Pacific Green Industries (Fiji) Limited and Subsidiary
Annual Report
For the year ended 31 December 2010

Pacific Green Industries (Fiji) Limited and Subsidiary

Contents

Pacific Green Industries (Fiji) Limited and Subsidiary

Directors

Mr Peter Ryan - Chairman (appointed as Chairman on 21st June 2010)
Mr Ravin Chandra
Mr Qi Hui
Mr Jaoji Koroi (appointed 21st June 2010)
Mr Pita Mawi
Mr Mesake Nawari
Ms Kesaia Palu Tuisawau (appointed 1st November 2010)
Mr Dominic Ryan (as alternate to Peter Ryan and Ravin Chandra)

Managing Director
Mr Peter Ryan

Company Secretary
Mr Ravin Chandra

Independent Auditors
KPMG
Chartered Accountants
Suva Central, Renwick Road,
Suva

Bankers
Australia and New Zealand Banking Group Limited
Main Street
Nadi

Registered office and principal place of business
Queens Road
Malaqereqere
Sigatoka
Republic of Fiji
Phone contact: 679 650 0055

Subsidiary
Dongguan Golden Palmwood Furniture Pty Ltd
Waihuan Road, Daluosha
Industrial Area, Daojiao Town
Dongguan, Guandong
Republic of China

Pacific Green Industries (Fiji) Limited and Subsidiary

Notice of annual general meeting

Notice is hereby given that the annual general meeting of the members of Pacific Green Industries (Fiji) Limited will be held at 3:00 pm on 17 June 2011 at the Pacific Green showroom, Queens Road, Malaqereqere, Sigatoka to transact the following business:

1. Confirmation of the minutes of the previous annual general meeting held on 18th June 2010.
2. Matters arising from the minutes.
3. To receive and adopt the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2010.
4. To elect, in accordance with Article 107 of the Articles of Association, directors Mr Peter Ryan and Mr Pita Mawi, who retire by rotation and, being eligible, offer themselves for re-election.
5. To appoint auditors from the conclusion of this meeting until the conclusion of the next annual general meeting at a fee to be agreed by the directors. The retiring auditors, KPMG, being eligible, offer themselves for re-appointment.
6. To approve a final dividend of $0.03 per share for the year ended 31 December 2010 as recommended by the directors.
7. Any other business permitted by the Articles of Association.

By order of the Board of Directors

....

Ravin Chandra
Company Secretary

Dated 31 March, 2010
Malaqereqere, Sigatoka, Fiji Islands

Pacific Green Industries (Fiji) Limited and Subsidiary

Chairman's report

2010 was a progressive and rewarding year for Pacific Green Industries shareholders. The highlight was the resolution and settlement of the protracted insurance case. As a result shareholder earnings per share improved significantly to \$0.37 (2009- \$0.001). Total current assets increased to \$6.0m (2009 \$4.2m) and bank debt (over \$1m) was fully paid. In addition our shareholders, who had waited patiently, were rewarded with over \$0.53m dividend payout. The Board and Management whilst pleased with the settlement note it will not bring back the 6 years of lost opportunities and growth in Fiji.

Our 2010 trading performance recorded an increase of 26% in turnover. To attain this 'spurt' we invested heavily in exhibitions and on skilled consultants to direct our future growth as well as diversify the product range. In this manner the Group managed to win tenders to supply architectural products for the first EcoCity-Masdar in Dubai as well as a chain of international restaurants. Diversification of the product range is scheduled for the later half of 2011. In addition the PGI board has approved to rebuild Fiji. Machinery and equipment has been purchased and building is in progress. This project in conjunction with our ecopark will contribute to earnings in the latter part of 2011(it must be remembered that manufacturing in Fiji will be challenging as Asian manufacturers have the skilled labour to make world standard furniture at much lower unit cost).

This all means, whilst that Pacific Green Industries remains cautious, on short term outlook, we are positive for our future in the global economy. Whilst our major market North America has been in the doldrums the developing world has shown rapid recovery; some economies have returned to full output and the focus has now shifted away from supporting growth, towards controlling inflation. In China (our strongest market), the government has implemented measures aimed at controlling rapid economic expansion and asset inflation and as such our upward sales trend will continue.

These points were significant in 2010 and will continue to have a strong influence on future results:

- The weak US dollar.
- The rising labour cost both in China and Fiji.
- Global cost increases of raw material supplies
- Increasing corporate and governmental compliance costs

Finally many people and organisations contribute to the working success of PGI. In particular, I mention the Fijian Government, Fijian Landowners, our lawyer (Samuel Ram), our Bank (ANZ) and most importantly my co-directors, our management and staff. I would like to thank them all.

Vinaka vakalevu

....

Peter Ryan
Chairman

Pacific Green Industries (Fiji) Limited and Subsidiary

Directors' report

The directors present their report together with the financial statements of the Company and the Group for the year ended 31 December 2010 and the auditors' report thereon.

Directors

The directors in office of the holding company at the date of this report are:

Mr Peter Ryan - Chairman (appointed as Chairman on 21st June 2010)
Mr Ravin Chandra
Mr Qi Hui
Mr Jaoji Koroi (appointed 21st June 2010)
Mr Pita Mawi
Mr Mesake Nawari
Ms Kesaia Palu Tuisawau (appointed 1st November 2010)
Mr Dominic Ryan (as alternate to Peter Ryan and Ravin Chandra)

Principal Activity

The principal activity of the Company and the Group during the year was the manufacture and sale of furniture and architectural products made from coconut palmwood.

Results

The net profit after income tax of the Group for the year ended 31 December 2010 was $2,935,405 (2009: $262,897) and net profit after tax for the holding company was $2,540,300 (2009: loss of $593,716).

Dividends

There were two interim dividends of $0.05 per share (21 June 2010) and $0.02 per share (25 August 2010) declared and paid during the year ended 31 December 2010. The total dividend paid out was $533,346 (2009: Nil).

Reserves

The directors recommend that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Subsequent events

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

Director's equity interests

Mr. Peter Ryan and Mr. Ravin Chandra as directors own 1,367,310 and 1,474,360 ordinary shares respectively of $1.00 each as at 31 December 2010. There are no other director held interests in the holding company.

