



2008 ANNUAL REPORT

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Food Processors Fiji Limited Chairman's Report for the Year Ended December 31, 2008

Dear Shareholders,

I hope this message finds you in good health and high spirits. It is my privilege to present the Chairman's Report for Food Processors Fiji Limited for the fiscal year ending December 31, 2008.

Acknowledging the Past: The financial statements presented here belong to a period when the current Board of Directors and Management team were not at the helm. These statements were audited by Office of Auditor General, based on the source documents available at that time.

A Year of Challenges: The year presented challenges that tested the resilience of our organization. Despite these challenges, our commitment to transparency and accountability remained unwavering.

Audit Completion and Transparency: As of 27th July 2017, the audit for the year 2008 has been completed. We report a Net Profit of \$1,004,144.00 for that year. The auditors have issued their report based on the Basis for Qualified Audit Opinion due to the significance of the matters described therein.

Honouring Our Legacy: The history of Food Processors Fiji Limited is one of growth, dedication, and customer trust. We honour this legacy while learning from the past to build a stronger future.

Reaffirming Our Commitment: The current Board of Directors and Management team are fully committed to the values that have defined our company – quality, sustainability, innovation, and responsibility.

Looking Ahead: Though this report delves into the past, our gaze is firmly fixed on the future. We remain resolute in our pursuit of growth, sustainability, and innovation.

A Message of Gratitude: I wish to express my deepest gratitude to you, our esteemed shareholders, for your enduring support. Your trust is our most valued asset.

Disclaimer: This Statement of Directors is signed by the Chairperson and the Directors of FPFL as of the date of signing as authorised by the Board on behalf of these position holders during the financial year 2008. The signature in no way is to be construed as the signatories assuming any responsibility or liability for the financial transactions for the financial reporting and audit period.

In closing, let us embrace the challenges and opportunities that lie ahead. Together, we shall continue the journey of Food Processors Fiji Limited, guided by the principles of excellence and integrity.

Thank you for your trust.

Sincerely,



[Raj Sharma] Chairman, Food Processors Fiji Limited

**FOOD PROCESSORS (FIJI) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

In accordance with a resolution of the Board of Directors, the directors herewith submit the statement of financial position of Food Processors (Fiji) Limited (the company) as at 31 December 2008, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

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

- Mr. Umarji Musa (effective from 24 February 2015)
- Mr. Raneel Mudaliar (effective from 30 July 2015)
- Mr. Shyman Reddy (effective from 6 October 2015 to 7 June 2016)

Principal activities

The principal activities of the company during the year were that of processing and canning of agro food products, value adding seafood and owners and administrators of properties and investments and farming operations.

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

Results

The profit after income tax of the company for the financial year was \$1,004,144 (2007: \$84,270). The income tax expense for the year was \$854,521 (2007: \$33,404).

Dividends

The Directors proposed that no dividends be paid during the year (2007: \$Nil).

Reserves

It is proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Non current assets

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

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

Bad and doubtful debts

Prior to completion of the company's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and in making of allowance for doubtful debts. In the opinion of the directors, adequate allowance has been 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 allowance for doubtful debts in the company, inadequate to any substantial extent.

Unusual transactions

In the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature.

Basis of accounting

The directors believe the basis of the preparation of financial statements is appropriate and the company will be able to continue in operation for at least 12 months from the end of the financial year. Accordingly the directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements to be appropriate.

Events subsequent to balance date

On 16 November 2009, the Cabinet approved the restructure of loan balance from the Government of Fiji to the company. Furthermore, the Government waived accrued interest and suspended interest on the remaining outstanding Government loan balance, until the disposal of underutilized properties of the company, namely National Trading Corporation (NATCO) building and Savusavu property. On 21 October 2015, the board of directors noted the previous board's decision and approved the recording of Batiri Farm assets and liabilities in the financial statements of Food Processors (Fiji) Limited from 2008 subject to legal opinion from the Solicitor General's office. On 09 June 2017, the Ministry of Public Enterprise provided a written confirmation that Food Processors (Fiji) Limited is the registered title holder and the current lessee of the land.

Furthermore, the Government of Fiji is in the process of divesting its shareholding in the company. At the date of this report, the process is yet to be completed.

On 02 September 2014, Bank of South Pacific demanded the settlement of various financing facilities provided to the company. The bank provided extension to the company to settle the debts in full which expired on 15 May 2017. The company is in negotiation with the bank on this issue.

Other circumstances

As at the date of this report:

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

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

Directors' benefits

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

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

Dated this 25 day of July 2017.


Chairperson


Director

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INDEPENDENT AUDITOR'S REPORT

FOOD PROCESSORS (FIJI) LIMITED

I have audited the accompanying financial statements of Food Processors (Fiji) Limited, which comprise the statement of financial position as at 31 December 2008, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information as set out on notes 1 to 26.

Directors' and Management's Responsibility for the Financial Statements

The directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), Fiji Companies Act, 1983 and Public Enterprise Act, 1996. These responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material mis-statements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with International Standards on Auditing. Those standards require that I 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 company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Audit Opinion

1. The company recorded other payables of \$194,700 as stated in Note 12 of the financial statements. Of this a sum of \$176,987 relates to other creditors for which the company did not provide supporting details. As a result, I was unable to substantiate the accuracy of other creditors balance of \$176,987.
2. The company was unable to provide reconciliation for the provision for annual leave. Accordingly, I was unable to quantify the amount to be disclosed as at 31 December 2008 and ascertain that all expenses and liabilities relating to provision for annual leave have been accurately accounted.

