of the Company and achievement of individual objectives by the employees. The Company recognizes a provision when contractually obliged or where there is a past practice, subject to performance evaluation.

1.6 Summary of accounting policies *continued*

(p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(q) Dividend distribution

Dividend declared but not distributed is recognized as a liability in the Company's financial statements in the period in which the dividends are proposed or declared by the Company's Directors.

Dividends paid are subject to the provisions of the Fiji Income Tax Act and Income Tax (Dividend) Regulations 2016.

(r) Leases

Company as lessor
Rental income from operating leases is recognized on a straight line basis over the term of the relevant lease.

(s) Comparative figures

Where necessary, comparative information has been re-classified to achieve consistency in disclosure with current financial year amounts.

(t) Revenue recognition

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

The Company principally generates revenue from the sale of the Company's products and is stated net of Value Added Tax, Service Turnover Tax and Environmental & Climate Adaptation Levy.

(u) Earnings per share

Basic earnings per share
Basic earnings per share (EPS) is determined by dividing net profit after income tax attributable to members of the Company by the weighted average number of ordinary shares during the year.

Diluted Earnings per share
Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

1.6 Summary of accounting policies *continued*

(u) Earnings per share *continued*

Segment information

A business segment is a Company of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment.

(a) Industry segment

The Company operates in two business segments which are property rental and hotel industry. Details are disclosed in Note 20.

(b) Geographical segment

The Company operates predominantly in Fiji and has therefore one geographical area for reporting purposes.

	2024	2023
2. REVENUE	$	$
(a) Rental income		
Arts Village/Beachfront	113,469	439,004
Berry Road	268,720	110,025
Dinem House	610,167	555,056
Lagoon	-	17,058
Total House	248,500	144,614
Waimanu Road	267,000	207,000
Yatu Lau Arcade	1,044,313	1,936,533
	2,552,169	3,409,290
(b) Hotel revenue	$	$
Accommodation sales	2,545,285	739,360
Conference sales	326,021	228,029
Food and beverage	504,459	86,517
Miscellaneous	27,700	39,849
	3,403,465	1,093,755

3. EXPENSES	$	$

Profit before income tax has been determined after charging the following expenses:

	2024	2023
(a) Property maintenance expenses		
Air condition works	22,391	13,333
Building works	-	323
CCTV installation	4,122	4,217
Electrical works	20,557	5,934
Hiring expenses	-	21,819
Maintenance officers' wages	-	4,755
Other expenses	10,427	193,282
Other repairs	34,392	33,442
Plumbing works	22,660	7,876
Property valuation	34,656	7,500
	149,205	292,481

	2024	2023
3. EXPENSES *continued*	$	$
(b) Hotel operating expenses		
Cleaning expenses	74,099	70,182
Cost of goods sold - Studio 6	50,288	87
- Lagoon	93,255	32,540
- Kontiki	704	-
Decorations	-	7,105
Domain hosting costs	6,625	7,744
Entertainment	55,900	76,014
Fire servicing	2,782	6,311
Hotel licence	8,359	1,961
Recruitment expenses	5,170	4,624
Restaurant food cost	269,194	11,923
Security services	343,998	323,260
Staff safety expense	-	2,771
Uniforms	12,311	7,280
Utilities expenses - Electricity	269,874	110,384
- Gas	34,768	738
- Water	68,094	89,818
Wages and salaries	1,030,072	434,866
Waste removal	70,525	26,854
Web hosting costs	4,990	11,649
Other expenses	159,012	-
	2,560,020	1,226,111
(c) Administrative expenses		
Annual leave and long service leave	12,944	11,699
Auditor's remuneration - audit services	22,750	22,000
- other services	7,963	4,707
Bad debts and doubtful debts	-	91,388
Bank fees	74,076	55,964
Board meeting expenses	2,376	9,718
Cleaning expenses	46,006	55,440
Consultancy fees	200	47,177
Depreciation	255,433	199,454
Directors' fees	50,333	52,750
Donation	9,089	11,600
Fiji National Provident Fund contributions	179,671	79,778
Fiji National University levy	11,524	6,048
Fringe benefit tax	7,354	1,557
General expense	130,396	72,625
Housing allowance	48,000	38,000
Insurance	520,536	331,948
Internal audit	-	5,775
Motor vehicle expenses	97,649	33,440
Postage and stationery	53,093	39,477
Property-related legal fees	32,415	12,907
Repairs and maintenance	27,005	27,848
Staff welfare and training expense	35,108	-