Pacific Green Industries (Fiji) Limited and Subsidiary

Directors' report (continued)

State of affairs

In the opinion of the directors the accompanying statements of financial position give a true and fair view of the state of affairs of the Company and Group as at 31 December 2010 and the accompanying statements of comprehensive income, statements of changes in equity and statements of cash flows give a true and fair view of the results, changes in equity and cash flows of the Company and Group for the year then ended.

Dated at 31st this day of March 2011.

Signed in accordance with a resolution of the directors.

Director ____________________ (Mr. Peter Ryan)

Director ____________________ (Mr. Ravin Chandra)

KPMG

Suva Central
Renwick Road
Suva

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Fiji Islands

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PACIFIC GREEN INDUSTRIES (FIJI) LIMITED

Report on the Company and Consolidated Financial Statements

We have audited the accompanying financial statements of Pacific Green Industries (Fiji) Limited (the "Company") and the consolidated financial statements of the Company and its subsidiary (the "Group"), which comprise the statements of financial position as at 31 December 2010, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 9 to 34.

Directors' and Management's Responsibility for the Financial Statements

Directors and Management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis of Qualified Opinion

As detailed in note 21(c) to the financial statements, the directors of the subsidiary company believe that the company was entitled to income tax concessions in 2009 and prior years. However, tax advice has been obtained which raises doubt as to the applicability of such income tax concessions and also raises the possibility of other taxes being applicable. We were unable to obtain sufficient appropriate audit evidence to enable us to conclude as to whether any additional tax liability should be recognised and, if so, the quantum thereof.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the Company and consolidated financial statements give a true and fair view, in all material respects, of the financial position of the Company and the Group as at 31 December 2010, and their financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards so far as concerns the members of the company.

Report on Other Legal and Regulatory Requirements

Except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

In our opinion,

i) proper books of account have been kept by the Company, so far as it appears from our examination of those books;

ii) the financial statements are in agreement with the books of account; and

iii) to the best of our information and according to the explanations given to us the financial statements give the information required by the Fiji Companies Act 1983 in the manner so required.

KPMG

31 March 2011

Suva, Fiji Islands

KPMG
Chartered Accountants

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of comprehensive income
For the year ended 31 December 2010

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Revenue		9,282,464	7,336,962	2,084,546	2,028,350
Cost of sales		(5,465,526)	(4,013,202)	(1,905,275)	(1,710,837)
Gross profit		3,816,938	3,323,760	179,271	317,513
Other operating income	**5**	2,945,988	666	2,910,397	666
Distribution expenses		(816,454)	(485,617)	(91,899)	(124,666)
Administrative expenses	**6**	(2,836,311)	(2,325,224)	(528,237)	(647,988)
Other operating expenses	**7**	(57,333)	(42,639)	(14,960)	(11,396)
Profit / (loss) from operations		3,052,828	470,946	2,454,572	(465,871)
Finance income	**8**	103,717	-	103,717	-
Finance expenses	**8**	(89,438)	(208,049)	(17,989)	(127,845)
Profit / (loss) before income tax		3,067,107	262,897	2,540,300	(593,716)
Income tax expense	**10**	(131,702)	-	-	-
Net profit / (loss) after income tax		**2,935,405**	**262,897**	**2,540,300**	**(593,716)**
Other comprehensive income					
Foreign currency translation differences for foreign operations		(251,404)	326,190	-	-
Total comprehensive income for the year – net of income tax		**2,684,001**	**589,087**	**2,540,300**	**(593,716)**
Profit / (loss) attributable to:					
Owners of the company		2,816,874	5,913	2,540,300	(593,716)
Non-controlling interest		118,531	256,984	-	-
		2,935,405	**262,897**	**2,540,300**	**(593,716)**
Total comprehensive income attributable to :					
Owners of the company		2,640,891	234,245	2,540,300	(593,716)
Non-controlling interest		43,110	354,842	-	-
		2,684,001	**589,087**	**2,540,300**	**(593,716)**
Basic earnings per share	**18**	0.370	0.001	0.333	(0.078)
Diluted earnings per share	**18**	0.370	0.001	0.333	(0.078)

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 14 to 34.

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of changes in equity
For the year ended 31 December 2010

	Share capital	Share premium reserve	Foreign currency translation reserve	Accumulated losses	Total	Non Controlling Interest	Total equity
	$	$	$	$	$	$	$
Group							
2009							
Balance at 1 January 2009	7,619,234	504,210	117,895	(4,257,617)	3,983,722	907,725	4,891,447
Total comprehensive income for the year							
Profit	-	-	-	5,913	5,913	256,984	262,897
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	-	228,332	-	228,332	97,858	326,190
Balance at 31 December 2009	7,619,234	504,210	346,227	(4,251,704)	4,217,967	1,262,567	5,480,534
2010							
Balance at 1 January 2010	7,619,234	504,210	346,227	(4,251,704)	4,217,967	1,262,567	5,480,534
Total comprehensive income for the year							
Profit	-	-	-	2,816,874	2,816,874	118,531	2,935,405
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	-	(175,983)	-	(175,983)	(75,421)	(251,404)
Transactions with owners of the Company, recognised directly in equity							
Dividends paid (7 cents per share)	-	-	-	(533,346)	(533,346)	-	(533,346)
Balance at 31 December 2010	7,619,234	504,210	170,244	(1,968,176)	6,325,512	1,305,677	7,631,189

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 14 to 34.

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of changes in equity (continued)
For the year ended 31 December 2010

	Share capital	Share premium reserve	Accumulated losses	Total
	$	$	$	$
Company				
2009				
Balance at 1 January 2009	7,619,234	504,210	(5,423,579)	2,699,865
Total comprehensive income for the year				
Loss	-	-	(593,716)	(593,716)
Balance at 31 December 2009	7,619,234	504,210	(6,017,295)	2,106,149
2010				
Balance at 1 January 2010	7,619,234	504,210	(6,017,295)	2,106,149
Total comprehensive income for the year				
Profit	-	-	2,540,300	2,540,300
Transactions with owners of the Company, recognised directly in equity				
Dividends paid (7 cents per share)	-	-	(533,346)	(533,346)
Balance at 31 December 2010	7,619,234	504,210	(4,010,341)	4,113,103

The above statements of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 14 to 34.