3. The company did not provide appropriate supporting documents and reconciliations for the deferred income balance of \$62,249. As a result, I was unable to ascertain the accuracy and completeness of the deferred income balance of \$62,249.
4. The company recorded other receivables of \$125,441 as stated in Note 6. The company did not provide appropriate supporting documents and reconciliations for the other receivable balance. As a result, I was unable to ascertain the accuracy and completeness of the other receivable balance of \$125,441.

Audit Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of Food Processors (Fiji) Limited as at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and other statutory requirements.

Emphasis of Matter

Without further qualifying the opinion expressed above, attention is drawn to the Note 21 of the Financial Statements. On 02 September 2014, Bank of South Pacific (“the bank”) demanded the settlement of various financing facilities provided to the company. The bank provided extension to the company to settle the debts in full which expired on 15 May 2017. As at the date of my report, the company has not been able to settle the debts in full. The financial statements do not contain adjustments to assets and liabilities, should the company not continue as a going concern.



Ajay Nand
AUDITOR GENERAL

27 July 2017
Suva, Fiji



**FOOD PROCESSORS (FIJI) LIMITED
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008**

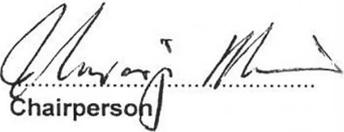
The current board of directors were appointed during year ended 31 December 2015. Accordingly, the current directors were not involved in management or operations of the company for the year ended 31 December 2008. The financial statements were prepared from the books of account and accounting information and records available with the company.

In accordance with a resolution of the board of directors of Food Processors (Fiji) Limited, and subject to the above comment and to the best of our knowledge and information, we state that in the opinion of the directors:

- (i) the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2008;
- (ii) the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2008;
- (iii) the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 March 2008;
- (iv) the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 December 2008;
- (v) the financial statements have been prepared in accordance with International Financial Reporting Standards;
- (vi) at the end of the 2008 financial year, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due; and
- (vii) all related party transactions have been adequately recorded in the books of the company.

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

Dated this 25 day of July 2017.


Chairperson


Director

FOOD PROCESSORS (FIJI) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
Revenue		2,243,760	2,221,037
Cost of sales		<u>(1,972,883)</u>	<u>(1,697,720)</u>
Gross profit		270,877	523,317
Other operating income	2	<u>304,238</u>	<u>257,818</u>
		575,115	781,135
Operating expenses	4	<u>(811,250)</u>	<u>(570,050)</u>
(Loss)/profit from operations		(236,135)	211,085
Change in fair value of investment property		2,103,331	-
Finance cost	3	<u>(8,531)</u>	<u>(93,411)</u>
Profit before income tax		1,858,665	117,674
Income tax expense	5 (a)	<u>(854,521)</u>	<u>(33,404)</u>
Profit after tax		1,004,144	84,270
Other comprehensive income			
Revaluation of property, plant and equipment		730,370	-
Total comprehensive income for the year		<u>1,734,514</u>	<u>84,270</u>
Earnings per share	19	<u>2.70</u>	<u>0.12</u>

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

FOOD PROCESSORS (FIJI) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Share capital	Asset revaluation reserve	Share deposit	Restated * Accumulated profits	Total
		\$	\$	\$	\$	\$
Balance as at 1 January 2007		687,679	-	1,000,000	307,516	1,995,195
Profit for the year					84,270	84,270
Adjustments in relation interest on Government loan	22				201,475	201,475
Balance as at 31 December 2007		<u>687,679</u>	<u>-</u>	<u>1,000,000</u>	<u>593,261</u>	<u>2,280,940</u>
Profit for the year		-	-	-	1,004,144	1,004,144
Asset revaluation reserve	8	-	730,370	-	-	730,370
Balance as at 31 December 2008		<u><u>687,679</u></u>	<u><u>730,370</u></u>	<u><u>1,000,000</u></u>	<u><u>1,597,405</u></u>	<u><u>4,015,454</u></u>

* Certain amounts shown here do not correspond to the 2007 financial statements and reflect adjustments made. Refer note 22.

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

FOOD PROCESSORS (FIJI) LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 \$	Restated * 2007 \$
Current assets			
Cash on hand and at bank		3,501	1,317
Trade and other receivables	6	761,706	545,875
Financial assets	7	96,162	338,947
Inventories	10	1,220,179	1,332,814
Other assets	11	31,662	23,372
		<u>2,113,210</u>	<u>2,242,325</u>
Non current assets			
Property, plant and equipment	8	2,282,581	728,174
Investment property	9	3,400,000	1,165,914
Deferred tax asset	5 (d)	7,469	14,572
		<u>5,690,050</u>	<u>1,908,660</u>
Total assets		<u>7,803,260</u>	<u>4,150,985</u>
Current liabilities			
Trade and other payables	12	451,174	349,539
Current tax liability	5 (b)	26,570	46,827
Interest bearing borrowings	13	145,343	398,468
		<u>623,087</u>	<u>794,834</u>
Non current liabilities			
Interest bearing borrowings	13	305,956	12,305
Non-interest bearing borrowing	13	1,900,000	940,000
Deferred tax liability	5 (c)	896,514	36,243
Deferred income	14	62,249	86,663
Total non-current liabilities		<u>3,164,719</u>	<u>1,075,211</u>
		<u>3,787,806</u>	<u>1,870,045</u>
Net assets		<u>4,015,454</u>	<u>2,280,940</u>
Shareholders equity			
Issued capital	15	687,679	687,679
Share deposit	15	1,000,000	1,000,000
Asset revaluation reserves		730,370	-
Accumulated profits		1,597,405	593,261
		<u>4,015,454</u>	<u>2,280,940</u>

* Certain amounts shown here do not correspond to the 2007 financial statements and reflect adjustments made. Refer note 22.