		2024	2023
3.	EXPENSES *continued*	$	$
(c)	Administrative expenses *continued*		
	Sub-committee meetings	27,545	29,786
	Telephone and internet	78,760	38,070
	Travelling and accommodation	103,853	38,906
	Wages, salaries, bonus and allowances	850,422	714,825
		2,684,501	2,032,887
(d)	Finance expense		
	Interest on borrowings	611,776	528,596

4.	INCOME TAX EXPENSE	$	$
	Operating profit before tax	1,831,536	2,296,393
	Prima facie tax thereon at 25%	457,884	574,098
	Non-deductible items	2,272	2,900
	Changes in deferred tax balances	67,456	3
	Utilization of tax losses previously not recognized	-	(28,510)
	Others	-	(314)
	Effect of increase in tax rate	-	355,844
	Income tax expense reported in the statement of profit or loss and other comprehensive income	527,612	904,021
	Income tax expense is attributed to:		
	Income tax included in profit and loss	424,041	845,736
	Income tax recorded directly on equity items	103,571	58,285
		527,612	904,021
	Deferred tax related to items charged or credited directly to OCI during the year:		
	Net gain on revaluation of buildings (Note 25)	103,571	58,285
	Income tax charged directly to other comprehensive income	103,571	58,285
	Net deferred liability at 31 December relates to the following:		
	Deferred tax liability		
	Allowance for expected credit loss	120,600	120,350
	Provision for employee entitlements	15,266	12,030
	Tax loss	50,184	-
	Accelerated depreciation and revaluation increments	(6,840,394)	(6,302,522)
		(6,654,344)	(6,170,142)

	2024	2023
4. INCOME TAX EXPENSE *continued*	$	$

Reflected in the statement of financial position as follows:

Deferred tax assets	186,050	132,380
Deferred tax liability	(6,840,394)	(6,302,522)
Net deferred tax liability	(6,654,344)	(6,170,142)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks net of bank overdraft.

	$	$
Cash on hand	4,850	4,200
Cash at bank	2,621,324	2,902,240
Cash and cash equivalents	2,626,174	2,906,440

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash above net of bank

Cash and cash equivalents	2,626,174	2,906,440
Bank overdraft (Note 13)	(275,797)	(389,700)
Total cash and cash equivalents	2,350,377	2,516,740

6. TRADE AND OTHER RECEIVABLES

	$	$
Current		
Trade receivables	93,385	156,647
Less: allowance for expected credit loss	(3,088)	(3,088)
Total trade receivables	90,297	153,559
Prepayments	39,210	90,004
Deposits	121,043	73,485
Other receivables	281,739	318,727
Less: allowance for expected credit loss	(292,944)	(285,929)
Total other receivables	149,048	196,287
Total trade and other receivables	239,345	349,846

Trade receivables principally comprises of amounts outstanding for rental of property and hotel accommodation. Trade receivables are non-interest bearing and are generally settled on 30-day terms.

Movement in the provision for impairment of receivables were as follows:

	$	$
At 1 January	289,017	669,518
Additional/(reduction) provision	7,015	(380,501)
At 31 December	296,032	289,017

At 31 December, the ageing analysis of trade receivables is as follows:

Year	Total	Neither past due nor	30 - 60 days	60 - 90 days	> 90 days
	$	$	$	$	$
2024	93,385	93,385	-	-	-
2023	156,647	156,647	-	-	-

7. OTHER ASSETS

		2024	2023
		$	$
Staff advances	(a)	100,581	102,081
Less: allowance for expected credit loss		(100,581)	(102,081)
Advances:			
Shareholder advances	(a)	33,827	39,342
Less: allowance for expected credit loss		(33,827)	(39,342)
Advances to related entity - Innovative	(a)	50,958	50,958
Less: allowance for expected credit loss		(50,958)	(50,958)
Advance to associate company - Damodar Yatu	(b)	135,000	-
Share deposit			
Bua investments		1,000	1,000
Less: allowance for expected credit loss		(1,000)	(1,000)
Total other assets		135,000	-

Total other assets analysed as:

Non-current	135,000	-

Movement in the provision for impairment of other receivables were as follows:

	$	$
At 1 January	193,381	204,223
Net write-offs	(7,015)	(10,842)
At 31 December	186,366	193,381

(a) Advances to staff and related parties are unsecured and subject to interest at the rate of 0 - 10% per annum.