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of financial position
As at 31 December 2010

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Assets					
Non-current assets					
Property, plant and equipment	11	2,935,950	3,189,853	1,842,513	1,780,435
Investment	12	-	-	834,168	834,168
Total non-current assets		2,935,950	3,189,853	2,676,681	2,614,603
Current assets					
Cash and cash equivalents	13	883,209	501,512	71,687	134,369
Trade and other receivables	14	454,140	346,625	161,448	140,851
Inventories	15	2,686,995	3,084,967	1,517,567	1,792,769
Prepayments and other deposits	16	1,997,716	387,799	1,908,322	77,241
Total current assets		6,022,060	4,320,903	3,659,024	2,145,230
Total assets		8,958,010	7,510,756	6,335,705	4,759,833
Equity					
Share capital	17	7,619,234	7,619,234	7,619,234	7,619,234
Share premium reserve		504,210	504,210	504,210	504,210
Foreign currency translation reserve		170,244	346,227	-	-
Accumulated losses		(1,968,176)	(4,251,704)	(4,010,341)	(6,017,295)
Total equity		6,325,512	4,217,967	4,113,103	2,106,149
Non controlling interest		1,305,677	1,262,567	-	-
Liabilities					
Current liabilities					
Trade and other creditors	19	1,181,244	957,098	2,208,727	1,580,560
Income tax payable	10	131,702	-	-	-
Borrowings	20	9,250	217,395	9,250	217,395
Total current liabilities		1,322,196	1,174,493	2,217,977	1,797,955
Non-current liabilities					
Borrowings	20	4,625	855,729	4,625	855,729
Total non-current liabilities		4,625	855,729	4,625	855,729
Total liabilities		1,326,821	2,030,222	2,222,602	2,653,684
Total equity and liabilities		8,958,010	7,510,756	6,335,705	4,759,833

Signed for and on behalf of the board of directors

Director ....
(Mr. Peter Ryan)

Director ....
(Mr. Ravin Chandra)

The above statements of financial position are to be read in conjunction with the notes to financial statements set out on pages 14 to 34.

Pacific Green Industries (Fiji) Limited and Subsidiary
Statements of cash flows
For the year ended 31 December 2010

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Operating activities					
Cash receipts in the course of operations		9,043,434	7,850,668	2,114,127	2,083,072
Cash payments in the course of operations		(8,577,986)	(7,322,637)	(2,056,742)	(1,652,062)
Interest paid		(26,924)	(96,723)	(17,989)	(89,357)
		438,524	431,308	39,396	341,653
Insurance proceeds		3,428,887	-	3,428,887	-
Cash flows from operating activities		3,867,411	431,308	3,468,283	341,653
Investing activities					
Proceeds from disposal of property, plant and equipment		111,949	4,444	-	4,444
Payments for property, plant and equipment		(214,996)	(182,494)	(148,298)	(88,969)
Maturity of term deposits		9,928	-	9,928	-
Investment in term deposits		(1,800,000)	-	(1,800,000)	-
Cash flows used in investing activities		(1,893,119)	(178,050)	(1,938,370)	(84,525)
Financing activities					
Repayment of borrowings and lease liability		(1,059,249)	(201,534)	(1,059,249)	(201,534)
Dividends paid		(533,346)	-	(533,346)	-
Cash flows used in financing activities		(1,592,595)	(201,534)	(1,592,595)	(201,534)
Net increase in cash held		381,697	51,724	(62,682)	55,594
Cash and cash equivalents at 1 January		501,512	449,788	134,369	78,775
Cash and cash equivalents at 31 December	**13**	883,209	501,512	71,687	134,369

The above statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 14 to 34.

1. Reporting Entity

Pacific Green Industries (Fiji) Limited (the "Company") is a public company domiciled in Republic of Fiji . The address of the Company's registered office and principal place of business is Queens Road, Malaqereqere, Sigatoka, Republic of Fiji. The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiary (together referred to as the "Group"). The Company's subsidiary, Dongguan Golden Palmwood Furniture Pty Limited is a foreign private company, incorporated and domiciled in the Republic of China. The Group is primarily involved in the manufacture and sale of furniture and architectural products made from coconut palmwood.

Stock exchange listing

The company was listed on the South Pacific Stock Exchange on 5 June 2001.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board and the requirements of Fiji Law.

The financial statements were approved by the Board of Directors on 31 March 2011.

(b) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied.

(c) Functional and presentation currency

These consolidated financial statements are presented in Fiji Dollars, which is the holding Company's functional currency. The functional currency of the subsidiary Dongguan Golden Palmwood Furniture Pty Limited is Chinese Yuan and its presentation currency is US Dollars.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 10 – Income tax
- Note 11 – Property plant & equipment
- Note 14 – Trade and other receivables
- Note 19 – Trade and other payables

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non controlling interest represents the equity in subsidiary company Dongguan Golden Palmwood Furniture Pty Limited not attributable to the members of Pacific Green Industries (Fiji) Limited.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised gains or losses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency

(i) Foreign currency transactions

Foreign currency transactions are translated to Fiji dollars at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Fiji dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Fiji dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

(c) Financial Instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Held-to-maturity financial assets

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available for sale.

Held-to-maturity investments are carried at amortised cost using fixed interest rate and comprise term deposits.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdraft, and trade and other payables.