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

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


 Chairperson


 Director

FOOD PROCESSORS (FIJI) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		1,859,121	2,452,108
Payments to suppliers, creditors and employees		(2,159,789)	(2,410,053)
Cash generated from operations		(300,668)	42,055
Interest and finance costs paid		(35,944)	(75,585)
Interest received		4,151	27,299
Income tax paid		-	(34,941)
Net cash used in operating activities		<u>(332,461)</u>	<u>(41,172)</u>
Cash flows from investing activities			
Payments for acquisition of plant and equipment		(205,192)	(37,044)
Gain on sale		(4,082)	-
Payments for ANZ Bank held-to-maturity- deposit		(80,000)	-
Proceeds from sale of property, plant and equipment		13,500	-
Proceeds from Fiji Development Bank bonds		326,936	-
Net cash provided by/(used in) investing activities		<u>51,162</u>	<u>(37,044)</u>
Cash flows from financing activities			
Loan repayments - Merchant Finance and Investment Company Limited		(34,558)	-
Loan repayments - Fiji Development Bank		(47,189)	-
Loan from ANZ - Refinancing Westpac		350,000	-
Net cash provided by financing activities		<u>268,253</u>	<u>-</u>
Net decrease in cash and cash equivalents		(13,046)	(78,216)
Cash and cash equivalents at 1 January		23,968	102,184
Cash and cash equivalents at 31 December	16	<u><u>10,922</u></u>	<u><u>23,968</u></u>

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

**FOOD PROCESSORS (FIJI) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

1.1 General information

Food Processors (Fiji) Limited (the company) is a limited liability company incorporated and domiciled in Fiji. The address of its registered office and principal place of business is located at Lot 68 - 70, Millet Road, Vatuwaqa.

The principal activities of the company during the year were of processing and canning of agro food products, value adding seafood and owners and administrators of properties and investments and farming operations.

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

1.2 Basis of preparation of the financial statements

Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation

The financial statements have been prepared under the historical cost basis, except for property, plant and equipment and investment property that have been measured at fair value.

In the application of IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 1.5.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

1.3 Changes in accounting policy

The company re-assessed its accounting for property, plant and equipment and investment property with respect to measurement of certain classes of property, plant and equipment and investment property after initial recognition. The Company had previously measured all property, plant and equipment and investment property using the cost model, whereby, after initial recognition of the asset, it was carried at cost less accumulated depreciation and accumulated impairment losses.

The Company elected to change the method of accounting for property, plant and equipment and investment property, since the Company believes that revaluation model more effectively demonstrates the financial position of property plant and equipment and investment property.

After initial recognition, the Company uses the revaluation model, whereby property plant and equipment and investment property will be measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The company adopted this method in 2008.

1.4 Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2008 or later periods, but the company has not yet adopted them. No significant impact is expected to arise out of these standards, amendments and interpretations.

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14;
- IFRIC 13, 'Customer loyalty programmes (effective from 1 July 2008); and
- IFRIC 14, 'IAS 19 - The limit on a defined benefits asset, minimum funding requirements and their interaction' (effective from 1 January 2008).

1.5 Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

a) Allowance for doubtful debts

An allowance is made in respect of debts considered doubtful based on a review of outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

b) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

c) Borrowing costs

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.

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

d) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash on hand, cash in banks and other short term highly liquid investments that are readily convertible to a known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated net of bank overdraft. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

e) Comparatives

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

Restatement of prior year amounts

In previous years, the company recorded interest on term loan payable on a Government loan. However, a cabinet decision in 2009, advised to waive off all interest payable as at 2007. Consequently, the comparatives for the year 2007 have been restated as detailed in Note 22.

f) 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.

1.5 Summary of significant accounting policies *continued*

g) Employee benefits

Wages, salaries and sick leave

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

Defined Contributions Plan

Contributions to Fiji National Provident Fund are expensed when incurred.

h) Foreign currency translations

Functional and presentation currency

The company operates in Fiji and hence the financial statements are presented in Fiji dollars, which is the company's functional and presentation currency.

Transactions and Balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in the statement of comprehensive income in the period in which they arise.

i) Financial assets

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

Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are measured at subsequent reporting dates at amortised cost.

Held-to-maturity investments in commercial banks by the company are recorded at their amortised cost and not remeasured to market values as they are considered likely to be held to maturity in line with investment objectives and fixed price nature of the investments.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are classified as non-current assets. The company's receivables comprise 'trade and other receivables' disclosed in the statement of financial position (Note 6).

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful debts. An allowance for doubtful debts 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. Allowance is raised on a specific debtor level as well as on a collective basis.

Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. 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 in the statement of comprehensive income.

