



2009 ANNUAL REPORT

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Food Processors Fiji Limited Chairman's Report for the Year Ended December 31, 2009

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 31,2009.

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 prepared by HLB Mann Judd, our accountants, 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 1st June 2022, the audit for the year 2009 has been completed. It is with mixed emotions that we report a Net Loss of (\$1,115,293) for that year. The auditors have issued their report based on the Basis for Disclaimer of 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 2009. 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

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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FOOD PROCESSORS (FIJI) PTE LIMITED

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF FOOD PROCESSORS (FIJI) PTE LIMITED

As auditor for the audit of Food Processors (Fiji) PTE Limited for the financial year 31 December 2009, I declare to the best of my knowledge and belief that there have been:

- (a) No contravention of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and
- (b) No contravention of any applicable code of conduct in relation to the audit.

This declaration is in respect to Food Processors (Fiji) PTE Limited during the year.

Sa —

Sairusi Dukuno
ACTING AUDITOR-GENERAL



**FOOD PROCESSORS (FIJI) PTE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009**

In accordance with a resolution of the Board of Directors, the directors herewith submit the statement of financial position of Food Processors (Fiji) PTE Limited (the company) as at 31 December 2009, 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 Raj Sharma
Mr Raneel Krishna Mudaliar
Mr Ratu Isoa Rokowasadromu Talemaibua
Ms Reshmi Kumari

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 net loss of the company for the financial year was \$1,115,293 (2008: profit after income tax of \$1,004,144).

Dividends

The directors recommend that no amounts be paid by way of dividends for the year ended 31 December 2009.

Provisions

There were no material movements in provisions during the year apart from the normal amounts set aside for such items as depreciation and doubtful debts.

Reserves

It is proposed that no amounts be transferred to reserves within the meaning of section 42 of the Companies Act, 2015.

Current and Non-Current Assets

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of the business 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 the current and 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 date of this statement. 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, 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) PTE 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) PTE Limited is the registered title holder and the current lessee of the land.

The company has refinanced its loan from BSP to Fiji Investment Corporation Limited (FICL). This was done to meet the outstanding debt/demand notice from BSP bank. Through Government approval, sale of property was initiated for NATCO Building, Walu bay and Savusavu Industrial , Savusavu. This sale of property process is completed in year 2020. Fiji Investment Corporation Loan has also been paid off. The surplus funds after paying off FICL loan will be used to retain and re-invest in Food Processor's (Fiji) PTE Limited for capital investment purpose.

Subsequent to the end of the financial year, on 25 April 2021, in response to the second wave of COVID-19 outbreak in Fiji, the Government announced a number of measures including lockdown of certain containment areas within the country. Under the lockdown restrictions, all non-essential businesses were required to be closed unless the workplace was deemed part of a permitted essential industry as set out by the Ministry of Health and the Ministry of Commerce Trade Tourism and Transport. The introductions of these restrictions have not had a material effect on the Company's Financial Statements as at 31 December 2009. The company's local sales were mainly affected during the lockdown period in 2021 as due to Covid Restrictions borders were closed and it was hard to deliver products to the customers on time. On export sales shipping delays was another challenge as dates for sailing were deferred.

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.

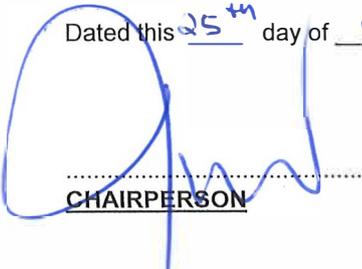
As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets and liabilities of the company misleading or inappropriate.

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 25th day of May 2022.


.....
CHAIRPERSON


.....
DIRECTOR

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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INDEPENDENT AUDITOR'S REPORT

Food Processors (Fiji) PTE Limited

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Food Processors (Fiji) PTE Limited (*the Company*), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Basis for Disclaimer of Opinion

