



The Right  
Choice.

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# FMF FOODS LIMITED

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(Formerly Flour Mills of Fiji Limited)

ANNUAL REPORT

2014

## **FMF FOODS LIMITED (Formerly Flour Mills of Fiji Limited)**

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## **FMF FOODS LIMITED (Formerly Flour Mills of Fiji Limited)**

### **DIRECTORS**

Mr. Hari Punja ORDER OF FIJI, OBE, - Chairman

Mr. Gary Callaghan

Mr. Ajai Punja

Mr. Pramesh Sharma

Mr. Rohit Punja (Alternate to Mr. Hari Punja) - appointed on 26<sup>th</sup> June 2014

Ms. Leena Punja (Alternate to Mr. Hari Punja)

### **GROUP CHIEF EXECUTIVE OFFICER**

Mr. Ram Bajekal

### **GROUP CFO & COMPANY SECRETARY**

Mr. Kumar Shankar B.Com, L.L.B, A.C.A, A.C.S, A.M.I.M.A

### **AUDITORS**

PricewaterhouseCoopers,  
Chartered Accountants,  
Suva.

### **SOLICITORS**

M/s AK Lawyers  
M/s Munro Leys  
M/s Sherani & Co.  
M/s Diven Prasad Lawyers

### **BANKERS**

Australia and New Zealand Banking Group Limited

### **REGISTERED OFFICE**

Lot 2, Leonidas Street,  
Walu Bay, Suva. Republic of Fiji.  
Telephone: +679 330 1188 Fax: +679 330 0944  
Email: cosecy@fmf.com.fj

### **SHARE REGISTRAR AND SHARE TRANSFER AGENTS**

Central Share Registry Limited  
Level 2 Provident Plaza 1  
FNPF Boulevard  
33 Ellery Street, Suva.  
Telephone: +679 330 4130 Fax: +679 330 4145  
Email: registry@spse.com.fj

**FMF FOODS LIMITED (Formerly Flour Mills of Fiji Limited)**

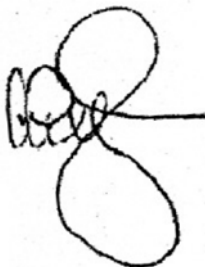
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Forty Second Annual General Meeting of the members of FMF FOODS LIMITED (Formerly Flour Mills of Fiji Limited) will be held at 3.30 p.m. on **31<sup>st</sup> October 2014**, in the Training Room at Atlantic & Pacific Packaging Company Limited, Leonidas Street, Walu Bay, Suva to transact the following business:

**Ordinary business**

1. Confirmation of the minutes of the previous Annual General Meeting held on 31<sup>st</sup> October 2013.
2. Matters arising from the minutes.
3. To receive and adopt the Audited Balance Sheets and Profit and Loss Statements and the reports of the Directors and Auditors for the year ended 30<sup>th</sup> June 2014.
4. To elect, in accordance with Article 86 of the Articles of Association of the company, Mr. Pramesh Sharma as a director of the company. He retires by rotation and being eligible, offers himself 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 negotiated by the Directors. The retiring Auditors M/s. PricewaterhouseCoopers, Chartered Accountants, being eligible, offer themselves for appointment.
6. Any other business brought up in conformity with the Articles of Association of the company.

By order of the Board of Directors,



Gary Callaghan  
Director

**Dated: 23<sup>rd</sup> September 2014**  
**Suva, Fiji.**

**PROXIES**

1. A member who is unable to attend the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf. The proxy need not be a member of the company.
2. A proxy form is enclosed with this Annual Report. To be effective, the form must reach the registered office of the company no less than 48 hours before the time for holding the meeting.

**FMF FOODS LIMITED (Formerly Flour Mills of Fiji Limited)****CHAIRMAN'S REPORT**

Dear Shareholders,

In my report to you on the company's fortieth anniversary last year, I had stated that I was looking to the future with great optimism. The financial results of our forty-first year of operations vindicate my feelings. Despite experiencing a very slow first quarter of 2014 in comparison to 2013 when taxation and other financial reforms had released extra cash into the economy, your company managed to not only hold but marginally grow its consolidated revenue, finishing the year at \$211.82 million against \$207.36 million in 2012-13.

This evidences the strong consumer loyalty that your company has been able to build across Fiji and its export markets over these years. Net Profit for the year was \$16.00 million against \$11.56 million recorded last financial year.

Your company's strong brands, its people and the processes they deploy have enabled it to develop a resilience that has stood the test of time and will once again be brought to the fore as Fiji embarks on its renewed political journey.

This year again your Company was able to increase the dividend payout to \$1,800,000 from \$1,500,000 last year. Equally encouraging, shareholder funds have increased by a further 19.5% to \$84.40 million from \$70.62 million in the previous year, bringing the Company's gearing ratio, which compares the proportion of borrowed funds to shareholders' funds, to an even healthier 26% from 37% as at end of last year.

Positive cash flows over the past five years have been substantially reinvested in your company and its subsidiaries. Nearly \$20 million has been outlaid on capital expenditure over just the last two financial years. I believe these investments will position us competitively for export-led growth and profitability in the future, while harmoniously tying in with our nation's foreign exchange earning imperatives.

A fair portion of this investment has been on construction of new silos that provide additional grain storage capacity.

Atlantic & Pacific Packaging Company Limited, a subsidiary of your company is in the midst of investing in capabilities to manufacture PP Bags and Plastic Extruded Packaging products. This will take the company into new realms of packaging solutions.

Biscuit Company of (Fiji) Limited, the subsidiary owned 100% by your company has modified and re-launched its Fine Fare range of cream biscuits in a new and convenient format which provides considerable advantages to consumers. Besides sizing changes, these biscuits are now being made without use of any artificial colours or flavours, adding a new dimension to the product.

Your company has also commenced operations in another 100% owned subsidiary, Bakery Company of Fiji Limited, to produce flavoured crackers, branded Raun Raun, primarily for the Papua New Guinea market where such crackers are very popular. The production facility for this company has been set up in Wailada Industrial Estate, Lami and has created 60 new jobs for that locality.

The above initiatives are part of the company's efforts to grow and create a more stable base for its proprietary brands, in the process reducing its dependence on the volatile contract packaging business. It is my firm belief that this reinvestment of profits into the upgrade and renewal of the company's facilities, products and brand will better insulate the company against risks, even as it stays prepared for growth opportunities.

## FMF FOODS LIMITED (Formerly Flour Mills of Fiji Limited)

### CHAIRMAN'S REPORT (Contd.....)

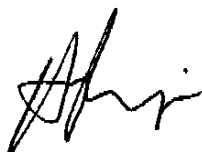
#### Outlook

Global wheat prices could marginally decline due to a bigger harvest in Europe, U.S and Black Sea regions. However Australian grain, which is the only grain we use owing to its preference in the Oceania markets, is expected to remain firmly priced because its estimated production is lower than last year and stock availability is limited.

The company will continue to focus on aggressively growing its export markets while ensuring a modest but sustained growth in the domestic market.

I would again like to take this opportunity to thank our Group CEO Ram Bajekal and his team for the excellent results in FMF Foods Limited and its subsidiaries. Considerable effort is being put into building the human capital of your company.

As I look back at the year passed, I am encouraged to see that we have truly started moving towards our vision of making FMF the 'Most Admired Company in the Region'. On behalf of the Board of Directors I thank you for your support on this exciting journey.



Hari Punja ORDER OF FIJI, OBE,  
Chairman  
23<sup>rd</sup> September 2014

## FMF FOODS LIMITED (Formerly Flour Mills of Fiji Limited)

### 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 Market (The Code). The Code articulates 10 core principles together with the best practice recommendations. This code is the basis for the FMF's corporate governance standards.

On a continuous basis FMF has reviewed its existing policies and has codified / modified policies in line with its goal to improve the standard of corporate governance.

### Role of the Board

The role of the Board is to assume accountability for the success of the company by taking responsibility for its direction and management in order to meet its objective of enhancing shareholder value.

### The Board

Directors are elected by shareholders at the Annual General Meeting. One third of the total strength of the Board, retire by rotation each year and are eligible for re-election. Casual vacancies during the year are filled up by the Board till the conclusion of the next Annual General Meeting.

As at the balance date, the Directors in Office were Messrs Hari Punja (Chairman), Gary Callaghan, Ajai Punja, Pramesh Sharma, Rohit Punja (Alternate to Mr. Hari Punja) and Ms. Leena Punja (Alternate to Mr. Hari Punja).

Directors are paid a Board fee for their service rendered during the year. Currently they are also entitled to an allowance of \$500 per meeting attended, towards travel and accommodation costs. Directors are also covered under a Directors' and Officers' Liability Insurance Policy.

### Meetings of the Board

The regular business of the Board during its meetings covers business investments and strategic matters, governance and compliance, the Chief Executive Officer's report, financial report and performance of subsidiary companies.

Members' attendance at the Board meetings during the financial year under review:

Director	Number of meetings entitled to attend	Number of meetings attended	Apologies Received
Mr. Hari Punja	4	2	2
Mr. Gary Callaghan	4	4	NA
Mr. Ajai Punja	4	4	NA
Mr. Pramesh Sharma	4	3	1
Mr. Rohit Punja	1	1	NA
Ms. Leena Punja	1	1	NA

The Board met four times during the financial year under review.

### Sub-committees of the Board

The Board has formally constituted two sub-committees, viz.:

- The Audit and Finance Committee; and
- The Share Transfer Committee.

As at the balance date, the Audit and Finance Committee comprised Messrs Hari Punja, Gary Callaghan, Ram Bajekal and Kumar Shankar.

The Audit and Finance Committee is responsible for monitoring FMF's financial strategies, monitoring the external and internal audits of the company's affairs, reviewing the half-year and annual financial statements, and monitoring the company's compliance with applicable laws and stock exchange requirements. The Executive Management under the directions of this Committee is also responsible for monitoring risk management to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

This sub-committee met three times during the financial year under review. The executive management usually takes its major decisions in consultation with the members of the sub-committee, where necessary.

## FMF FOODS LIMITED (Formerly Flour Mills of Fiji Limited)

### Corporate Governance (Contd...)

As at the balance date, the Share Transfer Committee comprised Messrs Hari Punja, Ajai Punja, Gary Callaghan, Ram Bajekal and Kumar Shankar.

The Share Transfer Committee is responsible for approval of share transfers between the shareholders of the company. The Share Transfer Committee met four times during the year under review.

### Responses to the Guidelines on Corporate Governance issued by Reserve Bank of Fiji:

Principle	Company's Response
Establish clear responsibilities for Board Oversight	Covered above
Constitute an effective Board	Covered above
Appointment of a Chief Executive Officer (CEO)	The company has appointed a suitably qualified and competent Chief Executive Officer. He is a professionally qualified Chartered Accountant and has also studied Management as a Fulbright Fellow for Management Studies at Carnegie Mellon University, Pittsburgh, U.S.A.
Board and Company Secretary	The company has appointed a suitably qualified and competent Company Secretary. He is a professionally qualified Chartered Accountant and an Associate Member of the Institute of Company Secretaries of India.
Timely and Balanced disclosure	Board meetings are held at least once in every quarter of the year. The Board is apprised of the company's performance and major decisions are deliberated and passed at Board level. Progress on carrying out strategies is reviewed at these meetings. The CEO is also in constant contact with the directors for any issues arising within the company. The Company periodically releases the required information to the public by way of market announcements, as required under the rules of the SPSE.
Promote ethical and responsible decision – making	FMF 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 company.
Register of Interests	The company maintains a Register of Interest wherein the interests of Directors are recorded.
Respect the rights of 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	FMF 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 internal control processes, reviewing adequacy of the internal audit function and discussing risk management policies and practices with management.
Recognize and Manage Risk	The Executive management of the company ensures that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.