Bank overdraft that is repayable on demand and forms an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary share are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials, direct labour and an appropriate proportion of overheads, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of the property, plant and equipment are recognised in profit or loss as incurred.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The straight-line method of depreciation is used and depreciation rates have been applied as follows:

Leasehold land	term of lease
Buildings	1.25%
Motor vehicles	20%
Office furniture and equipment	10%
Plant and equipment	5%

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

(e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred and bringing them to their existing condition and location. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Non-derivative financial assets

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 objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in Group, economic conditions that correlate with defaults or the disappearance of an active market for a security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3. Significant accounting policies (continued)

(g) Impairment

(i) Non-derivative financial assets (continued)

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the 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 in respect of a financial asset measured at amortised 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 recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, 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. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater value 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

3. Significant accounting policies (continued)

(g) Impairment (continued)

Non-financial assets (continued)

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (Group of CGUs), and then to reduce the carrying amounts of the other assets in CGU (Group of CGUs) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits

Contributions paid to the Fiji National Provident Fund on behalf of employees to secure retirement benefits are included in the profit or loss. Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the relative service is provided.

(i) Trade and other payables

Trade and other payables are not interest-bearing and are stated at cost. A provision is recognised in the statements of financial position when the Group has legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect 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.

(j) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For furniture sales, transfer usually occurs when the product is received by the customer, however, for some international shipments transfer occurs upon loading of goods onto the relevant carrier at the port.

3. **Significant accounting policies (continued)**

(k) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Finance income and expenses

Finance income comprises interest income on funds invested (including held-to-maturity financial assets) and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, losses on disposal of available-for-sale financial assets, impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

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3. Significant accounting policies (continued)

(n) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to members of the Company by the weighted average number of shares of the Company.

Diluted earnings per share is the same as basic earnings per share for the Group.

(o) Segment reporting

A segment is distinguishable component of the Group that is engaged either in providing related products or services business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments.

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to which transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the board to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items compromise mainly corporate assets (primarily Fiji), head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

4. Risk Management Policies

(a) Financial Risk Management

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(b) Foreign Currency Risk Management

The Group undertakes various transactions denominated in foreign currencies. The Group is exposed to foreign exchange risk arising from various currency exposures with respect to purchase of inventory, primarily with respect to the RMB, AUD and USD. Foreign exchange risk arises from future commercial transactions and liabilities. Management has set up bank accounts in USD, RMB, AUD, GBP, HKD and FJD to reduce any negative impact.

4. Risk Management Policies (continued)

(c) Credit Risk Management

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

Customers that fail to meet the Group's benchmark credit worthiness may transact with the Group only on a prepayment basis. Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group otherwise does not require collateral in respect of trade and other receivables.

Exposure to credit risk

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group	Group	Company	Company
	2010	2009	2010	2009
	$	$	$	$
Cash at bank	871,810	491,164	70,937	133,619
Trade and other receivables	454,140	346,625	161,448	140,851
Term deposits	1,800,000	-	1,800,000	-
	3,125,950	837,789	2,032,385	274,470

(d) Liquidity Risk Management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate banking facilities and collecting advance deposits from future clients and continuously monitoring forecast and actual cash flows. The Company has an overdraft facility of $650,000 (2009: $650,000). At year end this facility was unused.

(e) Interest Rate Risk Management

The Group is exposed to interest rate risk as its overdraft facility is on variable interest rates.

4. Risk Management Policies (continued)

(f) Capital Risk Management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to its shareholders.

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

	Group 2010 $	Group 2009 $
Total liabilities	1,326,821	2,030,222
Less: cash and cash equivalents	(883,209)	(501,512)
Net debt	443,612	1,528,710
Total equity	6,325,512	4,217,967
Less: foreign currency translation reserve	(170,244)	(346,227)
Net equity	6,155,268	3,871,740
Net debt to equity ratio at 31 December	0.07	0.39

(g) Market Risk Management

The Group is specialised in making up market / niche products. Management is actively involved in exhibitions and shows around the world to expand the Group's market base.

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
5. Other operating income				
Insurance proceeds	3,428,887	-	3,428,887	-
Insurance claim expenses/legal fees	(518,490)	-	(518,490)	-
Net insurance proceeds	2,910,397	-	2,910,397	-
Gain on disposal of property, plant & equipment	35,591	666	-	666
	2,945,988	666	2,910,397	666

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
6. Administrative expenses				
Included in administrative expenses are:				
Depreciation	322,830	305,875	86,220	86,764
Audit fees	35,000	35,000	10,000	10,000
Consultancy fees paid to related parties	1,032,847	630,596	-	-
Legal fees	15,780	136,766	-	126,439
7. Other operating expenses				
Donations and subscriptions	3,559	1,044	1,150	161
Entertainment	53,774	41,595	13,810	11,235
	57,333	42,639	14,960	11,396
8. Finance income and expenses				
Finance income				
Unrealised exchange gain	53,539	-	53,539	-
Interest income	50,178	-	50,178	-
	103,717	-	103,717	-
Finance expenses				
Unrealised exchange loss	62,514	111,326	-	38,488
Bank charges and interest expense	26,924	96,723	17,989	89,357
	89,438	208,049	17,989	127,845
9. Personnel expenses				
Wages and salaries included in cost of sales	1,008,408	702,786	295,959	213,237
Other wages and salaries	249,299	187,807	151,133	110,233
Director/ key management remuneration	42,000	37,400	42,000	37,400
Contributions to TPAF	4,497	3,490	4,497	3,490
Contributions to superannuation	35,922	27,895	35,922	27,895
	1,340,126	959,378	529,511	392,255

The average number of employees for the Group during the year ended 31 December 2010 was 141 (2009:155).

The average number of employees for the holding Company during the year ended 31 December 2010 was 48 (2009:46).

In addition to the key management compensation as detailed above, consultancy fees are paid to key management personnel and their related entities (refer to Notes 6 and 22).

10. Income tax

(a) Income tax expense recognised in the statement of comprehensive income

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Current tax expense - current year	131,702	-	-	-
Deferred tax expense	-	-	-	-
Income tax expense	131,702	-	-	-
Reconciliation of effective tax rate				
Operating (loss) profit	3,067,107	262,897	2,540,300	(593,716)
Income tax expense (benefit)	842,986	(172,178)	711,284	(172,178)
Non-deductible expenses	322	36,714	322	36,714
Tax losses utilised during the year	(680,424)	-	(680,424)	-
Tax losses not brought to account	-	135,464	-	135,464
Deferred tax assets & liabilities brought to account	(31,182)	-	(31,182)	-
Income tax expense	131,702	-	-	-

The Company was granted tax-free status and was exempt from income tax on corporate profits for a period of 13 years to 31 December 2009. Refer Note 21 (c) regarding potential tax liabilities of the subsidiary company.