1. The Company did not perform the annual stocktake and failed to maintain listing for inventories totaling \$362,121. I was unable to satisfy myself by alternative audit procedures concerning the inventory quantities held as at 31 December 2009. Accordingly, I am unable to determine the impact of the above limitations, if any, to the inventory balances recorded in the financial statements as at 31 December 2009.
2. The Company was unable to provide bank reconciliation, bank statements, and bank audit certificate to support the cash at bank balance of \$1,853 and bank overdraft of \$56,723. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of cash at bank balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.
3. The Company recorded other receivables of \$127,076 as stated in Note 6 of the financial statements. The Company was unable to provide relevant supporting documents and reconciliation of other receivables totaling \$127,076. As a result, I was unable to substantiate the accuracy and completeness of other receivable balance of \$127,076 as at 31 December 2009.
4. Due to the length of time that has lapsed from the financial year to the commencement of the audit, I was unable to perform any physical verification to test existence of Property, Plant and Equipment recorded at a cost of \$1,669,330. In addition, payment vouchers for fixed asset addition totaling \$147,592 were not provided for audit verification. As a result, I was unable to satisfy myself by alternative means as no proper records has been maintained by the Company for fixed asset verification performed as at 31 December 2009.
5. The Company was unable to provide appropriate documentations to support balances reported in the statement of cash flows. As a result, I am unable to satisfy myself whether the statement of cash flows has been fairly reported in the financial statements.

Basis for Disclaimer of Opinion (con't)

6. The Company recorded trade and other payables of \$370,181 as stated in Note 12 of the financial statements. The Company did not provide appropriate supporting documents and reconciliations for the trade and other payables balance. As a result, I was unable to substantiate the accuracy and completeness of trade and other payables of \$370,181.

The company was unable to provide reconciliations and details listing for the provision for annual leave balance. Accordingly, I was unable to quantify the amount to be disclosed as at 31 December 2009 and ascertain that all expenses and liabilities relating to provision for annual leave have been accurately accounted.

8. The Company has disclosed in Note 1.5k of the financial statements that in 2009 prima facie tax option has been reinstated which has given rise to the prior period adjustment to remove the deferred tax asset., As a result, the Company has reported nil income tax in the financial statements. I was not provided with the necessary supporting documents to confirm this change in the accounting for income tax. In addition, International Accounting Standards (IAS) 12 – Income Taxes does not prescribe prima facie tax options, hence, the Company has not complied with the requirement of the IAS 12 – Income Taxes. Consequently, I was unable to verify the completeness and accuracy of the income tax and also unable to determine whether any adjustments might have been necessary in respect of the income tax balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.
9. The Company recorded salaries and wages of \$590,241 in the financial statements. Payroll records and necessary supporting documents for salaries and wages totaling \$266,420 were not provided for audit verification. As a result, I was unable to ascertain the accuracy and completeness of the salaries and wages balance of \$590,241.

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

Emphasis of Matter

I draw attention to Note 21 of the financial statements which notes the novel coronavirus (COVID-19) global pandemic subsequent to 31 December 2009 and how this has been considered by the Company in the preparation of the financial statements. The Company has not made adjustment to the financial statements as at 31 December 2009 in respect of this matter.

My opinion is not modified in respect of this matter.

Other information

The Directors and Management of the Company are responsible for the other information. The other information comprises the Annual report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

Other information (con't)

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

Responsibilities of the management and those charged with governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was unable to provide a basis for an audit opinion of these financial statements.

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

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



Sairusi Dukuno
ACTING AUDITOR-GENERAL



Suva, Fiji
01 June 2022

**FOOD PROCESSORS (FIJI) PTE LIMITED
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009**

The declaration by directors is required by the Companies Act, 2015.

The directors of the Food Processors (Fiji) PTE Limited ("the Company") have made a resolution that declares:

a) In the opinion of the directors, the financial statements of the Company for the financial year ended 31 December 2009:

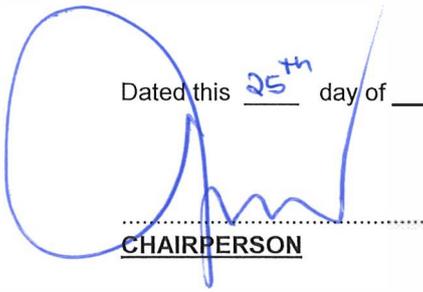
i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Company as at 31 December 2009 and of the performance and cash flows of the Company for the year ended 31 December 2009; and

ii. have been prepared in accordance with the Companies Act, 2015;

b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and

c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated this 25th day of MAY 2022.