(b) Advances to associate Company (Damodar Yatu Lau) is at 6% interest per annum.

8. INVENTORIES

	$	$
Consumables and merchandise	117,351	5,696

9. INVESTMENT PROPERTIES

	$	$
At 1 January	48,773,360	51,163,872
Additions from capital expenditure	4,098,264	1,724,523
Disposal of investment property	-	(5,500,000)
Net gain from fair value adjustments	1,574,776	1,384,965
At 31 December	54,446,400	48,773,360

Investment properties are stated at fair value based on independent valuations at open market value prepared on February 2025 by registered valuer Rolle Associates. The valuation has been adopted as at 31 December 2024.

Investment properties have been pledged as security to Bank of the South Pacific for borrowings from those banks.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building	Furniture, fittings and equipment	Motor vehicles	Work in progress	Total
<u>Valuation/cost</u>	$	$	$	$	$	$
At 1 January 2023	3,545,000	17,716,199	2,871,458	191,005	1,141,183	25,464,845
Net additions/(disposals)	-	4,784,101	171,310	187,029	-	5,142,440
Reclassification	-	208,489	-	-	(428,692)	(220,203)
Revaluation	-	582,851	-	-	-	582,851
At 31 December 2023	3,545,000	23,291,640	3,042,768	378,034	712,491	30,969,933
Additions	-	546,093	432,685	33,739	1,596,680	2,609,197
Revaluation	-	1,035,714	-	-	-	1,035,714
At 31 December 2024	3,545,000	24,873,447	3,475,453	411,773	2,309,171	34,614,844
<u>Depreciation</u>						
At 1 January 2023	-	-	2,614,618	191,005	-	2,805,623
Depreciation charge for the year	-	-	170,202	29,252	-	199,454
Disposals	-	-	(226,867)	(65,137)	-	(292,004)
At 31 December 2023	-	-	2,557,953	155,120	-	2,713,073
Depreciation charge for the year	-	-	202,031	53,402	-	255,433
At 31 December 2024	-	-	2,759,984	208,522	-	2,968,506
<u>Net book value</u>						
At 31 December 2024	3,545,000	24,873,447	715,469	203,251	2,309,171	31,646,338
At 31 December 2023	3,545,000	23,291,640	484,815	222,914	712,491	28,256,860

The Company's land and building are stated at fair value based on independent valuations prepared in February 2025 by registered valuer Rolle Associates. The valuations has been adopted by the Directors as at 31 December 2024.

Land and building have been pledged as security to Bank of South Pacific for term loans and bank overdraft facilities.

		2024	2023
11.	FINANCIAL ASSETS	$	$

(a) *Financial assets*

	2024 $	2023 $
Investments		
Investment in joint venture - Damodar Yatu Lau	45,000	45,000
	45,000	45,000

(b) Investment in associate companies

Company	Place of incorporation	Ordinary shares 2024	Ordinary shares 2023	% Shareholding 2024
		$	$	$
Damodar Yatu Lau	Fiji	45,000	45,000	45%
Innovative Investment Company Limited	Fiji	1	1	25%
Benatil Limited	Fiji	250,000	250,000	25%
		295,001	295,001	

The entities did not trade during the year. As a result, the share of profits/losses was not recorded as the impact is not material.

12. TRADE AND OTHER PAYABLES		$	$
Current			
Trade payables and accruals	(a)	828,873	473,158
Environmental levy		(2,143)	(2,143)
Value Added Tax (receivable)/payable		(208,193)	(340,632)
		618,537	130,383
Non-current			
Dividends payable	(b)	464,585	221,174
Lease payable		42,239	68,674
Rental deposits		24,019	386,906
		530,843	676,754
Total trade and other payables		1,149,380	807,137

(a) Trade payables are non-interest-bearing and normally settled on 30-60 day terms.

(b) Dividends payable include dividends declared for current and previous years which have yet to be paid or collected.