**FMF FOODS LIMITED AND SUBSIDIARIES****FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014****Directors' report**

In accordance with a resolution of the board of directors, the directors herewith submit the balance sheets of the Company and of the Group as at 30 June 2014 and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and report as follows:

**1 Directors**

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

- Hari Punja Order of Fiji, OBE - Chairman
- Ajai Punja
- Gary Callaghan
- Pramesh Sharma
- Leena Punja (Alternate director to Hari Punja)
- Rohit Punja (Alternate director to Hari Punja) – Appointed on 26 June 2014

**2 Principal Activities**

The principal activities of the Group comprises milling of wheat, whole dunfield peas, manufacturing of packaging materials including corrugated cartons and assorted boxes and packets, manufacturing of biscuits and snack food products, sale of rice, crushed and feed wheat and related products and investments.

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

**3 Trading Results**

The net profit after income tax of the Group attributable to the members of the Holding Company for the year was \$ 15,312,392 (2013: \$10,918,870) and net profit after tax for the Holding Company was \$7,247,522 (2013: \$5,627,479).

**4 Provisions**

There were no material movements in provisions.

**5 Dividends**

The directors declared an interim dividend of \$1,800,000 during the year (2013: \$1,500,000).

**6 Bad and Doubtful Debts**

The directors took reasonable steps before the financial statements were made out, to ascertain that all known bad debts were written off and adequate provision was made for doubtful debts. 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 amount of the allowance for doubtful debts, inadequate to any substantial extent.

**7 Current Assets**

The directors took reasonable steps before the financial statements were made out to ascertain that the current assets of the Company and of the Group were shown in the accounting records of the Company and the Group at a value equal to or below the value that would be expected to be realised in the ordinary course of the business. At the date of this report, the directors are not aware of any circumstances which would render the values attributable to the current assets in the Company and the Group's financial statements misleading.

**FMF FOODS LIMITED AND SUBSIDIARIES****FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014****Directors' report - continued****8 Reserves**

The directors recommend that no amounts be transferred to reserves.

**9 Events Subsequent to Balance Date**

Subsequent to balance date, the management discovered certain fraudulent activities perpetrated by staff. These principally related to misappropriation of finished products and occurred over a number of years. Whilst management's investigation on the matter is on-going, the operating results for the respective years were inclusive of such losses which got absorbed along with other routine inventory adjustments. Management has since reviewed and put into place measures to further strengthen controls and procedures to prevent such occurrences in the future.

On 7 August 2014, FMF Foods Limited acquired additional 2,700,000 ordinary shares in Bakery Company (Fiji) Limited, an existing subsidiary.

No other charge on the assets of the Company and Group has arisen since the end of the financial year to the date of this report to secure the liabilities of any other person.

No contingent liability has arisen since the end of the financial year to the date of this report.

No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company and Group to meet their obligations as and when they fall due.

**10 Basis of Accounting**

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

**11 Related Party Transactions**

In the opinion of the directors all related party transactions have been adequately recorded in the books of the Company and the Group.

**12 Other Circumstances**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amounts stated in the financial statements misleading.

**13 Unusual Transactions**

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

**FMF FOODS LIMITED AND SUBSIDIARIES****FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014****Directors' report – continued****14 Directors' and Executive Managements' Interests**

Interest of Directors, Executive Managements and any additions thereto during the year in the ordinary shares of the Company are as follows:

	<u>Beneficially</u>		<u>Non-Beneficially</u>	
	<u>Additions</u>	<u>Holding</u>	<u>Additions</u>	<u>Holding</u>
Hari Punja	-	-	( 875,000)	105,997,210
Ajai Punja	-	-	( 875,000)	105,997,210
Gary Callaghan	-	1,700,225	( 875,000)	875,000
Anuj K Patel	-	17,500	-	-
Leena Punja (Alternate to Hari Punja)	-	-	( 875,000)	105,997,210
Rohit Punja (Alternate to Hari Punja)	-	-	( 875,000)	105,997,210

**15 Directors Benefits**

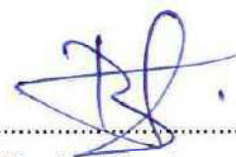
No director of the company has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by directors as shown in the company's financial statements) by reason of any contracts made by the company with the director or with a firm of which he/she is a member, or with a company in which he/she has substantial financial interest.

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

Dated this 23rd day of September 2014.



.....  
Gary Callaghan - Director



.....  
Rohit Punja - Director


**FMF FOODS LIMITED AND SUBSIDIARIES****FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014****Statement by directors**

In the opinion of the directors:

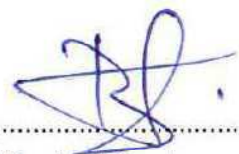
- (a) the accompanying statements of profit of loss and other comprehensive income of the Company and of the Group are drawn up so as to give a true and fair view of the results of the Company and of the Group for the year ended 30 June 2014;
- (b) the accompanying balance sheets of the Company and of the Group are drawn up so as to give a true and fair view of the state of the affairs of the Company and of the Group at 30 June 2014;
- (c) the accompanying statements of changes in equity of the Company and of the Group are drawn up so as to give a true and fair view of the movement in shareholders' funds for the year ended 30 June 2014;
- (d) the accompanying statements of cash flows of the Company and of the Group are drawn up so as to give a true and fair view of the cash flows of the Company and of the Group for the year ended 30 June 2014;
- (e) at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they fall due; and
- (f) all related party transactions have been recorded in the books of the Company and the Group and adequately reflected in the attached financial statements.

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

Dated this 23rd day of September 2014.



.....  
Gary Callaghan - Director



.....  
Rohit Punja - Director



## **Independent Auditor's Report**

To the Shareholders of FMF Foods Limited

### **Report on the financial statements**

We have audited the accompanying financial statements of FMF Foods Limited (the 'Company') and the consolidated financial statements of the Company and its subsidiaries (together the 'Group'). The financial statements comprise the balance sheets of the Company and the Group as at 30 June 2014 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Directors' and Management's Responsibility for the Financial Statements*

Directors and Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Fiji Companies Act, 1983, 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.

#### *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 the auditor's 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, the auditor considers 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 directors and 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.



### *Opinion*

In our opinion the financial statements give a true and fair view of the financial position of the Company and Group as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Report on other legal and regulatory requirements**

In our opinion:

- a) proper books of account have been kept by the Company, so far as it appears from our examination of those books, and
- b) the accompanying financial statements are in agreement with the books of account and to the best of our information and according to the explanations given to us give the information required by the Fiji Companies Act, 1983 in the manner so required.

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.

### **Restriction on Distribution or Use**

This report is made solely to the Company's shareholders, as a body, in accordance with Section 165(1) of the Fiji Companies Act 1983. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

23 September 2014  
Suva, Fiji

  
PricewaterhouseCoopers  
Chartered Accountants

**FMF FOODS LIMITED AND SUBSIDIARIES****STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014**

		Group		Holding Company	
	Notes	2014 \$	2013 \$	2014 \$	2013 \$
<b>Revenue</b>	32	211,823,402	207,361,635	113,030,492	108,582,526
Other operating income	6	364,793	799,147	1,891,583	1,851,750
Changes in inventories of finished goods and work in progress		1,140,605	( 103,406)	113,817	733,430
Raw materials and consumables used		( 149,111,909)	( 149,765,251)	( 87,376,566)	( 87,460,180)
Staff costs		( 12,170,151)	( 12,000,993)	( 5,721,931)	( 5,711,827)
Depreciation		( 6,227,437)	( 6,082,285)	( 2,002,457)	( 1,669,656)
Other operating expenses		( 25,007,353)	( 24,424,883)	( 10,809,161)	( 9,064,429)
<b>Profit from operations</b>		20,811,950	15,783,964	9,125,777	7,261,614
Net finance costs	7	( 1,369,500)	( 1,542,208)	( 653,121)	( 515,683)
<b>Profit before tax</b>	10	19,442,450	14,241,756	8,472,656	6,745,931
Income tax expense	8	( 3,444,625)	( 2,680,864)	( 1,225,134)	( 1,118,452)
<b>Profit for the year from continuing operations</b>		15,997,825	11,560,892	7,247,522	5,627,479
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		\$ 15,997,825	\$ 11,560,892	\$ 7,247,522	\$ 5,627,479
Attributable to:					
- Owners of the parent company		15,312,392	10,918,870		
- Non-controlling interests		685,433	642,022		
		\$ 15,997,825	\$ 11,560,892		
<b>Earnings per share (cents)</b>	25	10.21	7.28		

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

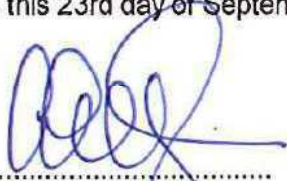
**FMF FOODS LIMITED AND SUBSIDIARIES****BALANCE SHEETS  
AS AT 30 JUNE 2014**

	Notes	Group		Holding Company	
		2014	2013	2014	2013
		\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	11(a)	12,836,546	14,794,192	267,769	3,464,148
Inventories	12	37,512,989	40,108,186	16,065,541	21,080,210
Trade receivables	13	27,753,559	24,597,576	8,826,407	6,698,242
Other receivables	14	3,379,876	3,821,609	1,775,407	3,039,395
Held-to-maturity investments	15	7,005,450	8,588,225	4,596,300	5,188,000
Amounts owing by related companies	28(c)	2,016	-	1,186,963	260,300
		<u>88,490,436</u>	<u>91,909,788</u>	<u>32,718,387</u>	<u>39,730,295</u>
<b>Non-current assets</b>					
Investments in subsidiaries	16	-	-	14,279,245	13,979,246
Property, plant and equipment	17	51,865,373	45,102,775	18,730,021	10,866,187
Investment properties	18	59,775	60,851	-	-
Deferred tax assets	9(a)	445,502	664,660	161,217	276,007
		<u>52,370,650</u>	<u>45,828,286</u>	<u>33,170,483</u>	<u>25,121,440</u>
<b>Total assets</b>		<u>140,861,086</u>	<u>137,738,074</u>	<u>65,888,870</u>	<u>64,851,735</u>
<b>Current liabilities</b>					
Bank overdraft	11(a)	13,947,953	21,701,976	10,056,270	8,679,755
Trade and other payables	20	10,437,786	7,007,396	3,114,778	2,460,321
Current tax liabilities	8	786,115	12,144	148,714	28,944
Borrowings	22	9,000,000	11,162,800	4,920,000	6,082,800
Amounts owing to related companies	28(d)	93,801	503,560	2,527,270	6,445,766
		<u>34,265,655</u>	<u>40,387,876</u>	<u>20,767,032</u>	<u>23,697,586</u>
<b>Non-current liabilities</b>					
Borrowings	22	19,500,000	23,500,000	5,040,000	6,320,000
Deferred tax liabilities	9(b)	2,690,895	3,231,487	280,585	480,418
		<u>22,190,895</u>	<u>26,731,487</u>	<u>5,320,585</u>	<u>6,800,418</u>
<b>Total liabilities</b>		<u>56,456,550</u>	<u>67,119,363</u>	<u>26,087,617</u>	<u>30,498,004</u>
<b>Net assets</b>		<u>\$ 84,404,536</u>	<u>\$ 70,618,711</u>	<u>\$ 39,801,253</u>	<u>\$ 34,353,731</u>
<b>Equity</b>					
Share capital	23	6,000,000	6,000,000	6,000,000	6,000,000
Retained earnings		74,212,496	60,700,104	33,801,253	28,353,731
		80,212,496	66,700,104	39,801,253	34,353,731
Non-controlling Interests		4,192,040	3,918,607	-	-
<b>Total equity</b>		<u>\$ 84,404,536</u>	<u>\$ 70,618,711</u>	<u>\$ 39,801,253</u>	<u>\$ 34,353,731</u>

The above balance sheets should be read in conjunction with the accompanying notes.