The Company has unconfirmed tax losses of $4,563,964 at year-end (2009: tax losses of $6,994,051) which have not been recognised in the statement of financial position.

(b) Income tax payable

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Balance at 1 January	-	-	-	-
Current tax expense	131,702	-	-	-
Payments made during the year	-	-	-	-
Balance at 31 December	131,702	-	-	-

11. Property, plant and equipment

Group	Leasehold land and buildings $	Plant and equipment $	Motor vehicles $	Office furniture and equipment $	Total $
Cost					
Balance at 1 January 2009	1,903,422	1,715,945	223,429	301,212	4,144,008
Additions	41,630	114,826	20,444	5,594	182,494
Disposals	-	-	(15,111)	-	(15,111)
Effect of movement in exchange rates	43,962	122,042	110,819	6,493	283,316
Balance at 31 December 2009	1,989,014	1,952,813	339,581	313,299	4,594,707
Balance at 1 January 2010	1,989,014	1,952,813	339,581	313,299	4,594,707
Additions	77,071	114,528	16,481	6,916	214,996
Disposals	-	(79,072)	-	-	(79,072)
Effect of movement in exchange rates	(28,447)	(84,174)	(8,191)	(4,244)	(125,056)
Balance at 31 December 2010	2,037,638	1,904,095	347,871	315,971	4,605,575
Depreciation					
Balance at 1 January 2009	256,470	545,218	69,526	79,849	951,063
Depreciation for the year	67,015	158,113	50,123	30,624	305,875
Disposals	-	-	(11,333)	-	(11,333)
Effect of movements in exchange rates	10,901	42,437	103,722	2,189	159,249
Balance at 31 December 2009	334,386	745,768	212,038	112,662	1,404,854
Balance at 1 January 2010	334,386	745,768	212,038	112,662	1,404,854
Depreciation for the year	68,754	174,096	48,549	31,431	322,830
Disposals	-	(2,714)	-	-	(2,714)
Effect of movements in exchange rates	(9,898)	(38,269)	(5,336)	(1,842)	(55,345)
Balance at 31 December 2010	393,242	878,881	255,251	142,251	1,669,625
Carrying amounts					
At 1 January 2009	1,646,952	1,170,727	153,903	221,363	3,192,945
At 31 December 2009	1,654,628	1,207,045	127,543	200,637	3,189,853
At 31 December 2010	1,644,396	1,022,214	92,620	173,720	2,935,950

11. Property, plant and equipment (continued)

Company	**Leasehold land and buildings $**	**Plant and equipment $**	**Motor vehicles $**	**Office furniture and equipment $**	**Total $**
Cost					
Balance at 1 January 2009	1,440,521	430,911	188,308	232,838	2,292,578
Additions	41,630	22,074	20,444	4,821	88,969
Disposals	-	-	(15,111)	-	(15,111)
Balance at 31 December 2009	1,482,151	452,985	193,641	237,659	2,366,436
Balance at 1 January 2010	1,482,151	452,985	193,641	237,659	2,366,436
Additions	77,071	64,311	-	6,916	148,298
Disposals	-	-	-	-	-
Balance at 31 December 2010	1,559,222	517,296	193,641	244,575	2,514,734
Depreciation					
Balance at 1 January 2009	164,829	163,056	122,447	60,238	510,570
Depreciation for the year	18,527	22,649	22,201	23,387	86,764
Disposals	-	-	(11,333)	-	(11,333)
Balance at 31 December 2009	183,356	185,705	133,315	83,625	586,001
Balance at 1 January 2010	183,356	185,705	133,315	83,625	586,001
Depreciation for the year	19,490	25,865	16,786	24,079	86,220
Disposals	-	-	-	-	-
Balance at 31 December 2010	202,846	211,570	150,101	107,704	672,221
Carrying amounts					
At 1 January 2009	1,275,692	267,855	65861	172,600	1,782,008
At 31 December 2009	1,298,795	267,280	60,326	154,034	1,780,435
At 31 December 2010	1,356,376	305,726	43,540	136,871	1,842,513

Leased assets

The Company leases a motor vehicle under finance lease agreement – refer Note 21. At the end of each lease period the Company has the option to purchase the motor vehicles at a beneficial price. At 31 December 2010 the net carrying amount of leased motor vehicles was $13,875 (2009: $18,453).

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
12. Investment				
Investment in subsidiary	-	-	834,168	834,168

The Company established a subsidiary, Dongguan Golden Palmwood Furniture Pty Limited in China in 2004 and has 70% ownership interest.

13. Cash and cash equivalents

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Cash at bank	871,810	491,164	70,937	133,619
Cash on hand	11,399	10,348	750	750
Cash and cash equivalents in the statement of cash flows	883,209	501,512	71,687	134,369

14. Trade and other receivables

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Trade receivables	93,082	92,865	-	570
Amounts owed by directors	238,017	211,763	38,407	98,284
Amounts owed by employees	15,282	10,890	15,282	10,890
VAT receivable	57,581	31,107	57,581	31,107
Interest receivable	50,178	-	50,178	-
	454,140	346,625	161,448	140,851

15. Inventories

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Raw materials	1,170,360	1,316,267	260,197	229,681
Work in progress	230,599	322,344	198,770	272,752
Finished goods	1,187,329	1,342,573	959,894	1,186,553
Goods in transit	98,707	103,783	98,706	103,783
	2,686,995	3,084,967	1,517,567	1,792,769

16. Prepayments and other deposits

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Prepayments and deposits	197,716	387,799	108,322	77,241
Term deposits	1,800,000	-	1,800,000	-
	1,997,716	387,799	1,908,322	77,241

The term deposits have an average maturity of 210 days (2009: nil) at 5.5% (2009: nil) interest.

