

SOUTH PACIFIC ELIXIRS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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SOUTH PACIFIC ELIXIRS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of South Pacific Elixirs Limited ("the Company") as at 31 December 2017, the related statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended on that date and report as follows:

Directors

The name of the Directors of South Pacific Elixirs Limited at the date of this report are:

Zane Masao Ernest Yoshida
Nicolette Betty Janice Yoshida

Principal activities

The principal activity of the Company during the financial year was the processing of Kava for local and export sales. There has been no significant change in the nature of this activity during the financial year.

Results

The operating loss for the year was \$62,657 (2016: \$18,054).

Dividends

There were no dividends declared or paid during the year.

Reserves

The Directors recommend that no transfer be made to the reserves within the Fiji Companies Act, 2015.

Going concern

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

Bad and doubtful debts

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

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

Non-current assets

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

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.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial 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 the subsequent financial year.

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.

Other circumstances

As at the date of this report:

- (i) no charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and
- (iii) no contingent liabilities or other liabilities of the Company have become or are likely to become enforceable within the year 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.


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 South Pacific Elixirs Limited on page 5.

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.

Dated this 9 day of October 2018.


Zane Masao Ernest Yoshida
Director

SOUTH PACIFIC ELIXIRS LIMITED
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors of South Pacific Elixirs Limited ("the Company") have made a resolution that declared:

- (a) in the Directors' opinion, the financial statements and notes of the Company for the financial year ended 31 December 2017:
 - (i) give a true and fair view of the financial position of the Company as at 31 December 2017 and of the performance of the Company for the year ended 31 December 2017; 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; and
- (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 Company and in accordance with a resolution of the Directors.

Dated this 9 day of October 2018.



Zane Masao Ernest Yoshida
Director



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Auditor's Independence Declaration to the Directors of South Pacific Elixirs Limited

As the lead auditor for the audit of South Pacific Elixirs Limited for the financial year ended 31 December 2017, 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 South Pacific Elixirs Limited during the financial year.

Ernst & Young
Chartered Accountants

Steven Pickering
Partner
Suva, Fiji
09 October 2018

INDEPENDENT AUDIT REPORT

To the members of South Pacific Elixirs Limited

We have audited the accompanying financial statements of South Pacific Elixirs Limited ("the Company"), which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, of its financial performance, of its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities ("IFRS for SMEs").

Emphasis of matter

Without further qualification to the opinion expressed above, attention is drawn to Note 18 of the financial statements. At 31 December 2017, the Company recorded a deficiency in net assets of \$460,896 (2016: \$398,239). Accordingly, there is uncertainty as to whether the Company will be able to continue as a going concern and whether it will be able to pay its debts as they become due and payable, realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial statements. The Directors and management have a plan to address this deficiency which includes capital raising and support by related entities.

Basis for opinion

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

Responsibilities of the Directors and management for the Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs and the Companies Act 2015, 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.

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.

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

Auditor's Responsibility for the Audit of the Financial Statement

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 ISA 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.



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INDEPENDENT AUDIT REPORT *continued*

Auditor's Responsibility for the Audit of the Financial Statement *continued*

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' and management'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.

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

We also provide the Directors and management 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
Suva, Fiji

Steve Pickering
Partner
09 October 2018

SOUTH PACIFIC ELIXIRS LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 \$	2016 \$
Revenue	3	161,877	211,503
Cost of sales		<u>(114,988)</u>	<u>(73,284)</u>
Gross profit		46,889	138,219
Other income	4	19,876	28,928
Administration and operating expenses	5	(109,546)	(160,284)
Depreciation		<u>(19,876)</u>	<u>(24,917)</u>
Total expenses		<u>(129,422)</u>	<u>(185,201)</u>
Operating loss before tax		(62,657)	(18,054)
Income tax expense	6	-	-
Net loss after tax		<u>(62,657)</u>	<u>(18,054)</u>
Other comprehensive income		-	-
Total comprehensive expense, net of tax		<u>(62,657)</u>	<u>(18,054)</u>

The accompanying notes form an integral part of this Statement of Comprehensive Income.