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

Dated this 23rd day of September 2014.

  
Gary Callaghan - Director

  
Rohit Punja - Director



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

Attributable to the members of the Holding Company

	Notes	Share capital \$	Retained earnings \$	Total \$	Non-controlling interest \$	Total equity \$
<b>Balance at 1 July 2012</b>		6,000,000	51,281,234	57,281,234	3,688,585	60,969,819
<b>Comprehensive income</b>						
Profit for the year		-	<u>10,918,870</u>	<u>10,918,870</u>	<u>642,022</u>	<u>11,560,892</u>
Total comprehensive income		-	<u>10,918,870</u>	<u>10,918,870</u>	<u>642,022</u>	<u>11,560,892</u>
<b>Transactions with owners</b>						
Dividends	24	-	<u>( 1,500,000)</u>	<u>( 1,500,000)</u>	<u>( 412,000)</u>	<u>( 1,912,000)</u>
<b>Balance at 30 June 2013</b>		<u>6,000,000</u>	<u>60,700,104</u>	<u>66,700,104</u>	<u>3,918,607</u>	<u>70,618,711</u>
<b>Comprehensive income</b>						
Profit for the year		-	<u>15,312,392</u>	<u>15,312,392</u>	<u>685,433</u>	<u>15,997,825</u>
Total comprehensive income		-	<u>15,312,392</u>	<u>15,312,392</u>	<u>685,433</u>	<u>15,997,825</u>
<b>Transactions with owners</b>						
Dividends	24	-	<u>( 1,800,000)</u>	<u>( 1,800,000)</u>	<u>( 412,000)</u>	<u>( 2,212,000)</u>
<b>Balance at 30 June 2014</b>		<u>\$ 6,000,000</u>	<u>\$ 74,212,496</u>	<u>\$ 80,212,496</u>	<u>\$ 4,192,040</u>	<u>\$ 84,404,536</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**Holding Company**

	Notes	Share capital	Retained earnings	Total
<b>Balance at 1 July 2012</b>		\$ 6,000,000	\$ 24,226,252	\$ 30,226,252
<b>Comprehensive income</b>				
Profit for the year		-	5,627,479	5,627,479
Total comprehensive income		-	5,627,479	5,627,479
<b>Transactions with owners</b>				
Dividend	24	-	(1,500,000)	(1,500,000)
<b>Balance at 30 June 2013</b>		6,000,000	28,353,731	34,353,731
<b>Comprehensive income</b>				
Profit for the year		-	7,247,522	7,247,522
Total comprehensive income		-	7,247,522	7,247,522
<b>Transactions with owners</b>				
Dividend	24	-	(1,800,000)	(1,800,000)
<b>Balance at 30 June 2014</b>		\$ 6,000,000	\$ 33,801,253	\$ 39,801,253

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**FMF FOODS LIMITED AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		207,724,412	203,971,159
Payments to suppliers and employees		( 177,551,124)	( 197,611,504)
<b>Cash generated from operations</b>		30,173,288	6,359,655
Income taxes paid		( 2,992,088)	( 3,298,522)
Interest paid		( 1,452,140)	( 1,731,887)
<b>Net cash generated from operating activities</b>		<u>25,729,060</u>	<u>1,329,246</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		100,174	100,000
Acquisition of property, plant and equipment		( 13,323,473)	( 5,472,499)
Interest received		82,640	189,679
Withdrawal from term deposits		1,582,775	-
Investment in term deposits		<u>-</u>	<u>( 417,225)</u>
<b>Net cash used in investing activities</b>		<u>( 11,557,884)</u>	<u>( 5,600,045)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		1	-
Proceeds from borrowings		-	3,162,800
Repayment of borrowings		( 6,162,800)	( 8,000,000)
Dividends paid		<u>( 2,212,000)</u>	<u>( 1,912,405)</u>
<b>Net cash used in financing activities</b>		<u>( 8,374,799)</u>	<u>( 6,749,605)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		5,796,377	( 11,020,404)
<b>Cash and cash equivalents at the beginning of the year</b>		<u>( 6,907,784)</u>	<u>4,112,620</u>
<b>Cash and cash equivalents at the end of the year</b>	11(a)	<u>(\$ 1,111,407)</u>	<u>(\$ 6,907,784)</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**FMF FOODS LIMITED AND SUBSIDIARIES****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2014****Holding Company**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		110,726,464	109,002,845
Payments to suppliers and employees		( 100,779,224)	( 107,485,833)
<b>Cash generated from operations</b>		9,947,240	1,517,012
Interest paid		( 744,016)	( 707,128)
Income tax paid		( 1,190,407)	( 1,031,739)
<b>Net cash generated from / (used in) operating activities</b>		<u>8,012,817</u>	<u>( 221,855)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		72,784	100,000
Acquisition of property, plant and equipment		( 9,866,291)	( 4,075,177)
Dividend received		1,068,000	1,068,000
Interest received		90,895	191,445
Withdrawal from / (investment in) term deposits		591,700	( 408,300)
Investment in subsidiary		( 299,999)	-
<b>Net cash used in investing activities</b>		<u>( 8,342,911)</u>	<u>( 3,124,032)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	3,162,800
Repayment of borrowings		( 2,442,800)	( 2,560,000)
Dividends paid		( 1,800,000)	( 1,500,000)
<b>Net cash used in financing activities</b>		<u>( 4,242,800)</u>	<u>( 897,200)</u>
<b>Net decrease in cash and cash equivalents</b>		( 4,572,894)	( 4,243,087)
<b>Cash and cash equivalents at the beginning of the year</b>		<u>( 5,215,607)</u>	<u>( 972,520)</u>
<b>Cash and cash equivalents at the end of the year</b>	11(a)	(\$ 9,788,501) =====	(\$ 5,215,607) =====

The above statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**1 GENERAL INFORMATION**

FMF Foods Limited ('the Company') and its subsidiaries (together forming 'the Group') engage in the milling of wheat, whole dunfield peas, manufacturing of packaging materials including corrugated cartons and assorted boxes and packets, manufacturing of biscuits and snacks food products, sale of rice, crushed and feed wheat and related products and investments. The Company is a limited liability company incorporated and domiciled in the Republic of Fiji. The Company and two of its subsidiaries, The Rice Company of Fiji Limited and Atlantic & Pacific Packaging Company Limited are listed on the South Pacific Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 23 September 2014.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted by FMF Foods Limited are stated to assist in a general understanding of these financial statements. These policies have been consistently applied by the Company and the Group except where otherwise indicated.

**2.1 Basis of preparation**

The financial statements of the Company and the Group have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the basis of historical costs.

*a) New and amended standards adopted by the Company and the Group*

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 July 2013 that would be expected to have a material impact on the Company and the Group.

*b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2013 and not early adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company and the Group, except the following set out below:

<b>Topic</b>	<b>Key Requirements</b>	<b>Effective Date</b>
IFRS 9, 'Financial instruments'	This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.	Annual periods beginning on or after 1 January 2018

**FMF FOODS LIMITED AND SUBSIDIARIES****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****2.1 Basis of preparation - continued**

The Company and the Group are yet to assess the impact of the above standard and intend to adopt the standard no later than the accounting period in which it becomes effective.

**2.2 Principles of consolidation***Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group financial statements are prepared as consolidated financial statements as described in IFRS 10 while Holding Company financial statements are prepared as separate financial statements as described in IAS 27.

**2.3 Segment reporting**

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those segments operating in other economic environments. The Group operates predominantly within one geographical segment, that is, Fiji. For reporting purposes, the Group considers itself to be operating in three business segments, that is, food, packaging and properties.

**FMF FOODS LIMITED AND SUBSIDIARIES**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**2.4 Foreign currency translation**

*i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Fijian Dollars, which is the Group's functional and presentation currency.

*ii) Transactions and balances*

Foreign currency transactions are translated into the Fijian currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**2.5 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Premium on leasehold land	- term of lease
Buildings	- 2% - 10%
Plant and machinery	- 4% - 33%
Motor vehicles	- 25%
Furniture, fittings and office machines	- 6.7% - 25%
Computers	- 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.6 Investment properties**

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields. Investment properties are stated at historical cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation rates are as noted in Note 2.5.

**FMF FOODS LIMITED AND SUBSIDIARIES****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****2.7 Financial assets**

The Group classifies its financial assets in the following categories: loans and receivables and held-to-maturity financial assets. Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

**2.7.1 Classification***(a) Loans and receivables*

The Company and the Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' that are included in current assets in the balance sheet.

*(b) Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. For the Group, these comprise term deposit investments.

**2.7.2 Recognition and measurement**

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at cost plus transaction costs that are directly attributable to their acquisition.

Loans and receivables and held-to-maturity investments are subsequently carried at cost less provision for impairment.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Interest income on held-to-maturity investments are included in profit or loss and are reported under finance income as interest income. In the case of impairment, it is reported as a deduction from the carrying value of the investment and recognised in profit or loss as impairment on investment.

**2.8 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**2.9 Impairment of financial assets**

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



**FMF FOODS LIMITED AND SUBSIDIARIES****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****2.9 Impairment of financial assets - continued**

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

**2.10 Impairment of non-financial assets**

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**2.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost (WAC) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.12 Trade receivables**

Trade receivables are recognised at invoice amount. A provision for impairment of trade 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 the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within other operating expenses.

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

**FMF FOODS LIMITED AND SUBSIDIARIES****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****2.13 Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdraft. In the balance sheet, bank overdraft is shown in current liabilities.

**2.14 Share capital**

Ordinary shares are classified as equity.

**2.15 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables and other accounts payable are recognised at cost.

**2.16 Borrowings**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.17 Current and deferred income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**FMF FOODS LIMITED AND SUBSIDIARIES****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****2.18 Provisions**

Provisions are recognised when the Company and the Group have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**2.19 Revenue recognition****(a) Sale of goods**

Revenue comprises the consideration received or receivable for the sale of goods or services in the ordinary course of the Company and of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Sale is recognised when goods are dispatched from the factory.