13. INTEREST-BEARING BORROWINGS	$	$
Current		
Bank overdraft	275,797	389,700
Term loans	2,109,977	1,600,000
	2,385,774	1,989,700
Non-current		
Term loans	23,718,326	17,747,431
Total interest-bearing borrowings	26,104,100	19,737,131

13. INTEREST-BEARING BORROWINGS *continued*

Particulars relating to secured borrowings:

The bank overdraft and term loan facilities are with Bank of South Pacific at a rate of 3.5% per annum (2023: 3.75%), secured by the following:

- First Registered General Security Interest Agreement given by Yatu Lau Company Limited;
- First Registered Mortgage given by Yatu Lau Company Limited over certificate of title No. 40471, Lot 1 on deposited plan No.10103;
- First registered mortgage given by Yatu Lau Company Limited over certificate of title No.31116, Lot 1 on deposited plan No. 8007;
- First Registered Mortgage given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 11537, Lot 4 on Deposited Plan No. 2596, Certificate of Title No. 7185, Lot 2 on Deposited Plan No. 1528, Certificate of Title No. 35700, Lots 4 & 5 on Deposited Plan No. 2934 and Crown Lease No. 10399, Lot 9 on Deposited Plan No. 2934;
- First Registered Mortgage given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 5427, Lot 9 on Plan S 212;
- First Registered Mortgage given by Yatu Lau Company Limited over commercial property comprised in Crown Lease No. 4396, Lot 19 on Plan S 1184;
- First Registered Mortgage given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 26878, Lot 1 on Deposited Plan No. 6863 and Certificate of Title No. 28959, Lot 3 on Deposited Plan No. 7444;
- First Registered Mortgage given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 38850, Lot 1 on Deposited Plan No. 9633 and Certificate of Title No. 38851, Lot 2 on Deposited Plan No. 9633;
- First Registered Mortgage given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 9813, Lot 11 on Deposited Plan 2401;
- First Registered Mortgage given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 6511, Lot 2 on Deposited Plan No. 1069;
- First Registered Mortgage given by Yatu Lau Company Limited over commercial property comprised in Certificate of Title No. 24123, Lot 2 on Deposited Plan No. 5785; and
- Specific security interest agreement over the rental income from certificate of title No. 40471, 31116, 11537, 7185, 35700, 5427, 26876, 28959, 38850, 38851, 9813, 6511, 39441, 24123, and crown lease No. 10399 and 4396.

14. EMPLOYEE BENEFIT LIABILITY

	2024 $	2023 $
Current		
Annual leave	52,352	37,856
Non-current		
Long service leave	8,710	10,262
	61,062	48,118

15. SHARE CAPITAL

	$	$
Issued and paid-up capital		
4,495,561 A class ordinary shares	5,586,621	5,586,621
3,652,050 B class ordinary shares	3,652,050	3,652,050
Capital reserve	396,635	396,635
	9,635,306	9,635,306

A class shares are only available for purchase by persons of Lauan descent as prescribed in the Company's Memorandum and Articles of Association. Only A class ordinary shares have voting rights.

B class shares carry no voting rights. Except for voting rights and restrictions described above, class B shares are generally similar to class A shares.

16. EARNING PER SHARE

	$	$
Net profit for the year	1,407,495	1,450,657
Weighted average number of ordinary shares	8,329,334	8,329,334
Basic and diluted earnings per shares	0.17	0.17

17. COMMITMENTS

	$	$
Capital expenditure		
- Approved by the Board and committed	8,057,197	13,500,000

18. OPERATING LEASES - INCOME

The Company has leased its properties under operating leases to various customers on normal commercial terms and conditions on monthly rentals.