.....
CHAIRPERSON


.....
DIRECTOR

FOOD PROCESSORS (FIJI) PTE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 \$	2008 \$
Revenue		2,136,309	2,243,760
Cost of sales		<u>(2,189,605)</u>	<u>(1,972,883)</u>
Gross profit		(53,296)	270,877
Other operating income	2	248,028	304,238
		<u>194,732</u>	<u>575,115</u>
Operating expenses	4	<u>(1,263,017)</u>	<u>(811,250)</u>
Loss from operations		(1,068,285)	(236,135)
Change in fair value of investment property		-	2,103,331
Finance cost	3	<u>(47,008)</u>	<u>(8,531)</u>
(Loss)/profit before income tax		(1,115,293)	1,858,665
Income tax expense	5 (a)	<u>-</u>	<u>(854,521)</u>
(Loss)/profit after tax		(1,115,293)	1,004,144
Other comprehensive income		-	-
Revaluation of property, plant and equipment		-	730,370
Total comprehensive income for the year		<u>(1,115,293)</u>	<u>1,734,514</u>
(Loss)/Earnings per share	19	<u>(1.62)</u>	<u>2.70</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

FOOD PROCESSORS (FIJI) PTE LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Share Capital \$	Reserves \$	Share Deposit \$	Accumulated Profits/ (Losses) \$	Total \$
Balance as at 1 January 2008		687,679	-	1,000,000	593,261	2,280,940
Profit for the year		-	-	-	1,004,144	1,004,144
Asset Revaluation reserve		-	730,370	-	-	730,370
Other comprehensive income for the year		-	-	-	-	-
Balance as at 31 December 2008		<u>687,679</u>	<u>730,370</u>	<u>1,000,000</u>	<u>1,597,405</u>	<u>4,015,454</u>
Loss for the year		-	-	-	(1,115,293)	(1,115,293)
Prior period adjustments in relation to tax effect	1.5(k)	-	-	-	918,836	918,836
Balance as at 31 December 2009		<u><u>687,679</u></u>	<u><u>730,370</u></u>	<u><u>1,000,000</u></u>	<u><u>1,400,948</u></u>	<u><u>3,818,997</u></u>

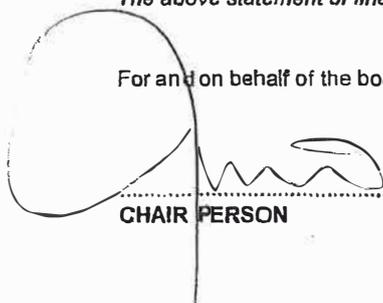
The accompanying notes form an integral part of this Statement of Changes in Equity.

FOOD PROCESSORS (FIJI) PTE LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 \$	2008 \$
CURRENT ASSETS			
Cash on hand and at bank	16	1,853	3,501
Trade and other receivables	6	735,896	761,706
Financial assets	7	200	96,162
Inventories	10	362,121	1,220,179
Other assets	11	66,306	31,662
Taxation refund due	5(b)	3,221	-
Total current assets		1,169,597	2,113,210
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,313,356	2,282,581
Investment property	9	3,293,266	3,400,000
Deferred tax asset	5 (d)	-	7,469
Total non-current assets		5,606,622	5,690,050
TOTAL ASSETS		6,776,219	7,803,260
CURRENT LIABILITIES			
Trade and other payables	12	370,181	362,433
Bank Overdraft	16	56,723	88,741
Current tax liability	5 (b)	-	26,570
Interest bearing borrowings	13	94,475	145,343
Total current liabilities		521,379	623,087
NON-CURRENT LIABILITIES			
Interest bearing borrowings	13	298,008	305,956
Non-Interest bearing borrowing	13	1,900,000	1,900,000
Deferred tax liability	5 (c)	-	896,514
Deferred income	14	237,835	62,249
Total non-current liabilities		2,435,843	3,164,719
TOTAL LIABILITIES		2,957,222	3,787,806
NET ASSETS		3,818,997	4,015,454
SHAREHOLDER'S EQUITY			
Issued capital	15	687,679	687,679
Share deposit	15	1,000,000	1,000,000
Asset revaluation reserves		730,370	730,370
Accumulated profits		1,400,948	1,597,405
TOTAL SHAREHOLDER'S EQUITY		3,818,997	4,015,454

The above statement of financial position should be read in conjunction with the accompanying notes.