**(b) Proceeds from Audio Visual Copyrights**

Proceeds from exploitation of copyrights in audio visual productions are brought to account when received in accordance with the copyrights' related Investment Agreement.

**(c) Dividend income**

Dividend income is recognised when the right to receive dividend is established.

**(d) Interest income**

Interest income is recognised on an accrual basis.

**2.20 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Company and the Group have substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rent obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

**FMF FOODS LIMITED AND SUBSIDIARIES****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****2.21 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared by the Company's directors.

Dividends are subject to the provisions of the Fiji Income Tax Act (1974) and Income Tax (Dividend) Regulations 2001.

**2.22 Earnings per share****Basic earnings per share**

Basic earnings per share (EPS) is determined by dividing profit after income tax attributable to shareholders by the number of ordinary shares as at balance sheet date.

**Diluted earnings per share**

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

**2.23 Comparative figures**

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the financial statements requires management to make judgments, 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.

Except for property, plant and equipment (Note 2.5), the Company and the Group do not have any significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

**4 FINANCIAL RISK MANAGEMENT**

The Company and the Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Executive Management. The Executive Management under the directions of the Audit and Finance Committee identifies and evaluates financial and operational risks. The board provides overall direction in risk management.

**FMF FOODS LIMITED AND SUBSIDIARIES****4 FINANCIAL RISK MANAGEMENT – continued*****(a) Market risk****Foreign exchange risk*

The Company and the Group are exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory, primarily with respect to the Australian and NZ dollar. Foreign exchange risk arises from future commercial transactions and liabilities.

Management has set up a policy to require the Company and the Group to manage their foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji Dollar. For significant settlements, the Company and the Group are required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement. A foreign currency account is also maintained which is used for settlement of foreign currency payments to overseas suppliers.

To determine the Company and the Group's sensitivity to foreign exchange risk, the Company and the Group calculate an implied volatility in exchange rates by calculating the maximum variation of daily spot rates from the average exchange rate for the year.

As at year end, assets and liabilities denominated in foreign currencies are minimal for the Company and hence changes in foreign currency exchange rate is expected to have minimal impact on the net profit and equity balances currently reflected in the Company's financial statements.

For the Group, at 30 June 2014, if the Fiji dollar had strengthened/weakened by an implied volatility of 5% against AUD with all other variables held constant, post tax profit for the year would have been about \$43,700 lower/higher (2013:\$79,400), mainly as a result of the foreign exchange differences on the translation of AUD denominated trade receivables and trade payables.

For the Group, at 30 June 2014, if the Fiji dollar had strengthened/weakened by an implied volatility of 5% against NZD with all other variables held constant, post tax profit for the year would have been about \$34,500 lower/higher (2013:\$63,000), mainly as a result of the foreign exchange differences on the translation of NZD denominated trade receivables and trade payables.

***(b) Credit risk***

Credit risk is managed by management with board oversight. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors is carried out. Individual credit risk limits are then set based on the assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or bank cheques.

***(c) Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash to meet its present obligations.

Management monitors rolling forecasts of the Group's liquidity reserve comprising cash and cash equivalents on the basis of expected cash flows.

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**FMF FOODS LIMITED AND SUBSIDIARIES**

**4 FINANCIAL RISK MANAGEMENT – continued**

***(c) Liquidity risk – continued***

The Group's financial liabilities are analysed below into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

<b>As at 30 June 2014</b>	<b>Up to 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 Years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Bank overdraft	13,948	-	-	-	13,948
Borrowings	9,000	6,000	13,500	-	28,500
Trade and other payables	10,532	-	-	-	10,532
<b>Total</b>	<b>33,480</b>	<b>6,000</b>	<b>13,500</b>	<b>-</b>	<b>52,980</b>
<b>As at 30 June 2013</b>					
Bank overdraft	21,702	-	-	-	21,702
Borrowings	11,163	6,000	16,615	885	34,663
Trade and other payables	7,511	-	-	-	7,511
<b>Total</b>	<b>40,376</b>	<b>6,000</b>	<b>16,615</b>	<b>885</b>	<b>63,876</b>

**5 CAPITAL RISK MANAGEMENT**

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at 30 June 2014 and 2013 were as follows:

	2014 \$	2013 \$
Total borrowings (Note 22)	28,500,000	34,662,800
Add : Cash, cash equivalents and bank overdraft (Note 11)	<u>1,111,407</u>	<u>6,907,784</u>
Net debt	<u>29,611,407</u>	<u>41,570,584</u>
Equity	<u>84,404,536</u>	<u>70,618,711</u>
Total capital	<u>\$ 114,015,943</u>	<u>\$112,189,295</u>
Gearing ratio	26%	37%

**NOTES TO AND FORMING PART OF  
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**FMF FOODS LIMITED AND SUBSIDIARIES**

**6 OTHER OPERATING INCOME**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Gain on disposal of assets	92,783	100,000	72,784	100,000
Exchange gains	88,702	205,122	-	-
Dividend income	-	-	1,068,000	1,068,000
Other income	<u>183,308</u>	<u>494,025</u>	<u>750,799</u>	<u>683,750</u>
	<u>\$ 364,793</u>	<u>\$ 799,147</u>	<u>\$ 1,891,583</u>	<u>\$ 1,851,750</u>

**7 NET FINANCE INCOME AND COST**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Finance income</b>				
Interest on term deposits	82,640	189,679	44,005	107,985
Interest on intercompany advance	<u>-</u>	<u>-</u>	<u>46,890</u>	<u>83,460</u>
	<u>82,640</u>	<u>189,679</u>	<u>90,895</u>	<u>191,445</u>
<b>Finance costs</b>				
Interest on intercompany advance	-	-	( 283,404)	( 146,224)
Interest on borrowings	<u>( 1,452,140)</u>	<u>( 1,731,887)</u>	<u>( 460,612)</u>	<u>( 560,904)</u>
	<u>( 1,452,140)</u>	<u>( 1,731,887)</u>	<u>( 744,016)</u>	<u>( 707,128)</u>
Net finance income and expense	<u>(\$ 1,369,500)</u>	<u>(\$ 1,542,208)</u>	<u>(\$ 653,121)</u>	<u>(\$ 515,683)</u>

**8 INCOME TAX EXPENSE**

The prima facie income tax payable on pre-tax accounting profit is reconciled to the income tax as follows:

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Profit before tax	<u>19,442,450</u>	<u>14,241,756</u>	<u>8,472,656</u>	<u>6,745,931</u>
Prima facie tax at 18.5% / 20% (2013: 20%)	3,732,097	2,848,351	1,567,441	1,349,186
Tax effects of:				
- Exempt dividends	-	-	( 197,580)	( 213,600)
- Non-deductible items (net)	59,889	47,980	38,696	41,056
- Export incentive	( 222,419)	( 186,738)	( 82,177)	( 65,676)
- Change in tax rate	( 154,285)	( 28,739)	( 101,463)	( 16,574)
Prior year adjustments	<u>29,343</u>	<u>10</u>	<u>217</u>	<u>24,060</u>
<b>Income tax expense</b>	<u>3,444,625</u>	<u>2,680,864</u>	<u>1,225,134</u>	<u>1,118,452</u>
Temporary differences	<u>321,434</u>	<u>( 3,186)</u>	<u>85,043</u>	<u>( 4,834)</u>
	<u>3,766,059</u>	<u>2,677,678</u>	<u>1,310,177</u>	<u>1,113,618</u>
Add: Opening current tax liabilities / (assets)	12,144	632,988	28,944	( 52,935)
Less: Taxes paid	<u>( 2,992,088)</u>	<u>( 3,298,522)</u>	<u>( 1,190,407)</u>	<u>( 1,031,739)</u>
Current tax liabilities	<u>\$ 786,115</u>	<u>\$ 12,144</u>	<u>\$ 148,714</u>	<u>\$ 28,944</u>

**NOTES TO AND FORMING PART OF  
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**FMF FOODS LIMITED AND SUBSIDIARIES**

**9 DEFERRED TAXES**

Represented by the tax effect (10% / 20% (2013 – 18.5% / 20%)) of the following temporary differences:

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>(a) Deferred tax assets</b>				
Tax losses	145,227	300,122	-	-
Property, plant and equipment	72,989	157,479	72,989	157,479
Other	<u>227,286</u>	<u>207,059</u>	<u>88,228</u>	<u>118,528</u>
	<u>\$ 445,502</u>	<u>\$ 664,660</u>	<u>\$ 161,217</u>	<u>\$ 276,007</u>
	=====	=====	=====	=====
<b>(b) Deferred tax liabilities</b>				
Property, plant and equipment	2,273,283	2,295,977	-	-
Other	<u>417,612</u>	<u>935,510</u>	<u>280,585</u>	<u>480,418</u>
	<u>\$ 2,690,895</u>	<u>\$ 3,231,487</u>	<u>\$ 280,585</u>	<u>\$ 480,418</u>
	=====	=====	=====	=====

The Fiji company tax rate for listed companies was reduced from 18.5% to 10% effective from 1 January 2014.

**10 PROFIT BEFORE TAX**

Included in profit before tax are the following items of revenue and expenses:

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Revenue</b>				
Gain on disposal of property, plant and equipment	92,783	100,000	72,784	100,000
Exchange gain	88,702	205,122	-	-
<b>Expenses</b>				
Auditors' remuneration				
- PricewaterhouseCoopers	87,555	82,055	36,593	36,593
- Other auditors	25,900	24,800	-	-
Directors' emoluments				
- Directors' fees	15,000	16,000	15,000	16,000
Doubtful debts	585,661	( 181,296)	276,015	( 74,190)
Loss on disposal of property, plant and equipment	445,710	-	-	-
Depreciation and amortisation	6,227,437	6,082,285	2,002,457	1,669,656



**NOTES TO AND FORMING PART OF  
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**FMF FOODS LIMITED AND SUBSIDIARIES**

**11 CASH AND CASH EQUIVALENTS**

- (a) For the purpose of the statements of cash flows, cash and cash equivalents includes cash at bank and on hand and bank overdrafts. Cash at the end of the year as shown in the statements of cash flows is reconciled to the related items in the balance sheets as follows:

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash at bank and on hand	12,836,546	14,794,192	267,769	3,464,148
Bank overdraft	( 13,947,953)	( 21,701,976)	( 10,056,270)	( 8,679,755)
Cash and cash equivalents	(\$ 1,111,407)	(\$ 6,907,784)	(\$ 9,788,501)	(\$ 5,215,607)
	=====	=====	=====	=====

(b) **Financing facilities**

Bank overdraft facility from ANZ totalling \$15m (2013: \$15m) is available to the Group and interchangeable amongst the Group companies. One of the subsidiaries also has a bank overdraft facility from Bank of Baroda totalling \$6.25m (2013: \$4.9m). Refer to Note 21 for securities provided.