1.5 Summary of significant accounting policies *continued*

j) Impairment of non financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate value model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the statement of comprehensive income.

k) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance 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 tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable profit nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the assets and liabilities giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax

Current and deferred tax is recognised as an expense or income in statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

1.5 Summary of significant accounting policies *continued*

l) Inventories

Inventories comprising of merchandise and consumables are valued at the lower of cost or net realisable value. Cost is based on first in first out principle. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Work in progress and finished goods include raw material costs, direct labour costs, variable overhead and a portion of fixed overhead costs allocated on the basis of normal operating capacity.

m) Leased assets

Assets acquired under finance leases are included as property, plant and equipment in the statement of financial positions. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property. Where assets are acquired by means of finance leases, the present value of the minimum lease repayments is recognised as an asset at the beginning of the lease term and amortised on a straight line basis over the expected useful life of the leased asset. A corresponding liability is also established and each lease payment is allocated between the liability and interest expense.

Other leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to expense in the periods in which they are incurred.

Company as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

n) Property, plant and equipment

Leasehold land and building and plant and equipment are stated at fair value, less any subsequent accumulated depreciation and subsequent impairment losses. Revaluation are performed by external independent valuers with sufficient regularity that the carrying amounts do not differ materially from those that would be determined using fair value at the end of each reporting year.

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

Other assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. The annual depreciation rates are as follows:

Leasehold land and buildings	Term of lease
Furniture, fittings and office equipment	10 - 20%
Plant and machinery	10 - 20%
Motor vehicles	20%
Renovations	10%

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

Capital work in progress principally relates to costs and expenses incurred for capital works in the nature of property, plant and equipment. Capital work in progress is stated at historical cost and is not depreciated.

o) Investment properties

Investment properties principally comprising freehold land and buildings are held to earn rentals and/or for capital appreciation, are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance date. Gains or losses arising from changes in the fair values of investment properties are included in profit and loss in the year in which they arise. Rental income from investment properties are accounted for as described in note 1.5 (s).

1.5 Summary of significant accounting policies *continued*

o) Investment properties *continued*

Investment properties, are derecognised when either they have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are taken into consideration in determining the results for the year.

p) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefit required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

q) Deferred capital grant

The cost of assets funded by government by way of grant has been capitalized to plant and equipment and the corresponding credit has been taken up as deferred income. The benefit arising from the grant, being the recoupment through depreciation, is credited to revenue over the period of the useful lives of those assets. Other grants are amortised to income in proportion to the expenditure subject to the grant.

r) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s) Revenue recognition

Sale of goods

Sales revenue represents revenue earned from the sale of agro food products and is stated net of returns, trade allowances and Value Added Tax. Revenue from sale of goods are recognised at the point of sale.

Rental income

Rental income is recognised on an accrual basis and is earned from renting of property and is stated net of Value Added Tax.

Dividend income

Dividend income from investments is recognised when the right to receive payment is established.

t) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except:

- i) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognized as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognized inclusive of VAT.

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

The VAT component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as part of operating cash flows.

FOOD PROCESSORS (FIJI) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2008

1.6 Financial risk management

1.6.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risks (interest rate risk, foreign exchange risk), credit risk, liquidity risk, regulatory risk and operational risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

Risk management is carried out by the executive management under policies approved by the board of directors. The board provides policies for overall risk management.

(a) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rate and credit spreads which affects the company's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

i) Interest rate risk

The company has significant interest-bearing borrowings. Borrowings from its sole shareholder, the Fijian Government, is at a fixed interest rate. Hence, there are no interest rate risks during the term of the loan.

The company also has an overdraft and term loan facility from ANZ Banking Group Limited which is at a variable interest rate. This exposes the company to interest rate risk. These risks are managed closely by the directors and the management within the approved policy parameters. For additional borrowings, the company negotiates an appropriate interest rate with banks and other lenders and borrows from banks and other financial institutions which offers the overall favourable terms, including the interest rate.

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

ii) Foreign exchange risk

The company sells its products overseas and purchases materials from overseas suppliers. To mitigate movements in exchange rates, the company's invoices to customers and from suppliers are quoted in Fijian Dollars.

(b) Credit risk

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

The company's credit risk exposure is closely monitored by directors and key management personnel for timely settlement of credit.

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations for its financial liabilities. Prudent and careful management of the company's liquidity position is essential in order to ensure that adequate funds are available to meet the company's ongoing financial obligations.

The company manages liquidity risk by maintaining adequate banking facilities, borrowing from Government and by continuously monitoring forecast and actual cash flows.

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

31 December 2008	On demand	< 1 year	> 1 year
Interest bearing borrowings	88,741	37,752	1,245,956
Lease liabilities	-	18,850	-
Trade and other payables	-	451,174	-
	<u>88,741</u>	<u>507,776</u>	<u>1,245,956</u>

FOOD PROCESSORS (FIJI) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2008

1.6 Financial risk management *continued*

1.6.1 Financial risk factors *continued*

(c) Liquidity risk *continued*

31 December 2007	On demand	< 1 year	> 1 year
Interest bearing borrowings	316,295	161,973	940,000
Lease liabilities	-	37,700	12,305
Trade and other payables	-	349,539	-
	<u>316,295</u>	<u>549,212</u>	<u>952,305</u>

(d) Regulatory risk

The company's profitability can be impacted by regulatory agencies which govern the business sector in Fiji, specifically food and safety regulatory requirements. The company's operations is also impacted by the Cabinet's decisions.