SOUTH PACIFIC ELIXIRS LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Accumulated losses	Total
	\$	\$	\$
As at 1 January 2016	2	(380,187)	(380,185)
Loss for the year	-	(18,054)	(18,054)
As at 31 December 2016	<u>2</u>	<u>(398,241)</u>	<u>(398,239)</u>
As at 1 January 2017	2	(398,241)	(398,239)
Loss for the year	-	(62,657)	(62,657)
As at 31 December 2017	<u>2</u>	<u>(460,898)</u>	<u>(460,896)</u>

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

SOUTH PACIFIC ELIXIRS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	7	21,256	24,129
Trade and other receivables	8	2,865	15,019
Inventories	9	51,133	15,643
Total current assets		75,254	54,791
Non-current assets			
Intangible assets	11	50,605	-
Property, plant and equipment	10	539,811	533,548
Total non-current assets		590,416	533,548
Total assets		665,670	588,339
Current liabilities			
Trade and other payables	12	21,311	33,691
Total current liabilities		21,311	33,691
Non-current liabilities			
Deferred income	14	118,369	138,245
Related party borrowings	13	986,886	814,642
Total non-current liabilities		1,105,255	952,887
Total liabilities		1,126,566	986,578
Net assets		(460,896)	(398,239)
Shareholders' equity			
Share capital		2	2
Accumulated losses		(460,898)	(398,241)
Total shareholders' equity		(460,896)	(398,239)

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

SOUTH PACIFIC ELIXIRS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Operating Activities			
Receipts from customers		174,031	200,495
Payments to suppliers and employees		(323,009)	(218,185)
Net cash used in Operating Activities		<u>(148,978)</u>	<u>(17,690)</u>
Investing Activities			
Acquisition of plant and equipment		(26,139)	-
Net cash used in Investing Activities		<u>(26,139)</u>	<u>-</u>
Financing Activities			
Advance from related parties		172,244	15,021
Net cash provided by Financing Activities		<u>172,244</u>	<u>15,021</u>
Net decrease in cash and cash equivalents		(2,873)	(2,669)
Cash and cash equivalents at 1 January		24,129	26,798
Cash and cash equivalents at 31 December	7	<u><u>21,256</u></u>	<u><u>24,129</u></u>

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

1. Corporate information

The financial statements of South Pacific Elixirs Limited ("the Company") for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 9 October, 2018. South Pacific Elixirs Limited is a limited liability company incorporated and domiciled in Fiji.

The principal activity of the Company is processing and wholesaling of Kava. There has been no significant changes in this activity during the period.

2. Statement of significant accounting policies

(a) Basis of accounting

The financial statements of the Company have been drawn up in accordance with the provisions of the Fiji Companies Act, 2015 and International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared primarily on the basis of historical costs and except where specifically stated, do not take into account current valuations of non-current assets.

(b) Functional and presentation currency

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

(c) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand and bank overdrafts.

(d) Trade and other receivables

Trade receivables are carried at original invoice amount less allowance made for impairment. Other receivables are recognised and carried at cost less impairment loss. 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. This allowance is based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified. Subsequent recovery of amounts previously written off are credited to other operating income in the statement of comprehensive income.

(j) Inventories

Inventories mainly consist of KAVA products (capsules and powder) and are measured at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of the landed direct cost, insurance, freight, and an allocation of overhead expenditure, the latter being allocated on the basis of labour incurred. Adequate provision has been made for slow moving and obsolete inventories.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such costs includes the cost of replacing part of the plant and equipment when that cost is incurred.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight line-basis over the estimated useful lives of items of property, plant and equipment. The depreciation rates used for each class of asset are as follows:

Buildings	1.25%
Green house	1.25%
Plant and equipment	12%
Motor vehicles	18%

2. Statement of significant accounting policies continued

(f) Intangible asset

The Company has capitalised a portion of directly attributable development costs of new products. The costs are capitalised only when technical feasibility of the new product is demonstrated, and the Company has an intension and ability to complete and use the products and the costs can be measured reliably. Such costs include purchase of materials and services and payroll related costs of employees directly involved in the product development. Research costs are recognised as an expense when incurred.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Trade and other payables are stated at cost.