**12 INVENTORIES**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Finished products	7,548,471	6,323,347	1,911,495	1,703,377
Raw materials	20,008,509	23,720,995	11,536,982	16,716,458
Packing materials	4,628,818	4,997,286	1,104,842	1,169,076
Consumables	540,409	863,381	93,023	423,312
Work in progress	206,672	291,191	87,392	181,693
Spares	2,261,716	1,981,334	1,151,760	886,294
	35,194,595	38,177,534	15,885,494	21,080,210
	=====	=====	=====	=====
Goods in transit	2,318,394	1,930,652	180,047	-
	\$ 37,512,989	\$ 40,108,186	\$ 16,065,541	\$ 21,080,210
	=====	=====	=====	=====

**13 TRADE RECEIVABLES**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade receivables	28,726,307	24,984,663	9,314,673	6,910,493
Less: provision for impairment of trade receivables	( 972,748)	( 387,087)	( 488,266)	( 212,251)
Trade receivables - net	\$ 27,753,559	\$ 24,597,576	\$ 8,826,407	\$ 6,698,242
	=====	=====	=====	=====

**NOTES TO AND FORMING PART OF  
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FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**13 TRADE RECEIVABLES – continued**

As of 30 June 2014, trade receivables of \$ 17,865,012 (2013: \$16,347,353) for the Group and \$ 5,363,905 (2013: \$4,551,176) for the Company were fully performing. As of 30 June 2014, trade receivables as noted below were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014	Group 2013	Holding Company 2014	2013
	\$	\$	\$	\$
Over 1 month	7,670,930	5,529,830	2,835,396	1,458,208
Over 2 months	<u>2,217,617</u>	<u>2,720,393</u>	<u>627,106</u>	<u>688,858</u>
	<u>\$ 9,888,547</u>	<u>\$ 8,250,223</u>	<u>\$ 3,462,502</u>	<u>\$ 2,147,066</u>

As of 30 June 2014, trade receivables as noted below were impaired and provided for. The individually impaired receivables mainly relate to balances that were in dispute or where the customer is facing financial difficulties. The ageing of these receivables is as follows:

	2014	Group 2013	Holding Company 2014	2013
	\$	\$	\$	\$
Over 1 month	-	-	-	-
Over 2 months	<u>972,748</u>	<u>387,087</u>	<u>488,266</u>	<u>212,251</u>
	<u>\$ 972,748</u>	<u>\$ 387,087</u>	<u>\$ 488,266</u>	<u>\$ 212,251</u>

Movement in the provision for impairment of trade receivables is as follows:

	2014	Group 2013	Holding Company 2014	2013
	\$	\$	\$	\$
At 1 July	387,087	538,061	212,251	286,441
Provision for impaired receivables	586,222	3,780	276,015	-
Unused amounts reversed	<u>( 561)</u>	<u>(154,754)</u>	<u>-</u>	<u>( 74,190)</u>
At 30 June	<u>\$ 972,748</u>	<u>\$ 387,087</u>	<u>\$ 488,266</u>	<u>\$ 212,251</u>

The maximum exposure to credit risk at the reporting date is the carrying value (which is also the fair value) as noted above. The Company and the Group do not hold any collateral as security.

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**FMF FOODS LIMITED AND SUBSIDIARIES**

**14 OTHER RECEIVABLES**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Other receivables	3,398,627	3,840,360	1,775,407	3,039,395
Less: provision for impairment of other receivables	( 18,751)	( 18,751)	-	-
	<u>\$ 3,379,876</u>	<u>\$ 3,821,609</u>	<u>\$ 1,775,407</u>	<u>\$ 3,039,395</u>

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

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
At 1 July	18,751	49,073	-	-
Provision for impaired receivables	-	-	-	-
Unused amounts reversed	<u>-</u>	<u>( 30,322)</u>	<u>-</u>	<u>-</u>
At 30 June	<u>\$ 18,751</u>	<u>\$ 18,751</u>	<u>\$ -</u>	<u>\$ -</u>

**15 HELD-TO-MATURITY INVESTMENTS**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Term deposits	<u>\$ 7,005,450</u>	<u>\$ 8,588,225</u>	<u>\$ 4,596,300</u>	<u>\$ 5,188,000</u>

The above term deposits are held with Bank of Baroda (2013: Bank of Baroda and Home Finance Company) and are short term in nature. The deposits are held as security for bank overdraft and term loans with the respective organisations.

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**FMF FOODS LIMITED AND SUBSIDIARIES**

**16 INVESTMENTS IN SUBSIDIARIES**

- (a) Investments in subsidiaries are stated at cost less provision for impairment and comprise the following:

	%	Country	2014	Group	2013	2014	2013
	Interest	of	\$	2013	\$	\$	\$
		Incorporation					
<b>Unlisted Companies</b>							
Pea Industries Limited	100	Fiji	-	-	128,250	128,250	
Biscuit Company of (Fiji) Limited	100	Fiji	-	-	500,000	500,000	
DHF Limited	100	Fiji	-	-	300,000	300,000	
FMF Dairy Company Limited (non operating)	100	Fiji	-	-	999	999	
FMF Investment Company Limited	100	Fiji	-	-	6,399,997	6,399,997	
FMF Snax Limited	100	Fiji	-	-	2,000,000	2,000,000	
Bakery Company (Fiji) Limited	100	Fiji	-	-	<u>299,999</u>	<u>-</u>	
			-	-	9,629,245	9,329,246	
<b>Listed Companies</b>							
The Rice Company of Fiji Limited (Market value as at 30.6.14 - \$ 13,050,000)	75	Fiji	-	-	2,250,000	2,250,000	
Atlantic & Pacific Packaging Company Limited (Market value as at 30.6.14 - \$ 3,024,000)	60	Fiji	-	-	<u>2,400,000</u>	<u>2,400,000</u>	
			\$ -	\$ -	\$14,279,245	\$ 13,979,246	
			=====	=====	=====	=====	

- (b) The financial statements of the subsidiaries, The Rice Company of Fiji Limited, FMF Snax Limited and FMF Investment Company Limited are audited by BDO Chartered Accountants.

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**FMF FOODS LIMITED AND SUBSIDIARIES**

**17 PROPERTY, PLANT AND EQUIPMENT**

**Group**

	<b>Leasehold Land &amp; Building \$</b>	<b>Freehold Land &amp; Building \$</b>	<b>Motor Vehicles \$</b>	<b>Plant, Furniture &amp; Equipment \$</b>	<b>WIP \$</b>	<b>Total \$</b>
<b>As at 1 July 2012</b>						
Cost	25,690,558	1,554,272	2,645,495	67,096,691	1,919,396	98,906,412
Accumulated depreciation	( 5,886,284)	( 429,275)	( 2,286,067)	( 44,639,955)	-	( 53,241,581)
<b>Net book amount</b>	<u>19,804,274</u>	<u>1,124,997</u>	<u>359,428</u>	<u>22,456,736</u>	<u>1,919,396</u>	<u>45,664,831</u>
<b>For the year ended 30 June 2013</b>						
Opening net book amount	19,804,274	1,124,997	359,428	22,456,736	1,919,396	45,664,831
Additions	-	-	993,463	1,607,613	2,931,623	5,532,699
Disposals	-	-	-	-	( 13,546)	( 13,546)
Transfers	-	-	-	2,529,166	( 2,529,166)	-
Depreciation charge	( 426,744)	( 38,053)	( 269,074)	( 5,347,338)	-	( 6,081,209)
<b>Closing net book amount</b>	<u>19,377,530</u>	<u>1,086,944</u>	<u>1,083,817</u>	<u>21,246,177</u>	<u>2,308,307</u>	<u>45,102,775</u>
<b>At 30 June 2013</b>						
Cost	25,690,558	1,554,272	3,281,223	71,233,470	2,308,307	104,067,830
Accumulated depreciation	( 6,313,028)	( 467,328)	( 2,197,406)	( 49,987,293)	-	( 58,965,055)
<b>Net book amount</b>	<u>\$ 19,377,530</u>	<u>\$ 1,086,944</u>	<u>\$ 1,083,817</u>	<u>\$ 21,246,177</u>	<u>\$ 2,308,307</u>	<u>\$ 45,102,775</u>
<b>For the year ended 30 June 2014</b>						
Opening net book amount	19,377,530	1,086,944	1,083,817	21,246,177	2,308,307	45,102,775
Additions	386,499	-	865,739	2,581,751	9,608,071	13,442,060
Disposals	-	-	-	( 453,101)	-	( 453,101)
Transfers	87,330	-	-	7,470,391	( 7,557,721)	-
Depreciation charge	( 472,683)	( 38,053)	( 476,433)	( 5,239,192)	-	( 6,226,361)
<b>Closing net book amount</b>	<u>19,378,676</u>	<u>1,048,891</u>	<u>1,473,123</u>	<u>25,606,026</u>	<u>4,358,657</u>	<u>51,865,373</u>
<b>At 30 June 2014</b>						
Cost	26,164,387	1,554,272	3,842,325	82,020,996	4,358,657	117,940,637
Accumulated depreciation	( 6,785,711)	( 505,381)	( 2,369,202)	( 56,414,970)	-	( 66,075,264)
<b>Net book amount</b>	<u>\$ 19,378,676</u>	<u>\$ 1,048,891</u>	<u>\$ 1,473,123</u>	<u>\$ 25,606,026</u>	<u>\$ 4,358,657</u>	<u>\$ 51,865,373</u>

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**FMF FOODS LIMITED AND SUBSIDIARIES**

**17 PROPERTY, PLANT AND EQUIPMENT – continued**

Holding Company

**As at 1 July 2012**

	Leasehold Land & Building \$	Freehold Land & Building \$	Motor Vehicles \$	Plant, Furniture & Equipment \$	WIP \$	Total \$
Cost	6,134,566	1,554,272	2,370,022	23,020,330	301,233	33,380,423
Accumulated depreciation	( 3,443,264)	( 429,275)	( 2,095,484)	( 18,951,734)	-	( 24,919,757)
<b>Net book amount</b>	<u>2,691,302</u>	<u>1,124,997</u>	<u>274,538</u>	<u>4,068,596</u>	<u>301,233</u>	<u>8,460,666</u>

**For the year ended 30 June 2013**

Opening net book amount	2,691,302	1,124,997	274,538	4,068,596	301,233	8,460,666
Additions	-	-	810,472	562,792	2,701,913	4,075,177
Transfers	-	-	-	2,529,166	( 2,529,166)	-
Depreciation charge	( 124,330)	( 38,053)	( 215,970)	( 1,291,303)	-	( 1,669,656)
<b>Closing net book amount</b>	<u>2,566,972</u>	<u>1,086,944</u>	<u>869,040</u>	<u>5,869,251</u>	<u>473,980</u>	<u>10,866,187</u>

**At 30 June 2013**

Cost	6,134,566	1,554,272	2,822,759	26,112,288	473,980	37,097,865
Accumulated depreciation	( 3,567,594)	( 467,328)	( 1,953,719)	( 20,243,037)	-	( 26,231,678)
<b>Net book amount</b>	<u>\$ 2,566,972</u>	<u>\$ 1,086,944</u>	<u>\$ 869,040</u>	<u>\$ 5,869,251</u>	<u>\$ 473,980</u>	<u>\$ 10,866,187</u>