	Group 2010	Group 2009	Company 2010	Company 2009
	$	$	$	$
17. Share capital				
Authorised capital				
20,000,000 shares of $1.00 each	20,000,000	20,000,000	20,000,000	20,000,000
Issued share capital				
7,619,234 shares of $1.00 each fully paid	7,619,234	7,619,234	7,619,234	7,619,234

18. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is as follows:

Net profit / (loss) attributable to shareholders	2,816,874	5,913	2,540,300	(593,716)
Weighted average number of shares for the year ended 31 December	7,619,234	7,619,234	7,619,234	7,619,234
Basic earnings per share	0.370	0.001	0.333	(0.078)

Diluted earnings per share

Diluted earnings per share at 31 December 2010 is the same as basic earnings per share as there are no ordinary shares which are considered dilutive.

19. Trade and other payables

Trade creditors and accruals	1,135,588	957,098	613,096	327,299
Amounts payable to directors	45,656	-	45,656	-
Amounts payable to subsidiary	-	-	1,549,975	1,253,261
	1,181,244	957,098	2,208,727	1,580,560

20. Borrowings

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Current				
Term loan - secured	-	198,942	-	198,942
Lease liability	9,250	18,453	9,250	18,453
	9,250	217,395	9,250	217,395
Non-current				
Term loan - secured	-	855,729	-	855,729
Lease liability	4,625	-	4,625	-
	4,625	855,729	4,625	855,729

The Company has an overdraft facility of $650,000 (2009: $650,000) and interest is charged at the rate of 6.35% (2009:6.35%) per annum. The overdraft facility was unused at year-end.

Term loan and bank overdraft security details

The term loan and bank overdraft from Australia and New Zealand Banking Group are secured by the following:

(a) First registered mortgage debenture over the Company's assets & undertakings including goodwill and uncalled & unpaid capital of the company.

(b) First registered mortgage over Native Lease 22554 and 22555.

The term loan was fully repaid during the year.

21. Commitments and contingencies

(a) Finance lease commitments

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Current	9,250	18,453	9,250	18,453
Non-current	4,625	-	4,625	-
	13,875	18,453	13,875	18,453
Finance lease rentals are payable as follows:				
Not later than one year	10,228	19,436	10,228	19,436
Later than one year but not later than two years	5,114	-	5,114	-
Future finance charges	(1,467)	(983)	(1,467)	(983)
	13,875	18,453	13,875	18,453

21. Commitments and contingencies (continued)

(b) Capital commitments

Capital commitments for the Group not otherwise provided for in the financial statements amounted to $Nil (2009: $Nil.)

(c) Contingent liability

The directors of the China based subsidiary company, Dongguan Golden Palmwood Furniture Pty. Ltd. believe that the company was entitled to income tax concessions up until 31 December 2009. The subsidiary company's local China tax consultant has confirmed that all tax obligations until 31 December 2009 have been settled. Additional tax advice has, however, been obtained which raises doubt as to the applicability of income tax concessions in 2009 and earlier years and also raises the possibility of other taxes being applicable. It has not been possible to reliably assess the quantum of potential tax liabilities (if any) in this regard.

22. Related parties

(a) Directors
The following were directors of the holding company during the year:

Mr Peter Ryan- Managing Director (also appointed as Chairman on 21st June 2010)
Mr Ravin Chandra – Executive Director
Mr Qi Hui – Executive Director
Mr Jaoji Koroi – Independent Director (appointed 21st June 2010)
Mr Pita Mawi – Independent Director
Mr Mesake Nawari – Independent Director
Ms Kesaia Palu Tuisawau- Independent Director (appointed 1st November 2010)
Mr Dominic Ryan – alternate to Peter Ryan and Ravin Chandra (appointed 21st June 2010)

(b) Transactions with Directors and Key Management Personnel
The aggregate value of transactions and outstanding balances relating to management personnel were as follows:

			Group			
Personnel Position	**Transaction**	**Note**	**Net transaction value Year ended 31 December**		**Balance Outstanding As at 31 December Receivable/(Payable)**	
			2010	**2009**	**2010**	**2009**
			$	**$**	**$**	**$**
Director/ Key management – Ravin Chandra	Advances	14	(59,877)	1,767	38,407	98,284
Employees	Advances	14	4,392	3,279	15,282	10,890
Director – Peter Ryan	Consultancy	19/ 6	266,335	220,408	(35,590)	-
Director – Qi Hui	Consultancy	6	449,126	195,126	-	-
	Advances	14	(86,131)	113,479	199,611	113,479
Management – Stan Angelou	Consultancy	6	267,398	215,062	-	-
Director – Dominic Ryan	Consultancy	19/ 6	49,988	-	(10,066)	-

22. Related parties (continued)

(b) Transactions with Directors and Key Management Personnel (continued)

Consultancy expenses are paid by the subsidiary Dongguan Golden Palmwood Furniture Pty Limited in China.

Director/ key management personnel remuneration is for the General Manager of the holding company, Mr. Ravin Chandra. Director/ key management personnel remuneration is disclosed in Note 9.

(c) Equity Interest of Related Parties

The interests of directors and employees during the year in the ordinary shares of the company are as follows:

	Additions	**Holding**
	$	**$**
Employees	-	8,850
Directors	-	2,841,670

There were no unpaid dividends at year end. (2009: Nil)

(d) Transactions with Subsidiary

During the year the Company entered into various transactions with the subsidiary which were at normal commercial terms and conditions. Amounts receivable/payable from/to the subsidiary are unsecured. The aggregate value of material transactions with the subsidiary during the year were as follows:

	Net transaction value Year ended 31 December		**Balance Outstanding As at 31 December Receivable/(Payable)**	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Purchase of goods and services				
Subsidiary – Dongguan Golden Palmwood Furniture Pty Limited	568,241	920,965	(1,549,975)	(1,253,261)

23. Segment Reporting

Geographical Segments

	Fiji		China		Consolidated	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**	**$**	**$**
Revenue from external customers	1,516,305	1,107,385	7,766,159	6,229,577	9,282,464	7,336,962
Interest revenue	50,178	-	-	-	50,178	-
Interest expense	17,989	89,357	8,935	7,366	26,924	96,723
Depreciation and amortisation	86,220	86,764	236,610	219,111	322,830	305,875
Reportable segment profit (loss) before income tax	2,540,300	(593,716)	526,807	599,629	3,067,107	262,897
Segment assets	7,560,856	4,759,833	5,006,447	4,838,352	10,183,161	7,510,756
Segment liabilities	2,222,602	2,653,684	522,488	629,796	1,195,119	2,030,222
Cash flows from operating activities	3,468,283	341,653	399,128	89,655	3,867,411	431,308
Cash flows (used in) / from investing activities	(1,938,370)	(84,525)	45,251	(93,525)	(1,893,119)	(178,050)
Cash flows used in financing activities	(1,592,595)	(201,534)	-	-	(1,592,595)	(201,534)
Capital expenditure	148,298	88,969	66,698	93,525	214,996	182,494

24. Subsequent events

Subsequent to the financial year-end, the Company declared and paid third interim dividends for the 2010 year of $0.02 per share amounting to $152,385.