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


 CHAIR PERSON


 DIRECTOR

FOOD PROCESSORS (FIJI) PTE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 \$	2008 \$
Cash flows from operating activities			
Receipts from customers		2,630,687	1,859,121
Payments to suppliers, creditors and employees		<u>(2,708,279)</u>	<u>(2,159,789)</u>
Cash generated from operations		(77,592)	(300,668)
Interest and finance costs paid		(23,787)	(35,944)
Interest received		448	4,151
Cash from Deferred Income		200,000	-
VAT refund received		9,930	-
Unpaid Wages		1,866	-
Net cash used in operating activities		<u>110,865</u>	<u>(332,461)</u>
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		(116,070)	(205,192)
Proceeds from sale of property, plant and equipment		-	13,500
Proceeds from Fiji Development Bank bonds		-	326,936
Payments for ANZ Bank held to maturity - deposit		-	(80,000)
Gain on sale		-	(4,082)
Net cash provided by / (used in) investing activities		<u>(116,070)</u>	<u>51,162</u>
Cash flows from financing activities			
Loan repayments - Merchant Finance & Investment Co. Ltd		(19,489)	(34,558)
Loan repayments - ANZ		(40,898)	-
Loan repayments - Fiji Development Bank		-	(47,189)
Loan ANZ - Refinancing Westpac		-	350,000
Net cash provided by financing activities		<u>(60,387)</u>	<u>268,253</u>
Net decrease in cash and cash equivalents		(65,592)	(13,046)
Cash and cash equivalents at the beginning of the year		10,922	23,968
Cash and cash equivalents at the end of the year	16	<u><u>(54,670)</u></u>	<u><u>10,922</u></u>

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

**FOOD PROCESSORS (FIJI) PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

1.1 General Information

Food Processors (Fiji) PTE 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, Suva.

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.

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 financial year 2008, and the revalued amounts are being used since.

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.

However in 2009, tax effect for accounting was removed and the prima facie accounting was re-instated. Apart from this, there has been no other changes and they have been applied on a consistent basis with those of the previous period.

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 2009 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.

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 amount 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

There have been no changes made to the amounts relating to prior years.

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.

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.

1.5 Summary of Significant Accounting Policies (Cont'd)

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.

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.

1.5 Summary of Significant Accounting Policies (Cont'd)

j) Impairment of Non Financial Assets (Cont'd)

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.

Prior Period Adjustment - Deferred Tax

In 2008, the company used tax effect accounting which gave rise to Deferred tax asset however in 2009 prima facie tax option has been re-instated which has given rise to the prior period adjustment to remove the deferred tax asset.

Current tax for the year

Current 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.

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.

1.5 Summary of Significant Accounting Policies (Cont'd)

n) Property, Plant and Equipment

Leasehold land, 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.

Investment properties, are derecognized 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.

1.5 Summary of Significant Accounting Policies (Cont'd)

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.

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 minimise 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.

1.6 Financial Risk Management (Cont'd)

1.6.1 Financial Risk Factors (Cont'd)

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 2009	On demand	< 1 year	> 1 year
Interest bearing borrowings	56,723	37,752	1,238,008
Lease liabilities	-	-	-
Trade and other payables	-	426,903	-
	<u>56,723</u>	<u>464,655</u>	<u>1,238,008</u>
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>

1.6 Financial Risk Management (Cont'd)

1.6.1 Financial Risk Factors (Cont'd)

(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 2009 and 2008 were as follows:

	2009 \$	2008 \$
Interest bearing borrowings	2,292,483	2,351,299
Less: cash and short term deposits	2,052	99,663
Net debt	<u>2,294,535</u>	<u>2,450,962</u>
Share deposits	1,000,000	1,000,000
Equity	2,818,997	3,015,454
Total capital (equity + net debt)	<u>6,113,532</u>	<u>6,466,416</u>
Gearing ratio % (net debt / total capital)	38%	38%

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.

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.

1.7 Critical Accounting Estimates and Judgements (Cont'd)

1.7.1 Critical judgments in applying the company's accounting policies

(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 2009, 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) *Prima Facie Tax Option*

In 2009, the company has changed to the prima facie tax option which has given raise to the removal of tax effect accounting hence leading to prior period adjustments for deferred tax assets and deferred tax liability.