**For the year ended 30 June 2014**

Opening net book amount	2,566,972	1,086,944	869,040	5,869,251	473,980	10,866,187
Additions	-	-	539,130	478,462	8,848,699	9,866,291
Transfers	-	-	-	7,292,638	( 7,292,638)	-
Depreciation charge	( 123,319)	( 38,053)	( 376,175)	( 1,464,910)	-	( 2,002,457)
<b>Closing net book amount</b>	<u>2,443,653</u>	<u>1,048,891</u>	<u>1,031,995</u>	<u>12,175,441</u>	<u>2,030,041</u>	<u>18,730,021</u>

**At 30 June 2014**

Cost	6,134,566	1,554,272	3,146,160	33,883,388	2,030,041	46,748,427
Accumulated depreciation	( 3,690,913)	( 505,381)	( 2,114,165)	( 21,707,947)	-	( 28,018,406)
<b>Net book amount</b>	<u>\$ 2,443,653</u>	<u>\$ 1,048,891</u>	<u>\$ 1,031,995</u>	<u>\$ 12,175,441</u>	<u>\$ 2,030,041</u>	<u>\$ 18,730,021</u>

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**18 INVESTMENT PROPERTIES**

(i) Investment properties have been included in the financial statements on the following bases:

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Land- at cost	<u>4,919</u>	<u>4,919</u>	<u>-</u>	<u>-</u>
	<u>4,919</u>	<u>4,919</u>	<u>-</u>	<u>-</u>
Buildings - at cost	86,384	86,384	-	-
Less: Accumulated depreciation	<u>31,528</u>	<u>30,452</u>	<u>-</u>	<u>-</u>
	<u>54,856</u>	<u>55,932</u>	<u>-</u>	<u>-</u>
Total – at cost	91,303	91,303	-	-
Less: Accumulated depreciation	<u>31,528</u>	<u>30,452</u>	<u>-</u>	<u>-</u>
	<u>\$ 59,775</u>	<u>\$ 60,851</u>	<u>\$ -</u>	<u>\$ -</u>
	=====	=====	=====	=====

(ii) Reconciliation of investment property - Group

	Land	Building	Total
	\$	\$	\$
Carrying amount at 1 July 2013	4,919	55,932	60,851
Depreciation expense	<u>-</u>	<u>( 1,076)</u>	<u>( 1,076)</u>
Carrying amount at 30 June 2014	<u>\$ 4,919</u>	<u>\$ 54,856</u>	<u>\$ 59,775</u>
	=====	=====	=====

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**19 INTANGIBLE ASSETS**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
F1 Audio Visual production	1,458,212	1,458,212	1,458,212	1,458,212
Provision for impairment	( 1,458,212)	( 1,458,212)	( 1,458,212)	( 1,458,212)
	\$ -	\$ -	\$ -	\$ -
	=====	=====	=====	=====

**20 TRADE AND OTHER PAYABLES**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade payables	7,507,286	4,371,469	1,899,041	1,502,836
Other payables and accruals	2,303,177	1,948,971	821,781	529,045
Leave accrual	<u>627,323</u>	<u>686,956</u>	<u>393,956</u>	<u>428,440</u>
	\$ 10,437,786	\$ 7,007,396	\$ 3,114,778	\$ 2,460,321
	=====	=====	=====	=====

**21 BANK OVERDRAFT AND BORROWING SECURITIES**

The ANZ secured loans and bank overdrafts of the Group are secured by a first registered mortgage debenture over all the assets of the Group including uncalled capital and unpaid premiums, cross guarantees by the subsidiaries, and a negative pledge by a subsidiary Atlantic & Pacific Packaging Company Limited not to lend or grant security to another party.

The Home Finance Company Limited (HFC) loan held in security by term deposits held with HFC in 2013 was fully repaid during the year.

The BSP Life loan is secured by unlimited debt and interest guarantee by FMF Foods Limited.

The overdraft facility with Bank of Baroda is secured by the various term deposits held with Bank of Baroda.



**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**22 BORROWINGS**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Non-Current</b>				
ANZ Bank	\$ 19,500,000	\$ 23,500,000	\$ 5,040,000	\$ 6,320,000
	=====	=====	=====	=====
<b>Current</b>				
HFC	-	2,000,000	-	1,000,000
BSP Life	3,000,000	3,000,000	3,000,000	3,000,000
ANZ Bank	6,000,000	6,162,800	1,920,000	2,082,800
	=====	=====	=====	=====
	\$ 9,000,000	\$ 11,162,800	\$ 4,920,000	\$ 6,082,800
	=====	=====	=====	=====

The carrying amounts of borrowings approximate their fair values.

The security details on borrowings are disclosed in Note 21.

**23 SHARE CAPITAL**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Authorised:				
250,000,000 ordinary shares of \$0.04 each	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
	=====	=====	=====	=====
Issued:				
150,000,000 ordinary shares of \$0.04 each fully paid	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
	=====	=====	=====	=====

**24 DIVIDENDS**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Interim dividend declared	\$ 2,212,000	\$ 1,912,000	\$ 1,800,000	\$ 1,500,000
	=====	=====	=====	=====

**25 EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit after income tax expense attributable to equity holders of the Company and the Group by the number of ordinary shares as at balance sheet date.

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Operating profit after tax attributable to members of the holding company	15,312,392	10,918,870	7,247,522	5,627,479
Number of ordinary shares issued	150,000,000	150,000,000	150,000,000	150,000,000
Basic earnings per share (cents)	10.21	7.28	4.83	3.75
	=====	=====	=====	=====

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**26 CAPITAL COMMITMENTS**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Capital commitments	\$ 2,864,489	\$ 7,994,780	\$ 2,254,477	\$ 7,796,000
	=====	=====	=====	=====

**27 CONTINGENCIES AND COMMITMENTS**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
(a) Letters of credit	\$ 1,572,233	\$ 1,834,849	\$ -	\$ -
	=====	=====	=====	=====
(b) Guarantees and bonds	\$ 693,197	\$ 693,197	\$ 415,197	\$ 415,197
	=====	=====	=====	=====

**28 RELATED PARTIES**

**(a) Directors**

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

- Hari Punja Order of Fiji, OBE - Chairman
- Ajai Punja
- Gary Callaghan
- Pramesh Sharma
- Leena Punja (Alternate director to Hari Punja)
- Rohit Punja (Alternate director to Hari Punja) – Appointed on 26 June 2014

**(b) Immediate and ultimate holding company**

The immediate and penultimate holding company is Hari Punja and Sons Limited (HPS).

The ultimate holding company is Hari Punja Nominees Limited.

**FMF FOODS LIMITED AND SUBSIDIARIES****NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014****28 RELATED PARTIES - continued****(c) Amounts Owing by Related Companies**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<u>Related Company</u>				
Biodiesel Group (Fiji) Limited	1,938	-	500	-
Petroleum and Gas Co (Fiji) Limited	78	-	-	-
<u>Subsidiaries</u>				
Biscuit Company of (Fiji) Limited	-	-	645,658	234,349
FMF Snax Limited	-	-	2,493	1,116
Pea Industries Limited	-	-	15,525	6,817
The Rice Company of Fiji Limited	-	-	20,349	18,018
DHF Limited	-	-	500,630	-
Bakery Company (Fiji) Limited	-	-	1,808	-
	<u>\$ 2,016</u>	<u>\$ -</u>	<u>\$ 1,186,963</u>	<u>\$ 260,300</u>
	=====	=====	=====	=====

The receivables from related parties arise mainly from sale transactions and are due within two months after the date of sale. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2013: \$Nil).

**(d) Amounts Owing to Related Companies**

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<u>Immediate Holding Company</u>				
Hari Punja & Sons Limited	9,602	169,961	9,602	3,889
<u>Related Company</u>				
Petroleum & Gas Co (Fiji) Limited	18,147	333,599	18,147	13,213
Biodiesel Group (Fiji) Limited	66,052	-	21,051	-
<u>Subsidiaries</u>				
The Rice Company of Fiji Limited	-	-	17,984	261,655
Atlantic & Pacific Packaging Company Limited	-	-	4,967	9,709
DHF Limited	-	-	-	-
Pea Industries Limited	-	-	12,471	40,066
FMF Investments Limited	-	-	13,070	5,670
Biscuit Company of (Fiji) Limited	-	-	2,130,828	5,971,962
FMF Snax Limited	-	-	299,150	139,602
	<u>\$ 93,801</u>	<u>\$ 503,560</u>	<u>\$ 2,527,270</u>	<u>\$ 6,445,766</u>
	=====	=====	=====	=====

The payables to related parties bear no interest and payables arising from purchases are due within two months of purchases.

**FMF FOODS LIMITED AND SUBSIDIARIES****NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014****28 RELATED PARTIES - continued****(e) Related Party Transactions**

The amounts included in the determination of operating profit that resulted from transactions with related parties were as follows:

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Income</b>				
Sales	10,377	1,398	47,577,929	34,488,855
Administration fees	3,600	3,600	675,600	675,600
Dividends	-	-	1,068,000	1,068,000
Promotion & advertising	-	-	52,194	38,785
Milling & other charges	19	-	116,535	111,114
Interest	10,403	-	46,890	83,460
Repairs & maintenance	120	-	15,181	19,934
Management fees	-	-	231,560	211,284
Insurance recharges	-	-	618,757	618,849
Electricity charges	-	-	36,000	36,000
<b>Expenses</b>				
Purchase of raw materials	-	-	119,255	166,043
Purchase of packaging materials	-	-	149,277	144,998
Interest	1,332	-	283,404	146,224
Lease	-	-	30,000	30,000
Rent	45,000	-	164,400	164,400
Management fees	1,904,895	1,993,674	102,000	102,000
Advertising	-	-	1,707	-
Manufacturing	439	-	-	-
Electricity and water charges	1,488	-	-	-

During the year, advances were made amongst the holding company and subsidiary companies at an interest rate of 2.5%. These amounts had been settled in full as at year ended 30 June 2014.

As noted in Note 22, the Company has borrowed from a shareholder, BSP Life (Fiji) Limited. The loan is payable on demand and is at normal trading terms.

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**28 RELATED PARTIES - continued**

(f) **Key Management Personnel**

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

During the year the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Company were the Group Chief Executive Officer (CEO), the Group Chief Financial Officer (CFO) and the Group General Manager. The compensation of the key management personnel is borne by the Holding Company and the penultimate holding company (Hari Punja & Sons Limited).

The amount of compensation of the key management personnel borne by and included in the accounts of the Holding Company is as follows:

	2014	2013
	\$	\$
Salaries and other short term benefits	190,000 =====	291,310 =====

**29 SHARE REGISTER AND REGISTERED OFFICE**

The company is incorporated and domiciled in the Republic of Fiji with limited liability.

Registered Office:  
2 Leonidas Street  
Walu Bay  
Suva  
Republic of Fiji

Share Register:  
Central Share Registry  
South Pacific Stock Exchange  
Level 2, Plaza One, Provident Plaza  
33 Ellery Street  
GPO Box 11689  
Suva, Fiji

The company's shares are listed on the South Pacific Stock Exchange.