(e) Operational risk

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

1.6.2 Capital risk management

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

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

The company monitors capital on the basis of 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 statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2008 and 2007 were as follows:

	2008 \$	2007 \$
Interest bearing borrowings	2,351,299	1,350,773
Less: cash and short term deposits	<u>99,663</u>	<u>340,264</u>
Net debt	2,450,962	1,691,037
Share deposits	1,000,000	1,000,000
Equity	3,015,454	2,280,940
Total capital (equity + net debt)	<u>6,466,416</u>	<u>4,971,977</u>
Gearing ratio % (net debt / total capital)	38%	34%

1.7 Critical accounting estimates and judgements

In application of the company's accounting policies, which are described in Note 1.5, the directors and the management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

FOOD PROCESSORS (FIJI) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2008

1.7 Critical accounting estimates and judgements *continued*

1.7.1 Critical judgments in applying the company's accounting policies *continued*

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year and in future are discussed below.

(a) Impairment of property, plant and equipment and investment property

The directors assesses whether there are any indicators of impairment of all property, plant and equipment and investment property at each reporting date. Property, plant and equipment and investment property are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. The directors and managements assessment of recoverable amount involves making a judgment, at the particular point in time, about inherent uncertain future outcomes of events or conditions.

Accordingly, subsequent events may result in outcomes that are significantly different from assessment. For the year ended 31 December 2008, no provision for impairment has been made as the directors reasonably believe that no indicators for impairment exist.

(b) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level, all debtors in the 90 days and above category (excluding those covered by a specific impairment provision) which are estimated to have been impaired, are accordingly provided for based on historical loss experience and prevailing conditions. Receivables considered uncollectable are written off in the year in which they are identified.

(c) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely level of future taxable profits together with future planning strategies.

(d) Operating lease commitments

The company has entered in commercial property leases. The company has determined based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant risks and rewards of ownership of the property and so accounts for the contracts as operating leases.

2. Other operating income	2008	2007
	\$	\$
Amortization of deferred income	24,414	24,414
Doubtful debts recovered	22,914	-
Interest received	4,151	27,299
Rental income	191,074	174,813
Gain on sale of assets	9,019	17,702
Other income	52,666	13,590
Total other operating revenue	<u>304,238</u>	<u>257,818</u>

FOOD PROCESSORS (FIJI) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	\$	\$
3. Finance cost		
Interest expense on:		
Bank overdraft	-	22,537
Interest on term loan	-	55,654
Borrowings from ANZ Banking Group Limited	2,716	-
Borrowings from Merchant Finance and Investment Company Limited	5,815	15,220
Total finance cost	<u>8,531</u>	<u>93,411</u>
4. Operating expenses		
Profit before income tax has been determined after charging the following expenses:		
Auditor's remuneration:	\$	\$
- Audit fees	11,794	5,000
- Accounting fees	-	3,500
Advertising	11,310	-
Bank charges	20,464	9,737
Depreciation and amortization	207,184	161,857
Directors fees	5,425	5,000
General expense	10,072	20,031
insurance	38,025	33,193
Land lease	7,107	-
Professional fees	23,003	-
Rent and rates	22,973	15,860
Repair and maintenance	75,091	68,369
Salaries and wages	194,582	150,419
FNPF contribution and TPAF levy	90,203	39,966
Sales and marketing	35,023	38,452
Telephone	19,105	18,666
Utilities	19,469	-
Other expenses	20,420	-
	<u>811,250</u>	<u>570,050</u>
5. Income tax	\$	\$
a) Income tax expense		
The prima facie tax payable on profit is reconciled to the income tax expense as follows:		
Profit before income tax	<u>1,858,665</u>	<u>117,674</u>
Prima facie tax expense thereon at 31%	576,186	36,479
Tax effect of:		
Non- deductible expenses and non-taxable income	(12,667)	(6,946)
Tax losses not recognised	298,144	-
Tax penalties	-	11,961
Restatement of deferred tax	(7,142)	(8,090)
Income tax expense attributable to profit	<u>854,521</u>	<u>33,404</u>

FOOD PROCESSORS (FIJI) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
5. Income tax <i>continued</i>		
Income tax expense comprises movements in:	\$	\$
Prior year tax expense	(18,903)	10,283
Deferred tax asset	(7,104)	5,487
Current tax liability	20,257	39,423
Deferred tax liability	860,271	(21,789)
	<u>854,521</u>	<u>33,404</u>
b) Current tax liability	\$	\$
Balance at 1 January	46,827	32,062
Income tax paid during the year	-	(34,941)
Prior year income tax expense	-	10,283
Tax (benefit)/liability for current year	(20,257)	39,423
Balance at 31 December	<u>26,570</u>	<u>46,827</u>
c) Deferred tax liability	\$	\$
Accelerated depreciation and revaluation increments	<u>896,514</u>	<u>36,243</u>
d) Deferred tax asset	\$	\$
Provision for doubtful debts	<u>7,469</u>	<u>14,572</u>
6. Trade and other receivables	\$	\$
Trade receivables	581,001	533,859
Less: allowance for doubtful debts	(24,092)	(47,007)
	<u>556,909</u>	<u>486,852</u>
Other receivables	125,441	37,616
VAT receivable	45,646	-
Prepayments	33,710	21,407
Total trade and other receivables, net	<u>761,706</u>	<u>545,875</u>

Trade receivables principally comprise amounts outstanding for selling company products. Trade receivables are non-interest bearing and are generally settled on 30 – 90 days terms.