(h) Value Added Tax

Revenue, expenses and assets are recognised 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 recognised 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) Deferred income

Grants received for specific purpose is recognised as revenue when the conditions attached to the grants have been met. Until those conditions are met, receipt of grant funds in advance is accounted for as deferred revenue and recognised as a liability.

	2017	2016
	\$	\$
3. Revenue		
Local sales	124,731	210,508
Export sales	37,146	995
	<u>161,877</u>	<u>211,503</u>
4. Other income	\$	\$
Government award	-	4,000
Late fee collection	-	11
Release from deferred income	19,876	24,917
	<u>19,876</u>	<u>28,928</u>
5. Administrative and operating expenses	\$	\$
Accounting fees	9,197	5,839
Audit fees	5,250	-
Advertising	392	3,486
Bank fees	568	437
Consultancy	21,209	12,043
Cleaning	-	171
Electricity, water and telephone	4,810	4,361
General expenses	-	4,499
Fiji National Provident Fund contributions	2,834	9,558
Fiji National University levy	214	-
Freight and courier	4,433	22,971

SOUTH PACIFIC ELIXIRS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS continued
 FOR THE YEAR ENDED 31 DECEMBER 2017

5. Expenses continued	2017	2016
	\$	\$
Insurance	5,366	4,568
Biosecurity costs	-	8,165
Motor vehicle expenses	5,454	4,881
Nursery expenses	2,460	-
Office expenses	2,248	4,543
Printing and stationery	1,405	466
Rent	5,002	7,200
Repairs and maintenance	221	3,135
Staff amenities	464	4,399
Travel and accomodation	8,175	7,188
Wages	29,844	52,374
	<u>109,546</u>	<u>160,284</u>
6. Income tax		
A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the year ended 31 December is as follows:		
	\$	\$
Accounting (loss) before income tax	<u>(62,657)</u>	<u>(253,226)</u>
Prima facie tax thereon at 20%	(12,531)	(50,645)
Tax losses not recognised	12,531	50,645
	<u>-</u>	<u>-</u>
7. Cash and cash equivalents	\$	\$
Cash at bank	<u>21,256</u>	<u>24,129</u>
8. Trade and other receivables	\$	\$
Trade receivables	-	15,019
Deposits and bonds	2,865	-
	<u>2,865</u>	<u>15,019</u>
9. Inventories	\$	\$
Raw materials	-	3,520
Finished goods	51,133	12,123
	<u>51,133</u>	<u>15,643</u>
10. Property, plant and equipment	\$	\$
<u>Greenhouse</u>		
Cost:		
At 1 January	<u>383,690</u>	<u>383,690</u>
At 31 December	383,690	383,690
Depreciation:		
At 1 January	9,310	4,655
Depreciation for the year	4,655	4,655
At 31 December	<u>13,965</u>	<u>9,310</u>
Net book value	<u>369,725</u>	<u>374,380</u>

SOUTH PACIFIC ELIXIRS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS continued
 FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
10. Property, plant and equipment continued		
<u>Building - Work in progress</u>		
Cost:		
At 1 January	91,345	91,345
Additions	26,139	-
At 31 December	<u>117,484</u>	<u>91,345</u>
Depreciation:		
At 1 January	2,426	1,143
Depreciation for the year	7,719	1,283
At 31 December	<u>10,145</u>	<u>2,426</u>
Net book value	<u>107,339</u>	<u>88,919</u>
<u>Plant and machinery</u>		
Cost:		
At 1 January	42,896	42,896
At 31 December	42,896	42,896
Depreciation:		
At 1 January	16,066	10,918
Depreciation for the year	4,219	5,148
At 31 December	<u>20,285</u>	<u>16,066</u>
Net book value	<u>22,611</u>	<u>26,830</u>
<u>Motor vehicle</u>		
Cost:		
At 1 January	76,844	76,844
At 31 December	76,844	76,844
Depreciation:		
At 1 January	33,425	19,594
Depreciation for the year	3,283	13,831
At 31 December	<u>36,708</u>	<u>33,425</u>
Net book value	<u>40,136</u>	<u>43,419</u>
Net written down value	<u>539,811</u>	<u>533,548</u>
11. Intangible assets		
<u>Blackmores Project</u>		
At 1 January	-	-
Additions	50,605	-
At 31 December	<u>50,605</u>	<u>-</u>
Net written down value	<u>50,605</u>	<u>-</u>
12. Trade and other payables	\$	\$
Accounts payable and accruals	4,818	10,312
Value Added Tax payable	16,493	23,379
	<u>21,311</u>	<u>33,691</u>