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**30 OPERATING LEASES**

The Company and the Group have leased various land under the crown lease agreements ranging from 60 to 99 years from the Government of Republic of Fiji for which the total commitments as at 30 June 2014 are as follows:

	Group		Holding Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
Payable not later than 1 year	157,600	157,600	68,900	68,900
Payable later than 1 year but not later than 5 years	630,400	630,400	275,600	275,600
Payable later than 5 years	<u>14,019,125</u>	<u>14,176,725</u>	<u>5,945,625</u>	<u>6,014,525</u>
	<u>\$ 14,807,125</u>	<u>\$ 14,964,725</u>	<u>\$ 6,290,125</u>	<u>\$ 6,359,025</u>

**31 EVENTS SUBSEQUENT TO BALANCE DATE**

Subsequent to balance date, the management discovered certain fraudulent activities perpetrated by staff. These principally related to misappropriation of finished products and occurred over a number of years. Whilst management's investigation on the matter is on-going, the operating results for the respective years were inclusive of such losses which got absorbed along with other routine inventory adjustments. Management has since reviewed and put into place measures to further strengthen controls and procedures to prevent such occurrences in the future.

On 7 August 2014, FMF Foods Limited acquired additional 2,700,000 ordinary shares in Bakery Company (Fiji) Limited, an existing subsidiary.

No other charge on the assets of the Group has arisen since the end of the financial year to the date of this report to secure the liabilities of any other person.

No contingent liability has arisen since the end of the financial year to the date of this report.

No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group to meet its obligations as and when they fall due.

**32 SEGMENT INFORMATION**

**(a) Secondary Reporting – Geographical Segments**

The Group operates only in the geographical segment of Fiji.

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**32 SEGMENT INFORMATION - continued**

**(b) Primary Reporting - Business Segments 2014**

	<b>Food products \$</b>	<b>Packaging materials \$</b>	<b>Properties \$</b>	<b>Inter segment elimination \$</b>	<b>Total \$</b>
Sales	256,245,701	7,637,737	-	( 52,060,036)	211,823,402
Other income	<u>2,096,923</u>	<u>37,870</u>	<u>2,157,600</u>	<u>( 3,927,600)</u>	<u>364,793</u>
	<u>\$ 258,342,624</u>	<u>\$ 7,675,607</u>	<u>\$ 2,157,600</u>	<u>(\$ 55,987,636)</u>	<u>\$ 212,188,195</u>
Segment result before income tax and finance costs	19,771,592	373,374	1,734,984	( 1,068,000)	20,811,950
Net finance costs	<u>( 1,107,010)</u>	<u>26,209</u>	<u>( 288,699)</u>	<u>-</u>	<u>( 1,369,500)</u>
<b>Profit before income tax expense</b>	18,664,582	399,583	1,446,285	( 1,068,000)	19,442,450
Income tax expense	<u>( 3,138,801)</u>	<u>( 18,326)</u>	<u>( 287,498)</u>	<u>-</u>	<u>( 3,444,625)</u>
<b>Net profit</b>	<u>\$ 15,525,781</u>	<u>\$ 381,257</u>	<u>\$ 1,158,787</u>	<u>(\$ 1,068,000)</u>	<u>\$ 15,997,825</u>
<b>Segment assets</b>	131,473,122	5,471,554	21,747,267	( 18,276,359)	140,415,584
Deferred tax asset	<u>309,489</u>	<u>7,516</u>	<u>128,497</u>	<u>-</u>	<u>445,502</u>
<b>Total assets</b>	<u>\$ 131,782,611</u>	<u>\$ 5,479,070</u>	<u>\$21,875,764</u>	<u>(\$ 18,276,359)</u>	<u>\$ 140,861,086</u>

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**32 SEGMENT INFORMATION - continued**

**(b) Primary Reporting - Business Segments 2014 - continued**

	Food products \$	Packaging materials \$	Properties \$	Inter segment elimination \$	Total \$
Segment liabilities	13,382,926	790,946	355,831	( 3,998,116)	10,531,587
Deferred tax liabilities	939,878	74,826	1,676,191	-	2,690,895
Current tax liabilities	961,436	2,185	( 177,506)	-	786,115
Secured loans	23,055,000	-	5,445,000	-	28,500,000
Bank overdraft	<u>11,927,755</u>	<u>-</u>	<u>2,020,198</u>	<u>-</u>	<u>13,947,953</u>
<b>Total liabilities</b>	<b>\$ 50,266,995</b> =====	<b>\$ 867,957</b> =====	<b>\$ 9,319,714</b> =====	<b>(\$ 3,998,116)</b> =====	<b>\$ 56,456,550</b> =====
<b>Acquisition of property, plant and equipment</b>	<b>\$ 12,287,288</b> =====	<b>\$ 121,166</b> =====	<b>\$ 1,033,606</b> =====	<b>\$ -</b> =====	<b>\$ 13,442,060</b> =====
<b>Depreciation expense</b>	<b>\$ 5,533,927</b> =====	<b>\$ 321,822</b> =====	<b>\$ 371,688</b> =====	<b>\$ -</b> =====	<b>\$ 6,227,437</b> =====
<b>Net cash inflow from operating activities</b>	<b>\$ 17,783,322</b> =====	<b>\$ 827,062</b> =====	<b>\$ 1,761,097</b> =====	<b>\$ 5,357,579</b> =====	<b>\$ 25,729,060</b> =====



**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**32 SEGMENT INFORMATION - continued**

**(b) Primary Reporting - Business Segments 2013**

	Food products \$	Packaging materials \$	Properties \$	Inter segment elimination \$	Total \$
Sales	238,500,805	8,034,371	-	( 39,173,541)	207,361,635
Other income	<u>2,536,823</u>	<u>13,794</u>	<u>2,176,130</u>	<u>( 3,927,600)</u>	<u>799,147</u>
	\$ 241,037,628	\$ 8,048,165	\$ 2,176,130	(\$ 43,101,141)	\$ 208,160,782
	=====	=====	=====	=====	=====
Segment result before income tax and finance costs	14,720,646	369,303	1,728,165	( 1,034,150)	15,783,964
Net finance costs	<u>( 1,247,661)</u>	<u>13,983</u>	<u>( 308,530)</u>	<u>-</u>	<u>( 1,542,208)</u>
<b>Profit before income tax expense</b>	13,472,985	383,286	1,419,635	( 1,034,150)	14,241,756
Income tax expense	<u>( 2,280,083)</u>	<u>( 64,070)</u>	<u>( 336,711)</u>	<u>-</u>	<u>( 2,680,864)</u>
<b>Net profit</b>	\$ 11,192,902	\$ 319,216	\$ 1,082,924	(\$ 1,034,150)	\$ 11,560,892
	=====	=====	=====	=====	=====
<b>Segment assets</b>	130,948,960	4,938,799	21,968,043	( 20,782,388)	137,073,414
Deferred tax asset	<u>349,206</u>	<u>13,907</u>	<u>301,547</u>	<u>-</u>	<u>664,660</u>
<b>Total assets</b>	\$ 131,298,166	\$ 4,952,706	\$22,269,590	(\$ 20,782,388)	\$ 137,738,074
	=====	=====	=====	=====	=====

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS - Cont'd  
FOR THE YEAR ENDED 30 JUNE 2014**

**FMF FOODS LIMITED AND SUBSIDIARIES**

**32 SEGMENT INFORMATION - continued**

**(b) Primary Reporting - Business Segments 2013 - continued**

	<b>Food products \$</b>	<b>Packaging materials \$</b>	<b>Properties \$</b>	<b>Inter segment elimination \$</b>	<b>Total \$</b>
Segment liabilities	13,931,350	276,774	106,976	( 6,804,144)	7,510,956
Deferred tax liabilities	1,496,431	173,313	1,561,743	-	3,231,487
Current tax liabilities	176,935	( 7,237)	( 157,554)	-	12,144
Secured loans	28,457,800	-	6,205,000	-	34,662,800
Bank overdraft	<u>18,545,814</u>	<u>-</u>	<u>3,156,162</u>	<u>-</u>	<u>21,701,976</u>
<b>Total liabilities</b>	<b>\$ 62,608,330</b> =====	<b>\$ 442,850</b> =====	<b>\$ 10,872,327</b> =====	<b>(\$ 6,804,144)</b> =====	<b>\$ 67,119,363</b> =====
<b>Acquisition of property, plant and equipment</b>	<b>\$ 5,027,565</b> =====	<b>\$ 432,473</b> =====	<b>\$ 72,661</b> =====	<b>\$ -</b> =====	<b>\$ 5,532,699</b> =====
<b>Depreciation expense</b>	<b>\$ 5,423,389</b> =====	<b>\$ 292,195</b> =====	<b>\$ 366,701</b> =====	<b>\$ -</b> =====	<b>\$ 6,082,285</b> =====
<b>Net cash inflow/ (outflow) from operating activities</b>	<b>(\$ 445,560)</b> =====	<b>\$ 878,607</b> =====	<b>\$ 1,594,623</b> =====	<b>(\$ 698,424)</b> =====	<b>\$ 1,329,246</b> =====

**FMF FOODS LIMITED**  
**LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE**  
**(UNAUDITED AND NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)**

**(a) Schedule of each class of equity security in compliance with listing requirements 6.31(iv):**

	<b>NAME</b>	<b>Number of Shares</b>	<b>%</b>
1	HARI PUNJA & SONS LIMITED	105,997,210	70.66
2	UNIT TRUST OF FIJI (TRUSTEE COMPANY) LTD	8,687,006	5.79
3	FIJI NATIONAL PROVIDENT FUND	6,717,975	4.48
4	REDDY'S ENTERPRISES LIMITED	2,113,050	1.41
5	GARY CALLAGHAN	1,700,225	1.13
6	BSP LIFE (FIJI) LIMITED	1,488,840	0.99
7	FIJIAN HOLDINGS LTD	1,298,200	0.87
8	JITENDRA KUMAR M NARSEY	1,090,450	0.73
9	CARLISLE (FIJI) LIMITED	875,000	0.58
10	VENILAL MAGANLAL NARSEY	675,950	0.45
11	JAYANTILAL RATANJI NARSEY	582,825	0.39
12	BECHARBHAI HOLDINGS LTD	499,950	0.33
13	PRAFUL PATEL INVESTMENTS PTY LTD < P & A PATEL SUPERFUND A/C >	414,595	0.28
14	JITENDRA THAKORLAL NARSEY	388,437	0.26
15	KANTI LAL PUNJA	375,000	0.25
16	INDRAVADAN NARSEY	369,937	0.25
17	HARI KRISHNA NARSEY	369,937	0.25
18	JAGMOHANLAL JIWAN NARSEY	358,275	0.24
19	DAYABHAI NATHUBHAI PATEL	318,700	0.21
20	LAKSHMIKANT DHARAMSI SAMPAT	300,000	0.20

**(b) Schedule of each class of equity security in compliance with listing requirements 6.31(v):**

Distribution of ordinary shareholders:

<b>No. of Holders</b>	<b>Holding</b>	<b>Total % Holding</b>
7	less than 500 shares	0.00
103	500 to 5,000 shares	0.25
81	5,001 to 10,000 shares	0.45
71	10,001 to 20,000 shares	0.77
46	20,001 to 30,000 shares	0.78
19	30,001 to 40,000 shares	0.48
23	40,001 to 50,000 shares	0.75
43	50,001 to 100,000 shares	2.19
52	100,001 to 1,000,000 shares	8.27
8	Over 1,000,000 shares	86.06
<b>453</b>	<b>Total</b>	<b>100.00</b>