As at 31 December, the ageing analysis of trade receivables were as follows:

	Total	< 30 days	Past due but not impaired	
			30-60 days	> 60 days
2008	556,909	478,625	86,341	(8,057)
2007	486,852	188,090	152,018	146,744

7. Financial assets	\$	\$
<u>Current</u>		
<u>Held-to-maturity investments</u>		
Short term deposit with Westpac Banking Corporation (WBC) (a)	16,162	15,388
Term deposit with ANZ Banking Group Limited (ANZ)	80,000	-
Government securities (a)	-	323,559
Total financial assets	<u>96,162</u>	<u>338,947</u>

(a) Short term deposits with WBC and Government securities mature within 3 months. Accordingly, these have been considered as cash and cash equivalents for the purpose of statement of cash flows (note 16).

FOOD PROCESSORS (FIJI) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2008

8. Property, plant and equipment

	Batiri farm	Leasehold land & buildings	Furniture, fittings & equipment	Plant & equipment	Motor vehicles	Renovations	Total
Gross carrying amount/valuation							
Balance at 1 January 2008	-	466,325	69,706	516,243	176,188	100,698	1,329,160
Additions (b)	960,000	-	5,256	22,955	1,689	-	989,900
Revaluation (a)	-	306,319	-	424,051	-	-	730,370
Disposal	-	(159,139)	-	(286,449)	(25,080)	(89,204)	(559,872)
Balance at 31 December 2008	960,000	613,505	74,962	676,800	152,797	11,494	2,489,558
Accumulated depreciation							
Balance at 1 January 2008	-	(147,481)	(39,758)	(223,838)	(105,616)	(84,293)	(600,986)
Depreciation expense	(31,968)	(11,658)	(16,827)	(62,611)	(33,406)	(4,911)	(161,381)
Disposal	-	-	-	-	20,598	-	20,598
Reversal of depreciation	-	159,139	-	286,449	-	89,204	534,792
Balance at 31 December 2008	(31,968)	-	(56,585)	-	(118,424)	-	(206,977)
Net written down value							
Balance at 31 December 2007	-	318,844	29,948	292,405	70,572	16,405	728,174
Balance at 31 December 2008	928,032	613,505	18,377	676,800	34,373	11,494	2,282,581

In accordance with the security arrangements of borrowings, as disclosed in Note 13 to the financial statements, leasehold land and building and plant and equipment of the company have been pledged to ANZ Banking Group Limited as security.

- a) An independent valuation was carried out by Fairview Valuations, Independent Property Valuations Limited and CB Richard Ellis Limited of the company's leasehold land and buildings, and plant and equipment to assess the fair value. The leasehold land and buildings were valued at \$625,000 based on market value and plant and equipment were valued at \$676,800. The book value of the leasehold land and building and plant and equipment at balance date were \$304,464 and \$292,640, respectively. The excess of market value over book value has been brought to accounts.
- b) On 25 March 2003, the Cabinet approved liquidation of Batiri Orchards, a subsidiary of National Trading Corporation Limited (NATCO) and to transfer its assets to the Ministry of Agriculture, Sugar and Land Resettlement. However, as per recommendation by the board of directors on 21 October 2015, Batiri Farm property is to be reflected as property, plant and equipment in the current financial statements of Food Processors (Fiji) Limited (the company). On 09 June 2017, the Ministry of Public Enterprise provided a written confirmation that Food Processors (Fiji) Limited is the registered title holder and the current lessee of the land.

FOOD PROCESSORS (FIJI) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2008

9. Investment property

	Freehold land & buildings	Renovations	WIP renovations	Total
Cost				
Balance at 31 December 2007	1,112,187	179,984	49,615	1,341,786
Additions	-	-	176,558	176,558
Revaluation	2,103,329	-	-	2,103,329
Disposal	(142,266)	(79,407)	-	(221,673)
Balance at 31 December 2008	<u>3,073,250</u>	<u>100,577</u>	<u>226,173</u>	<u>3,400,000</u>
Less: accumulated depreciation				
Balance at 31 December 2007	(114,452)	(61,420)	-	(175,872)
Depreciation expense	(27,814)	(17,987)	-	(45,801)
Disposal	142,266	79,407	-	221,673
Balance at 31 December 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net written down value				
Balance at 31 December 2007	<u>997,735</u>	<u>118,564</u>	<u>49,615</u>	<u>1,165,914</u>
Balance at 31 December 2008	<u>3,073,250</u>	<u>100,577</u>	<u>226,173</u>	<u>3,400,000</u>

- a) During the year, an independent valuation was carried out by Fairview Valuations of the company's freehold land & building and improvements to assess their fair value. The freehold land & building and improvements had been valued at \$3,400,000 based on market value. The book value of the freehold land & building and improvements as at balance date was \$1,296,670. The excess of market value over book value has been brought to accounts.