SOUTH PACIFIC ELIXIRS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS continued
 FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
13. Related party borrowings	\$	\$
Yoshida Nominees Pty	5,985	5,985
South Pacific Elixirs Limited - Australia	209,008	36,764
South Pacific Elixirs Limited - Singapore	771,893	771,893
	<u>986,886</u>	<u>814,642</u>

The transactions from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided for any related party payables.

14. Deferred income	\$	\$
Opening balance	138,245	163,162
Utilised during the year	<u>(19,876)</u>	<u>(24,917)</u>
Closing balance	<u>118,369</u>	<u>138,245</u>

The deferred income balance refers to grant provided to SPE Fiji for the purchase of property, plant and equipment. The depreciation is recorded in the accounts, the corresponding release from deferred income is also recorded in order to offset the depreciation expense.

15. Commitments	\$	\$
<u>Lease commitment</u>		
The factory lease payable is paid at \$200 per month for the period of 95 months and thereafter to be paid at \$1,000 per month. The lease is for a term of 20 years and the lease payable is as follows:		
Not later than one year	2,400	2,400
Later than one year but not later than five years	9,600	9,600
Later than five years	<u>142,000</u>	<u>144,400</u>
	<u>154,000</u>	<u>156,400</u>

The nursery lease is payable at \$400 per month with a term of 4 years. The lease payable is as follows:

Not later than one year	-	4,800
Later than one year but not later than five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>4,800</u>

16. Contingent liabilities		
At balance date, there were no known contingent liabilities. South Pacific Elixirs Limited has not granted any securities in respect of liabilities payable by any other party whatsoever.		

17. Related party information		
(a) Directors		
The following were directors of the Company at any time during the year:		
Zane Masao Ernest Yoshida		
Steve Copplin		

17. Related party information continued	2017	2016
	\$	\$

(b) Transactions with related parties

The transactions during the year were as follows:

Related party	Relationship	Nature of transactions		
South Pacific Elixirs Limited - Australia	Related entity	Purchase of materials and equipments.	-	17,950
South Pacific Elixirs Pte Limited - Singapore	Related party	Purchase of materials and equipments.	-	15,021
			<u>-</u>	<u>32,971</u>

(c) Balances with related parties

Related party borrowings

South Pacific Elixirs Limited - Australia	209,008	36,764
Yoshida Nominees Pty	5,985	5,985
South Pacific Elixirs Pte Limited - Singapore	771,893	771,893
	<u>986,886</u>	<u>814,642</u>

(d) Key management personnel

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

During the financial year, the following person was identified as key management personnel, with greatest authority and responsibility for the planning, directing and controlling the activities of the Company:

<u>Name</u>	<u>Title</u>
Zane Masao Ernest Yoshida	Managing Director

The aggregate compensation of key management personnel is nil (2016: \$nil).

18. Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and the payments of liabilities in the normal course of business. At 31 December 2017, the Company recorded a net deficiency position of \$460,896 (2016: \$398,239) due to the setting up of the kava factory and greenhouse. To be able to meet the Company's obligations, the Director and related party being South Pacific Elixirs Pte Limited - Singapore will continue to support the Company financially.

19. Subsequent events

There has not arisen in the interval between the end of the financial 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 the subsequent financial year.

20. Company details

Company Incorporation

The Company is a private company domiciled and incorporated in Fiji.

Registered office and principal place of business

The registered office of the Company is located at:
 Robbies Lane
 Levuka, Fiji