Pacific Green Industries (Fiji) Limited and Subsidiary

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in the annual report)

(1) Schedule of each class of equity security, in compliance with listing requirements under section 6.31 (iv):

(a) Shareholdings of those persons holding twenty (20) largest blocks of shares:

	Name	Shares	Total % Holding
1	Ravin Chandra	1,474,360	19.35%
2	Peter Ryan	1,367,310	17.95%
3	Fiji National Provident Fund	1,244,275	16.33%
4	Yasana Holdings Limited	1,020,000	13.39%
5	Fijians Trust Fund	1,000,000	13.12%
6	Munswamy Reddy	803,830	10.55%
7	Guardian Trustees Limited-Fijian Holdings Unit Trust	256527	3.37%
8	Mark Patterson	199,957	2.62%
9	Unit Trust Of Fiji (Trustee Co) Ltd	79,000	1.04%
10	Colonial Fiji Life Limited	35,682	0.47%
11	Radike & Eta Qereqeretabua	25,000	0.33%
12	FHL Securities Limited	20,000	0.26%
13	Ken Kung	20,000	0.26%
14	Jimaima T Schultz	13,500	0.18%
15	FNPF Nominees Limited	6,398	0.08%
16	Vishnu Deo	5,000	0.07%
17	Rajesh Sharma	3,500	0.05%
18	Jesoni & Silina Vitusagavulu	3,000	0.04%
19	Dahyabhai Nathubhai Patel & Bipin Chandra Patel	3,000	0.04%
20	Christopher Dard Keung Yee	3,000	0.04%

(b) Details of Shareholdings of Directors and Senior Management:

1	Ravin Chandra	1,474,360
2	Peter Ryan	1,367,310
3	Shabnam Prasad	2,500
4	Praveen Padyachi	1,000

(2) Schedule of each class of equity security, in compliance with listing requirements under section 6.31 (v):

Distribution of ordinary shareholders:

No. Of Holders	Holdings	Total % Holding
30	Less than 500 shares	0.07%
27	501 to 5,000 shares	0.63%
1	5,001 to 10,000 shares	0.08%
3	10,001 to 20,000 shares	0.70%
1	20,001 to 30,000 shares	0.33%
1	30,001 to 40,000 shares	0.47%
-	40,001 to 50,000 shares	-
1	50,001 to 100,000 shares	1.04%
4	100,001 to 1,000,000 shares	31.22%
4	Over 1,000,000 shares	65.46%

Pacific Green Industries (Fiji) Limited and Subsidiary
Listing requirements of the South Pacific Stock Exchange (not included elsewhere in the annual report)

(3) Disclosure under Section 6.31 (viii) :

Subsidiary Company: Dongguan Golden Palmwood Furniture Pty Limited

	2010 $	2009 $
Turnover	7,766,159	6,229,577
Other Income	35,591	-
	7,801,750	6,229,577
Depreciation	236,610	219,111
Interest income	-	-
Other expenses	7,038,333	5,153,854
Income tax expenses	131,702	-
	7,406,645	5,372,854
Profit after tax	395,105	856,611
Total Assets	5,006,447	4,838,352
Total Liabilities	654,190	629,796
Shareholders Equity	3,046,580	2,945,989

(4) Disclosure under Section 6.31 (ix) :

There were no contracts existing during or at the end of the financial year in which a director of the Group was materially interested, directly or indirectly apart from those disclosed in the financial statements.

(5) Disclosure under Section 6.31 (xii) :

Summary of key financial results for the previous five years for the Group:

	2010 $	2009 $	2008 $	2007 $	2006 $	2005 $
Net Profit (Loss) after Tax	**2,935,405**	**262,897**	**(346,424)**	**741,216**	**(198,208)**	**(581,428)**
Current Assets	6,022,060	4,320,903	4,283,339	4,361,365	4,457,011	4,960,303
Non-Current Assets	2,935,950	3,189,853	3,192,945	3,145,417	3,754,427	3,307,542
Total Assets	**8,958,010**	**7,510,756**	**7,476,284**	**7,506,782**	**8,211,438**	**8,267,845**
Current Liabilities	1,322,196	1,174,493	1,512,352	1,380,092	2,532,076	1,904,262
Non Current Liabilities	4,625	855,729	1,072,485	1,246,183	1,434,622	1,604,951
Total Liabilities	**1,326,821**	**2,030,222**	**2,584,837**	**2,626,275**	**3,966,698**	**3,509,213**
Shareholders Equity	**6,325,512**	**4,217,967**	**3,983,722**	**4,146,488**	**3,794,501**	**4,758,632**

(6) Disclosure under Section 6.31 (xiii) :

(a) Dividends per share:

There were two interim dividends of $0.05 per share (21 June 2010) and $0.02 per share (25 August 2010) declared and paid during the year ended 31 December 2010. The total dividends paid out were $533,346 (2009: Nil).

		Group	
		2010	**2009**
		$	**$**
(b)	**Earnings per share:**	0.370	0.001
(c)	**Net tangible assets per share:**	1.18	0.99

(d) Share price during the year:

	2010	**2009**
	$	**$**
Highest	2.10	2.10
Lowest	0.92	2.10
On 31st December	0.92	2.10

(7) Disclosure under Section 6.31 (xvii) :

Corporate Governance

In June 2008, the Capital Markets Development Authority (now the Capital Markets Unit of Reserve Bank of Fiji) published the Corporate Governance Code for the Capital Markets (The Code) The Code attributes 10 core principles together with the best practice recommendations. This code is the basis for the Group corporate governance standards.