FOOD PROCESSORS (FIJI) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
10. Inventories	\$	\$
Finished goods	516,463	575,592
Raw materials	703,716	757,222
	<u>1,220,179</u>	<u>1,332,814</u>
11. Other assets	\$	\$
Staff and other advances	31,662	23,372
	<u>31,662</u>	<u>23,372</u>
12. Trade and other payables	\$	\$
Trade payables	238,417	110,308
Other payables	194,700	215,251
Refundable deposits	18,057	23,980
Total trade and other payables	<u>451,174</u>	<u>349,539</u>

Trade payables principally comprise amounts outstanding for trade purchases and on-going costs. Trade payables are non-interest bearing and are normally settled on 30 – 60 days term.

13. Interest bearing borrowings

Current - secured interest bearing borrowings

Bank overdraft - ANZ Banking Group Limited (a)	88,741	-
Bank overdraft and loan - Westpac Banking Corporation (b)	-	316,295
Bank loan - ANZ Banking Group Limited (a)	37,752	-
Borrowings - Merchant Finance and Investment Company Limited (c)	18,850	37,700
Bank loan - Fiji Development Bank (d)	-	44,473
Total current - secured interest bearing borrowings	<u>145,343</u>	<u>398,468</u>

Non current - secured interest bearing borrowings

Bank loan - ANZ Banking Group Limited (a)	305,956	-
Borrowings - Merchant Finance and Investment Company Limited (c)	-	12,305
Total non-current - secured interest bearing borrowings	<u>305,956</u>	<u>12,305</u>

Non current-unsecured borrowing

Government of Fiji loan (e)	940,000	940,000
Non current non interest bearing loan - Batiri	960,000	-
Total non-current non interest bearing borrowings	<u>1,900,000</u>	<u>940,000</u>

Total interest bearing borrowings	<u>2,351,299</u>	<u>1,350,773</u>
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Particulars relating to secured interest bearing borrowings:

(a) Bank overdraft and bank loan - ANZ banking group limited

Bank loan and bank overdraft from ANZ Banking Group Limited are subject to interest at the rate of 7% per annum. Bank loans are repayable by monthly instalments of \$3,146 (inclusive of interest). Bank overdraft and bank loan facilities from ANZ Banking Group Limited are secured by the following:

- i) First registered mortgage debenture over all assets and undertakings of the company stamped at \$470,000.
- ii) First registered mortgage over crown lease no. 4995 on plan S1339 given by the company over property situated at Millet Road, Vatuwaqa Industrial Subdivision, Suva.
- iii) Letter of charge over term deposit funds of \$161,000.

FOOD PROCESSORS (FIJI) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2008

13. Interest bearing borrowings

Particulars relating to secured interest bearing borrowings:

(b) Bank overdraft and bank loan - Westpac Banking Corporation

On 2 October 2008, the company refinanced its existing bank overdraft and bank loan in relation to insurance premium funding facility with Westpac Banking Corporation amounting to \$298,311 by ANZ Banking Group Limited.

(c) Bank loan - Merchant Finance and Investment Company Limited

Bank loan from Merchant Finance and Investment Company Limited is secured by bill of sale of vehicle registration numbers FA 353, EL 119 and EL 220.

(d) Bank loan - Fiji Development Bank

Bank loan with Fiji Development Bank was secured by a lien over the company's Government Securities. The loan has been fully paid during the year.

(e) Government of Fiji loan

In March 2003, National Trading Corporation Limited (NATCO), a company responsible for the administration of National Marketing Authority in the 1990s was wound up as per Cabinet decision, and its assets and liabilities including, Government loan balance amounting to \$2,900,000, were transferred to the books of Food Processors (Fiji) Limited, in accordance with legal notice No. 18 Public Enterprises (National Trading Corporation Limited) Regulation 2004.

In February 2005, the Cabinet decided that the original loan amounting to \$2,900,000 be restructured as follows:

Original loan	2,900,000
Less: Batiri property / asset to be transferred	(960,000)
Equity of government	(1,000,000)
Net loan	<u>940,000</u>

However, the Ministry of Finance, National Planning and Sugar Industry opposed this decision, stating that transfer of Batiri property cannot be treated as a loan repayment and the restructured loan amount of \$960,000 would need to be recorded as liability in the books of Food Processors (Fiji) Limited.

During the board meeting held on 21 October 2015, the board of directors notes the previous boards decisions and recommended loan restructure recorded in the company's books of account as follows:

Original loan	2,900,000
Equity of government	(1,000,000)
Net loan	<u>1,900,000</u>

Accordingly, assets and liabilities and income and expenditure of Batiri Farm has been recorded in the books of the company in the current financial year. On 09 June 2017, the Ministry of Public Enterprise provided a written confirmation that Food Processors (Fiji) Limited is the registered title holder and the current lessee of the land.

As part of loan restructure process, Government loan amounting to \$1 million was converted to equity. Since, formalities and documentation for allotment of shares were not completed as at balance date, the loan has been disclosed as share deposits.

The net loan balance was subject to interest at the rate of 5% per annum and repayable over a period of ten years with a moratorium in principle only for the first three years (2004 - 2006).

However, on 16 November 2009, the Cabinet approved to waive all accrued interest on the Government loan and to freeze any interest on the remaining loan until disposal of underutilized properties of the company, namely NATCO building and Savusavu property.