Operating leases contracted for by the Company with the leases are expected to be received approximately as follows:

	$	$
Within one year	3,676,856	2,517,880
Later than one year but less than two years	7,129,239	4,523,039
Later than two years but less than five years	21,758,365	18,752,866
	32,564,460	25,793,786

19. CONTINGENT LIABILITIES

Contingent liabilities at balance date amounted to $Nil (2023: $Nil)

20. SEGMENT INFORMATION

Operating segment

	Hotel	Property	Unallocated/ Elimination	Consolidated
31 December 2024	$	$	$	$
Revenue				
External sales	3,403,465	2,552,169	-	5,955,634
Fair value gain	-	1,574,776	-	1,574,776
Other revenue	-	306,628	306,628	613,256
	3,403,465	4,433,573	306,628	8,143,666
Results				
Segment result	843,445	3,977,740	306,628	5,127,813
Unallocated expenses	-	-	(2,684,501)	(2,684,501)
Profit from operating activities	843,445	3,977,740	(2,377,873)	2,443,312
Finance costs (net)	-	-	(611,776)	(611,776)
Profit before income tax	843,445	3,977,740	(2,989,649)	1,831,536
Income tax expense	-	-	(424,041)	(424,041)
Net profit	843,445	3,977,740	(3,413,690)	1,407,495
31 December 2023				
Revenue				
External sales	1,093,755	3,409,290	-	4,503,045
Fair value gain	-	1,384,965	-	1,384,965
Other revenue	-	499,498	(499,498)	-
	1,093,755	5,293,753	(499,498)	5,888,010
Results				
Segment result	(132,356)	4,501,774	499,498	4,868,916
Unallocated expenses	-	-	(2,043,927)	(2,043,927)
Profit from operating activities	(132,356)	4,501,774	(1,544,429)	2,824,989
Finance costs (net)	-	-	(528,596)	(528,596)
Profit before income tax	(132,356)	4,501,774	(2,073,025)	2,296,393
Income tax expense	-	-	(845,736)	(845,736)
Net profit	(132,356)	4,501,774	(2,918,761)	1,450,657

Segment assets and liabilities

Assets and liabilities cannot be reasonably allocated between the operating segments. Accordingly, this information has not been disclosed.

21. RELATED PARTY TRANSACTIONS

(a) Directors

The names of persons who were directors of Yatu Lau Company Limited and its subsidiary at any time during the financial year were as follows:

Viliame Leqa - Chairman
Aisake Taito
Tomi Finau
Adi Koila Mara Nailatikau
Meli Saubulinayau
Akapusi Tuifagalele
Seru Savou
Sokoveti Tuimoala

21. RELATED PARTY TRANSACTIONS *continued*

(b) 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 financial year the following persons were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Company:

Name	Title
Ana Delailomaloma	Chief Executive Officer

(c) Ownership interest

The ownership interest in related companies are disclosed in Note 11(b).

(d) Transactions with related parties

All transactions with related parties are made on normal commercial terms and conditions.

(i) Significant transactions (aggregating over $2,000) with related parties during the years ended 31 December 2024 and 2023 with approximate transaction values are summarized as follows:

Name	Relationship	Nature of transaction	2024 $	2023 $
Lau Provincial Council	Shareholder	Rental income	-	-

(ii) Dividends were paid to number of entities related to directors, or entities, districts and villages in which directors hold directorship or other similar positions.

(iii) Amounts receivable from related parties as at 31 December are summarized as follows:

		$	$
Kabara Tikina Council	Shareholder	5,716	7,097
Damodar Yatu Lau Pte Limited	Associate	135,000	-
Lau Shipping Limited	Shareholder	50,958	50,958
Oneata Island Holding Limited	Shareholder	12,446	16,580
		204,120	74,635

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial liabilities comprises of interest-bearing borrowings, trade payables and other accruals. The financial liabilities is the result of the Company's operations. The Company has various financial assets such as trade receivables and cash, which also arise directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by executive management of controlled entities of the Company. Executive management identify, and evaluate financial risks in close co-operation with the Company's operating units. The Board provides direction for overall risk management covering specific areas, such as mitigating credit risks, and investment of excess liquidity.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(a) Market risk

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

(i) Foreign exchange risk

The Company does not have significant transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations is minimal.

(ii) Price risk

The Company has substantial investments in properties which are prone to market forces hence is exposed to property value risk.

The Company reviews the value of its equity portfolio and property portfolio on an annual basis.

The Company has substantial fixed term tenancy agreements and is prone to market forces. The Company reviews its rental collection on a monthly basis. Movements in certain rental rates are also influenced by regulation.

(iii) Interest rate risk

The Company is exposed to interest rate risk as it borrows funds at variable interest rates. The Company manages its interest risk by arranging fixed interest rates for the certain years on the borrowed funds from banks.