This is the first year of reporting on Corporate Governance and such group has reviewed its existing policies and has codified new policies in line with its goal to improve the standard of corporate governance on a continuous basis.

Principle	**Groups/Company's Response**
Establish clear responsibilities for board oversight	The Group Policy sets out the powers and duties of directors in terms of managing the Group effectively and efficiently.
Constitute an effective Board	Directors are nominated by Shareholders at the Annual General Meeting and elected upon approval from major shareholders. One third of the total strength of the Board retire by rotation each year and are eligible for re- election.
Appointment of the Chief Executive Officer (CEO)	The Board appoints the Group Managing Director.
Board and Company Secretary	The Company Secretary is the administrative link between the Board and the Management and is responsible for ensuring compliance to company activities. All directors have access to the Company Secretary.
Timely and balanced disclosure	Board meetings are held regularly (at least twice yearly) to update the directors on the Group performance and get major decisions clarified and passed at Board level. The Group Managing Director and the Group General Manager are in constant contact with the directors for any issues arising within the Group. The Group periodically releases the required information to the public by way of market announcements, as required by the rules of the SPSE.

(7) Disclosure under Section 6.31 (xvii) : (continued)

Corporate Governance (continued)

Principle	Groups/Company's Response
Promote ethical and responsible decision-making	The Group promotes and believes that all directors and employees uphold high standards, honesty, fairness, and equity in all aspects of their employment and association with the Group.
Register of interests	The interest of the Directors if any are noted during Board meetings.
Respect the rights of the shareholders	An Annual General Meeting is held every year in accordance with the Articles of Association of the company. The Annual Report is also published each year and circulated to the shareholders of the company.
Accountability and Audit	The Company is audited externally each year and receives an independent audit report which forms part of the Annual Report. The Audit and Finance Committee is responsible for overseeing the financial reporting and disclosure process, performance and independence of the external auditors, monitoring risk management policies and practices with management.
Recognise and Manage Risk	The Group has in place a Risk Management Policy to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

(8) Disclosure under Section 6.31 (vi) :
Board Meetings

Director	Number of Meetings held	Number of meetings Attended	Apology (AP) Absent (AB)
Mr Peter Ryan - Chairman (appointed as Chairman on 21st June 2010)	2	2	NA
Mr Ravin Chandra	2	2	NA
Mr Qi Hui	2	2	NA
Mr Jaoji Koroi (appointed 21st June 2010)	1	0	AB
Mr Pita Mawi	2	2	NA
Mr Mesake Nawari	2	1	AP
Ms Kesaia Palu Tuisawau (appointed 1st November 2010)	0	0	NA
Mr Dominic Ryan (as alternate to Peter Ryan and Ravin Chandra)	2	2	NA

Board Sub-Committees: The Board has two standing committees.

(i) The Audit and Finance Committee inclusive of Risk and Compliance

The Audit and Finance Committee inclusive of Risk and Compliance is selected by the Board and was formed in 2009. They are responsible for the external audit of the Group's affairs, reviewing half year and annual financial statements. They assist the Board in fulfilling its responsibilities by coming up with recommendations, advice and information concerning accounting and reporting responsibilities and evaluating risk management practices. The Committee meets twice a year or as required. The Committee is comprised of Mr. Mesake Nawari, Mr. Pita Mawi, and Mr. Ravin Chandra.

(ii) The Strategic Sub Committee

The Strategic Committee comprises of all the Board members and is chaired by the Board Chairman. The Directors are briefed with their roles and responsibilities as Board members of the Group. The Group strategic plans are reviewed annually by all the Board members.

Pacific Green Industries (Fiji) Limited and Subsidiary
Listing requirements of the South Pacific Stock Exchange (not included elsewhere in the annual report)

The company Share Registry is maintained at it's registered office and principal place of business in Fiji :

Pacific Green Industries (Fiji) Limited
Queens Road
Malaqereqere
Sigatoka
Republic of Fiji
Phone contact: 679 650 0055
Fax contact : 679 6520 014

Company Secretary : Mr. Ravin Chandra

PACIFIC GREEN INDUSTRIES (FIJI) LIMITED AND SUBSIDIARY

Proxy Form

I/We*____ of ______________________________

being a member/members* of the above-named company, hereby appoint

__________________________________ of ___________________________________, or failing him

____________________________of _______________________________, as my/our* proxy to vote

my/our* proxy to vote for me/us* on my/our* behalf at the annual general meeting of the company, to be held on 17 June 2011, and at any adjournment thereof.

This form is to be used in favour of or against the resolutions as follows:

		Tick as desired	
		In favour	**Against**
1.	To receive and adopt the audited balance sheet and income statement and the reports of the directors and auditors for the year ended 31 December 2010.	☐	☐
2.	To elect, in accordance with Article 107 of the Articles of Association, two directors. Mr. Peter Ryan and Mr. Pita Mawi retire by rotation and, being eligible, offer themselves for re-election.		
	• To elect Mr Peter Ryan as a director	☐	☐
	• To elect Mr Pita Mawi as a director	☐	☐
	• To appoint KPMG as auditors	☐	☐

Signed this day of 2011 ___________________________

(Signature of Shareholder)

____________________ ______________________ ______________________________

(Signature of Witness) (Name of Witness) (Designation of Witness -

(Refer note 2 below)

Unless otherwise instructed, the proxy may vote as he or she thinks fit.

Strike out whichever is not applicable.

Note 1 In the case of a company/corporation, the proxy must either be under seal or under the hand of an officer or attorney duly authorised.

Note 2 Unless the appointer is a company/corporation, the proxy must be signed in the presence of a Justice of Peace, Magistrate, Police Officer, Roko or other recognised public official.

Note 3 Please ensure that all details are legible.

Note 4 To be effective, the company must receive this instrument not less than forty-eight hours before the time of the meeting.