FOOD PROCESSORS (FIJI) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	\$	\$
14 Deferred income		
Deferred income relates to grants received from Ministry of Agriculture, Fisheries and Forests (MAFF) for:		
Vacuum packaging machine and can seamer	61,000	61,000
Glass line equipment, labelling and pacing can machine	53,333	53,333
Retort control	12,667	12,667
Equipment & fixtures	57,153	57,153
3 ton truck	30,000	30,000
	<u>214,153</u>	<u>214,153</u>
Less: accumulated amortization	(151,904)	(127,490)
Total deferred income	<u>62,249</u>	<u>86,663</u>
15 Share capital		
Authorised capital		
1,000,000 ordinary shares of \$1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and paid up capital		
687,679 ordinary shares of \$1 each	<u>687,679</u>	<u>687,679</u>
16 Notes to the statement of cash flows	\$	\$
Cash and cash equivalents		
Cash and cash equivalents comprise of cash on hand, cash in banks and other short term highly liquid investments, net of bank overdraft. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:		
Cash on hand and with bank	3,501	1,317
Short term deposits	96,162	338,947
Bank overdraft	(88,741)	(316,295)
	<u>10,922</u>	<u>23,969</u>
17 Commitments		
(a) Capital expenditure commitments		
The capital commitments as at 31 December 2008 amounted to \$Nil (2007: \$Nil).		
(b) Operating lease income commitments		
Operating lease income relates to rental income from NATCO building rented out as follows:		
	\$	\$
Not later than one year	184,998	184,998
Later than one year but not later than five years	644,141	644,141
Later than five years	379,011	564,009
Total operating lease income commitments	<u>1,208,150</u>	<u>1,393,148</u>
18 Contingent liabilities		
The contingent liabilities as at 31 December 2008 amounted to \$Nil (2007: \$Nil).		
19 Earnings per share		
Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares.		
	\$	\$
Profit attributable to equity holders of the company	1,858,665	84,270
Weighted average number of ordinary shares on issue	687,679	687,679
Earnings per share	<u>2.70</u>	<u>0.12</u>

FOOD PROCESSORS (FIJI) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2008

20. Related party transactions

a) Directors

The names of persons who were directors of the company at any time during the financial year are as follows:

Mr. Dilip K Jamnadas	Ms. Sera Berny F Nicholls
Ms Marica R Hallacy	Dr Richard Beyer

b) Amounts due/(receivable) from related parties

	2008	2007
	\$	\$
Government of Fiji Loan	1,900,000	9,400,000

c) Key management personnel remuneration

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 General Manager / Financial Controller were identified as key management personnel, with greatest authority and responsibility for the planning, directing and controlling the activities of the company.

The remuneration of the key management personnel during the year was as follows:

	\$	\$
Salaries	101,000	101,000
Superannuation	35,816	35,816
Other Benefits	15,950	15,950
	<u>152,766</u>	<u>152,766</u>

d) Directors fees

Directors fees of \$5,425 (2007: \$5,000) was paid to directors.

21. Events subsequent to balance date

On 16 November 2009, the Cabinet approved the restructure of loan balance from the Government of Fiji to the company, waived accrued interest and suspended interest on the remaining outstanding Government loan balance, until the disposal of underutilized properties of the company, namely NATCO building and Savusavu property. On 21 October 2015, the board of directors noted the previous board's decision and approved the recording of Batiri Farm assets and liabilities in the financial statements of Food Processors (Fiji) Limited from 2008 subject to legal opinion from Solicitor General's office. On 09 June 2017, the Ministry of Public Enterprise provided a written confirmation that Food Processors (Fiji) Limited is the registered title holder and the current lessee of the land.

Furthermore, the Government of Fiji is in the process of divesting its shareholding in the company. At the date of this report, the process is yet to be completed.

On 02 September 2014, Bank of South Pacific demanded the settlement of various financing facilities provided to the company. The bank provided extension to the company to settle the debts in full which expired on 15 May 2017. The company is in negotiation with the bank on this issue.

22. Restatement of Interest on term loan payable

Restatement of prior year amounts

In previous years, the company recorded interest on term loan payable on a Government loan. However, a cabinet decision in 2009, advised to waive off all interest payable as at 2007. Consequently, the comparatives for the year 2007 have been restated as detailed below.

The impact of the restatement of 2007 results is as follows:

<u>Statement of Comprehensive Income</u>	<u>Initially recorded</u>	<u>Adjustment</u>	<u>Restated</u>
No impact			
<u>Statement of Financial Position</u>			
Trade and other payables	551,014	(201,475)	349,539
<u>Statement of Changes in Equity</u>			
Retained earnings	391,786	201,475	593,261
<u>Statement of Cash flows</u>			
No impact			

FOOD PROCESSORS (FIJI) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2008

23. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements.

	2008	2007
	\$	\$
<i>Financial assets</i>		
Cash	3,501	1,317
Trade and other receivables	761,706	545,875
Term deposits	<u>96,162</u>	<u>338,947</u>
<i>Financial liabilities</i>		
Bank overdraft	88,741	316,295
Interest bearing borrowing	<u>2,262,558</u>	<u>1,034,478</u>

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets have been calculated using market interest rates.

24. Principal activities

The principal activities of the company during the year were that of processing and canning of agro food products, value adding seafood and owners and administrators of properties and investments and farming operations.

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

25. Company details

a) Company incorporation

The company was incorporated in Fiji under the Companies Act, 1983.

b) Registered office and principal place of business

The registered office and principal place of business of the company is located at:
 Lot 68 - 70, Millet Road
 Vatuwaqa
 SUVA

26. Approval of financial statements

These financial statements were authorised for issue by the directors on 25 July 2017.