(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	2009	2008
	\$	\$
Amortisation of deferred income	24,414	24,414
Interest received	448	4,151
Rental income	181,420	191,074
Bad Debts Recovered	-	22,914
Other income	41,746	52,666
Profit on Sale of Fixed Assets	-	9,019
Total other operating revenue	<u>248,028</u>	<u>304,238</u>
3. Finance Cost	2009	2008
	\$	\$
Interest expense on:		
Bank overdraft	14,199	-
Borrowings from ANZ Banking Group Ltd	32,170	2,716
Borrowings from Merchant Finance & Investment Co Ltd	639	5,815
Total finance cost	<u>47,008</u>	<u>8,531</u>

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4. Profit / (Loss) before Income Tax	2009	2008
	\$	\$
Profit before income tax has been determined after charging the following operating expenses:		
Accountancy Fees	10,500	-
Advertising	9,687	11,310
Audit Fees	-	11,794
Bank Charges	10,528	20,464
Cleaning	5,930	-
Consultancy Fees	3,111	-
Depreciation & Amortization	225,711	207,184
Directors' Fees	20,069	5,425
Electricity & Water	52,429	19,469
Fiji National Provident Fund	58,405	90,203
FNU Levy	2,687	-
General Expenses	14,635	10,072
Insurance	45,744	38,025
Land Lease	5,686	7,107
Legal Fees - Deductible	3,154	23,003
Licencing & Subs	1,332	-
Other Expenses	9,128	20,420
Printing & Stationery	8,614	-
Rent & Rates	20,294	22,973
Repairs & Maintenance	98,900	75,091
Salaries & Wages	590,241	194,582
Sales & Marketing	24,260	35,023
Staff Expenses	8,431	-
Telephone	24,367	19,105
Travelling & Accomodation	9,174	-
	<u>1,263,017</u>	<u>811,250</u>
5. Income Tax		
a) Income Tax Expense		
The prima facie tax payable on profit / (loss) is reconciled to the income tax expense as follows:		
Profit / (loss) before income tax	<u>(1,115,293)</u>	<u>1,858,665</u>
Prima facie tax expense thereon at 31%	-	576,186
Tax effect of:	-	(12,667)
Non- deductible expenses and non-taxable income	-	298,144
Tax penalties	-	-
Restatement of deferred tax	-	(7,142)
Income tax expense attributable to profit / (loss)	<u>-</u>	<u>854,521</u>
Income tax expense comprises movements in:		
Prior year tax expense	-	(18,903)
Deferred tax asset	-	(7,104)
Current tax liability	-	20,257
Deferred tax liability	<u>-</u>	<u>860,271</u>
	<u>-</u>	<u>854,521</u>

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	2009	2008
	\$	\$
b) Current Tax Liability		
Balance at the beginning of the year	26,570	46,827
Income tax paid during the year	-	-
Prior year income tax expense	-	-
Tax (benefit)/liability for current year	-	(20,257)
Deffered Tax Laibility	896,514	-
Movement : Prior year Income tax expense	(926,305)	-
Balance at the end of the year	<u>(3,221)</u>	<u>26,570</u>
c) Deferred Tax Liability		
Accelerated depreciation and revaluation increments	-	896,514
Prior Period Adjustment	(896,514)	-
d) Deferred Tax Asset		
Deffered Tax asset provision	-	7,469
Prior Period Adjustment	(7,469)	-
6. Trade and Other Receivables	2009	2008
	\$	\$
Trade receivable	502,543	581,001
Less: Allowance for doubtful debts	(24,092)	(24,092)
	<u>478,451</u>	<u>556,909</u>
Other receivables	127,076	125,441
VAT receivable	33,390	45,646
Prepayments	96,979	33,710
Total trade and other receivables, net	<u>735,896</u>	<u>761,706</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:

		Past due but not impaired		
	Total	< 30 days	30-60 days	> 60 days
2009	478,450	456,203	91,887	(69,640)
2008	556,909	478,625	86,341	(8,057)

7. Financial Assets

Current

Held-to-Maturity Investments

Short term deposit with Westpac Banking Corporation (WBC) (a)	-	16,162
Term deposit with ANZ Banking Group Limited (ANZ)	-	80,000
Government securities (a)	-	-
Total financial assets	<u>-</u>	<u>96,162</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).