The risk is monitored and managed by the Directors within the approved policy parameters.

The carrying amounts of the Company's financial instruments that are exposed to interest rate risk as at 31 December is summarized below:

	Less than 1 year	2 years and over	Total
31 December 2024	$	$	
<u>Secured financial liabilities</u>			
Bank overdraft (Note 13)	275,797	-	275,797
Bank loans (Note 13)	2,109,977	23,718,326	25,828,303
31 December 2023			
<u>Secured financial liabilities</u>			
Bank overdraft (Note 13)	389,700	-	389,700
Bank loans (Note 13)	1,600,000	17,747,431	19,347,431

(b) Credit risk management

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

The Company does not have any significant credit risk exposure to any single counter party or any Company of counter parties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's minimum exposure to credit risk.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(c) Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The financial statements include holdings in unlisted associated companies (Note 11). These are valued using the equity method of accounting in accordance with IFRS (IAS 28).

(d) Liquidity risk management

The Company manages liquidity risk by maintaining adequate banking facilities and borrowing facilities by continuously monitoring forecast and actual cash flows.

Maturity profile of financial instruments

The table below analyses the Company's financial assets and financial liabilities into relevant maturity Groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2024	Less than 1 year	Between 1 and 2 years	Total
Financial assets:	$	$	
Cash and cash equivalents	2,626,174	-	2,626,174
Trade and other receivables	239,345	-	239,345
Other assets	135,000	-	135,000
	3,000,519	-	3,000,519
Financial liabilities:			
Trade and other payables	618,537	530,843	1,149,380
Interest-bearing borrowings	2,385,774	23,718,326	26,104,100
	3,004,311	24,249,169	27,253,480

31 December 2023	Less than 1 year	Between 1 and 2 years	Total
Financial assets:	$	$	
Cash and cash equivalents	2,906,440	-	2,906,440
Trade and other receivables	349,846	-	349,846
	3,256,286	-	3,256,286
Financial liabilities:			
Trade and other payables	130,382	676,754	807,136
Interest-bearing borrowings	1,989,700	17,747,431	19,737,131
	2,120,082	18,424,185	20,544,267

The Company has significant investment properties which it can realize to address the liquidity constraints. In prior year, the Company refinanced its debt to BSP Bank and obtained favourable repayment terms. During the year, the Company was able to secure additional debt finance from BSP Bank to refurbish its properties.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

Capital risk management

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

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

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position), trade and other payables less cash and cash equivalents and short-term deposits. Total capital is calculated as 'equity' as shown as the consolidated statement of financial position plus net debt.

The gearing ratios at 31 December were as follows:	2024	2023
	$	$
Total borrowings including bank overdraft (Note 13)	26,104,100	19,737,131
Trade and other payables (Note 12)	1,149,380	807,137
Less: cash and cash equivalents (Note 5)	(2,626,174)	(2,906,440)
Net debt	24,627,306	17,637,828
Total equity	55,331,199	53,491,561
Total capital (total equity plus net debt)	79,958,505	71,129,389
Gearing ratio % (net debt/total capital)	31%	25%

23. SIGNIFICANT EVENTS DURING THE YEAR

There were no significant matters or circumstances that had arisen during the financial year which significantly affected or may significantly affect the operations of the Company, the results or cash flows of those operations, or the state of affairs of the Company in future financial years.

24. SUBSEQUENT EVENTS

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

25. ASSET REVALUATION RESERVE

	$	$
Balance at 1 January	9,604,866	9,080,300
Revaluation reserve surplus	1,035,714	582,851
Income tax effect (Note 4)	(103,571)	(58,285)
Balance at 31 December	10,537,009	9,604,866

26. GOING CONCERN

The financial statements have been prepared on a going concern basis, which contemplates the continuity of the business activities and the realisation of assets and the payments of liabilities in the normal course of the business.

27. PRINCIPAL ACTIVITIES

Company

The principal activities of the Company during the year were that of owners and administrators of properties, equity investments, motel and hotel operations and property development and sales.

There were no significant changes in the nature of these activities during the financial year.

28. COMPANY DETAILS

Company incorporation

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

Registered office and principal place of business

The registered office and the principal place of business of the Company are located at:

Yatu Lau Arcade
64 - 78 Rodwell Road
Suva