**FMF FOODS LIMITED**  
**LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE**  
**(UNAUDITED AND NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT) - continued**

**(c) Disclosure under Section 6.31 (viii):**

<b>Segment / Subsidiaries information :</b>		
Names of the Subsidiaries dealing in Food products	1	Biscuit Company of ( Fiji ) Limited
	2	Pea Industries Limited
	3	DHF Limited
	4	FMF Snax Limited
	5	The Rice Company of Fiji Limited
	6	Bakery Company (Fiji) Limited
Name of the subsidiary dealing in Packaging Materials		Atlantic & Pacific Packaging Company Limited
Name of the subsidiary having Property investments		FMF Investment Company Limited
Principal country of operation - For all the above entities		Republic of Fiji
Country of Incorporation - For all the above entities		Republic of Fiji

	<b>Food products \$</b>	<b>Packaging materials \$</b>	<b>Properties \$</b>
Turnover	143,215,209	7,637,737	-
Other Income	<u>569,410</u>	<u>73,237</u>	<u>2,207,487</u>
	<u>143,784,619</u>	<u>7,710,974</u>	<u>2,207,487</u>
Depreciation	3,531,470	321,822	371,688
Interest expense	817,959	9,158	338,586
Other expenses	<u>129,243,263</u>	<u>6,980,411</u>	<u>50,928</u>
Profit before tax	10,191,927	399,583	1,446,285
Income tax expense	<u>1,913,667</u>	<u>18,326</u>	<u>287,498</u>
Net profit after tax	\$ 8,278,260 =====	\$ 381,257 =====	\$ 1,158,787 =====
Total assets	\$ 65,893,742 =====	\$ 5,479,070 =====	\$ 21,875,764 =====
Total liabilities	\$ 24,179,378 =====	\$ 867,957 =====	\$ 9,319,714 =====
Shareholders' equity	\$ 41,714,364 =====	\$ 4,611,113 =====	\$ 12,556,050 =====

**FMF FOODS LIMITED**  
**LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE**  
**(UNAUDITED AND NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT) - continued**

(d) Disclosure under Section 6.31 ( xii ):

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

	2014	2013	2012	2011	2010	2009
<b>Net Profit after Tax</b>	<b>15,997,825</b>	<b>11,560,892</b>	<b>12,931,110</b>	<b>11,636,486</b>	<b>11,600,980</b>	<b>(6,959,345)</b>
<b>Current Assets</b>	88,490,436	91,909,788	69,820,441	75,636,782	78,044,016	46,487,101
<b>Non - Current Assets</b>	52,370,650	45,828,286	46,321,677	53,300,173	58,379,500	68,925,796
<b>Total Assets</b>	<b>140,861,086</b>	<b>137,738,074</b>	<b>116,142,118</b>	<b>128,936,955</b>	<b>136,423,516</b>	<b>115,412,897</b>
<b>Current Liabilities</b>	34,265,655	40,387,876	20,513,741	31,710,598	41,161,307	44,634,327
<b>Non - Current Liabilities</b>	22,190,895	26,731,487	34,658,558	47,725,648	56,273,486	42,566,327
<b>Total Liabilities</b>	<b>56,456,550</b>	<b>67,119,363</b>	<b>55,172,299</b>	<b>79,436,246</b>	<b>97,434,793</b>	<b>87,200,654</b>
<b>Shareholders' Equity</b>	<b>84,404,536</b>	<b>70,618,711</b>	<b>60,969,819</b>	<b>49,500,709</b>	<b>38,988,723</b>	<b>28,212,243</b>

Summary of key financial results for the previous five years for the Holding company:

	2014	2013	2012	2011	2010	2009
<b>Net Profit after Tax</b>	<b>7,247,522</b>	<b>5,627,479</b>	<b>7,054,446</b>	<b>6,612,031</b>	<b>4,386,433</b>	<b>(7,259,153)</b>
<b>Current Assets</b>	32,718,387	39,730,295	23,260,691	33,410,785	23,942,493	14,854,238
<b>Non - Current Assets</b>	33,170,483	25,121,440	22,714,384	25,189,102	26,074,414	30,549,059
<b>Total Assets</b>	<b>65,888,870</b>	<b>64,851,735</b>	<b>45,975,075</b>	<b>58,599,887</b>	<b>50,016,907</b>	<b>45,403,297</b>
<b>Current Liabilities</b>	20,767,032	23,697,586	6,394,773	21,150,261	16,697,394	13,297,045
<b>Non - Current Liabilities</b>	5,320,585	6,800,418	9,354,050	13,077,820	14,659,738	17,232,910
<b>Total Liabilities</b>	<b>26,087,617</b>	<b>30,498,004</b>	<b>15,748,823</b>	<b>34,228,081</b>	<b>31,357,132</b>	<b>30,529,955</b>
<b>Shareholders' Equity</b>	<b>39,801,253</b>	<b>34,353,731</b>	<b>30,226,252</b>	<b>24,371,806</b>	<b>18,659,775</b>	<b>14,873,342</b>

**FMF FOODS LIMITED**  
**LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE**  
**(UNAUDITED AND NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT) - continued**

( e ) Disclosure under Section 6.31 ( xiii ) ( a ) :

Dividend declared per share :

	2014	2013	2012	2011	2010	2009
Cents per share	1.20	1.00	0.80	0.60	0.40	-

( f ) Disclosure under Section 6.31 ( xiii ) ( b ) :

Earnings per share (Group):

	2014	2013	2012	2011	2010	2009
Cents per share	10.21	7.28	8.18	7.46	7.39	( 4.77 )

Earnings per share (Holding Company):

	2014	2013	2012	2011	2010	2009
Cents per share	4.83	3.75	4.70	4.41	2.92	( 4.84 )

( g ) Disclosure under Section 6.31 ( xiii ) ( c ) :

Net tangible assets per share (Group):

	2014	2013	2012	2011	2010	2009
Cents per share	56.27	47.08	40.65	33.00	25.99	18.45

Net tangible assets per share (Holding company) :

	2014	2013	2012	2011	2010	2009
Cents per share	26.53	22.90	20.15	16.25	12.44	9.56

( h ) Disclosure under Section 6.31 ( xiii ) ( d ) :

Share price during the year	2014 \$	2013 \$
Highest	0.48	0.42
Lowest	0.41	0.35
On 30th June	0.48	0.41

**FMF Foods Limited ( Formerly Flour Mills of Fiji Limited )**

Minutes of the Forty First Annual General Meeting of the members of the company, held at 3.30 p.m. on the 31<sup>st</sup> October 2013 at the Training Room of Atlantic & Pacific Packaging Company Limited, Bounty Street, Walu Bay, Suva.

.....

**PRESENT**

- |                       |    |   |
|-----------------------|----|---|
| 1. Mr. Hari Punja     | .. | Chairman  |
| 2. Mr. Gary Callaghan | .. | Director  |
| 3. Mr. Ajai Punja     | .. | Director  |
| 4. Mr. Ram Bajekal    | .. | CEO   |
| 5. Mr. Kumar Shankar  | .. | Group CFO & Company Secretary                         |
| 6. Ms. Jenny Seeto    | .. | Representing the Auditors, M/s PricewaterhouseCoopers |

Twenty other shareholders / proxy holders were present in person.

**APOLOGIES**

Mr. Pramesh Sharma

**SHARE REGISTER & STATUTORY REGISTERS**

The Share Register containing all the relevant details of the Shareholders of the company and the Statutory Register were placed on the Table and remained open for inspection during the meeting

**QUORUM**

The required quorum being present, the Chairman declared the meeting to be open.

**CONFIRMATION OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING HELD ON 23<sup>rd</sup> OCTOBER 2012**

Proposed by: Mr. Anuj Patel

Seconded by: Mr. Satya Narayan

The motion as proposed and seconded by the above named persons was put to vote.

By a show of hands, the meeting approved the motion and confirmed the minutes of the previous Annual General Meeting held on 23<sup>rd</sup> October 2012 without any objection.

**MATTERS ARISING OUT OF EARLIER MINUTES: Nil****TO RECEIVE AND ADOPT THE AUDITED BALANCE SHEETS AND PROFIT AND LOSS STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS FOR THE YEAR ENDED 30th June 2013.**

Proposed by: Mr. Satya Narayan

Seconded by: Mr. Mahendra Pal Singh

The motion as proposed and seconded by the above named persons was put for discussion.

By a show of hands, the meeting approved the motion and adopted the Audited Balance Sheets and Profit and Loss Statements and the reports of the Directors and Auditors for the year ended 30th June 2013 without any objection

**TO ELECT, IN ACCORDANCE WITH ARTICLE 86, MR. AJAI PUNJA AS A DIRECTOR OF THE COMPANY.**

Proposed by: Mr. Hari Raj Naicker

Seconded by: Mr. Fonua Kotobalavu

The motion as proposed and seconded by the above named persons was put to vote.

By a show of hands, the meeting approved the motion and re-elected Mr. Ajai Punja as a Director of the company without any objection.

**FMF Foods Limited (Formerly Flour Mills of Fiji Limited)**

**Minutes ... (Contd.)**

**TO APPOINT AUDITORS FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY.**

Proposed by: Mr. Nitish Niranjana  
Seconded by: Mr. Fonua Kotobalavu

The motion as proposed and seconded by the above named persons was put to vote. By a show of hands, the meeting approved the motion and confirmed, without any objection, the Appointment of the retiring Auditors, M/s PricewaterhouseCoopers as Auditors of the company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a fee to be negotiated by the Directors.

**General**

The Chairman read out sections from the Chairman's Report and there was a general discussion on the operations of the company. There were following queries from the shareholders, which were answered satisfactorily.

- On the share price of the company
- On the Dividend payout

**Vote of Thanks to the Chair:**

Proposed by: Mr. Satya Narayan

**Thereafter the Chairman declared the meeting as closed.**

**Sd/-  
Chairman**



**FMF FOODS LIMITED** (Formerly FLOUR MILLS OF FIJI LIMITED)

**PROXY FORM**

Share Folio No. ....

No. of shares held .....

The Company Secretary,  
FMF FOODS Limited,  
P O Box 977,  
Suva, Fiji.

**I/WE**.....

Of .....

Being a member(s) **FMF FOODS LIMITED** (Formerly FLOUR MILLS OF FIJI LIMITED) hereby

appoint .....

of.....

or failing him/her.....

of.....

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the company, to be held at 3.30 p.m. on **31st October 2014** and at any adjournment thereof.

As witness to my/our hands this.....day of .....2014 , at .....

Signed by the said member(s) .....

In the presence of (Witnessed by).....

In the case of a body corporate, this form should be under its Seal or be signed by an officer or an attorney duly authorized by it.

Proxies must be received at the Registered Office of the Company no less than **48 hours** prior to the time appointed for holding of the meeting.

As per Article 70 of the company, a member may appoint not more than two proxies. If one proxy is appointed, that proxy shall be entitled to vote on a show of hands. If two proxies are appointed, neither shall be entitled to vote on a show of hands and the appointment shall be of no effect unless each proxy is appointed to represent a specified proportion of the members voting rights.

**For office use only:**

Proxy received on \_\_\_\_\_ at \_\_\_\_\_ am / pm by \_\_\_\_\_