(b) A refundable deposit was held with S.S.Prasad of \$200.00 for payment of deposit for Labasa warehouse.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - Continued
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8. Property, Plant & Equipment

	Batiri Farm Property	Leasehold Land & Buildings	Furniture, Fittings & Equipment	Plant & Machinery	Motor Vehicles	Renovations	Total
Gross carrying amount							
Balance at 1 January 2009	960,000	613,505	74,962	676,800	152,797	11,494	2,489,558
Additions (b)	-	28,642	13,591	105,359	-	-	147,592
Revaluation (a)	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Balance at 31 December 2009	<u>960,000</u>	<u>642,147</u>	<u>88,553</u>	<u>782,159</u>	<u>152,797</u>	<u>11,494</u>	<u>2,637,150</u>
Accumulated Depreciation							
Balance at 1 January 2009	31,968	-	56,585	-	118,424	-	206,977
Depreciation expense	31,968	15,340	15,060	33,365	19,301	1,149	116,183
Re-adjustment of Acc Dep	-	-	634	-	-	-	634
Disposal	-	-	-	-	-	-	-
Balance at 31 December 2009	<u>63,936</u>	<u>15,340</u>	<u>72,279</u>	<u>33,365</u>	<u>137,725</u>	<u>1,149</u>	<u>323,794</u>
Net written down value							
Balance at 31 December 2008	<u>928,032</u>	<u>613,505</u>	<u>18,377</u>	<u>676,800</u>	<u>34,373</u>	<u>11,494</u>	<u>2,282,581</u>
Balance at 31 December 2009	<u>896,064</u>	<u>626,807</u>	<u>16,274</u>	<u>748,794</u>	<u>15,072</u>	<u>10,345</u>	<u>2,313,356</u>

In accordance with the security arrangements of borrowings, as disclosed in Note 13 to the financial statements, leasehold land & 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 & buildings and improvements, and plant & equipment to assess their fair value. The leasehold land & buildings and improvements had been valued at \$625,000 based on market value and plant & equipment had been valued at \$676,800. The book value of the leasehold land & building and renovations, and plant & equipment as at balance date were \$304,464 and \$292,640, respectively. The excess of market value over book value has not 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) PTE Limited is the registered title holder and the current lessee of the land.
- c) In 2008 the company has adopted the fair value method of valuation and hence the 2008 balances have been revalued to bring the investment property to the market value.

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9. Investment Property

	Freehold Land & Buildings	Renovations	WIP Renovations	Total
Gross Carrying Amount				
Balance at 1 January 2009	3,073,250	100,577	226,173	3,400,000
Additions	2,795	-	-	2,795
Revaluation	-	-	-	-
Disposal	-	-	-	-
Balance at 31 December 2009	3,076,045	100,577	226,173	3,402,795
Accumulated Depreciation				
Balance at 1 January 2009	-	-	-	-
Depreciation expense	76,854	10,058	22,617	109,529
Disposal	-	-	-	-
Balance at 31 December 2009	76,854	10,058	22,617	109,529
Net written down value				
Balance at 31 December 2008	3,073,250	100,577	226,173	3,400,000
Balance at 31 December 2009	2,999,191	90,519	203,556	3,293,266

- a) During 2008, 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 not been brought to accounts, as the company policy is to recognise investment properties at cost.
- b) In 2008 the company has adopted the fair value method of valuation and hence the 2008 balances have been revalued to bring the investment property to the market value.

FOOD PROCESSORS (FIJI) PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10 Inventories	2009	2008
	\$	\$
Finished goods	172,307	516,463
Raw materials	189,814	703,716
Total inventories	<u>362,121</u>	<u>1,220,179</u>
11 Other Assets		
Staff and other advances	<u>66,306</u>	<u>31,662</u>
12 Trade and Other Payables		
Trade payables	214,883	238,417
Other payables	137,241	105,959
Refundable deposits	18,057	18,057
Total trade and other payables	<u>370,181</u>	<u>362,433</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)	9,014	88,741
Bank overdraft & loan - Westpac Banking Corporation (b)	47,709	-
Bank loan - ANZ Banking Group Limited (a)	37,752	37,752
Borrowings - Merchant Finance & Investment Co Limited (c)	-	18,850
Total current - secured interest bearing borrowings	<u>94,475</u>	<u>145,343</u>

Non Current - Secured Interest Bearing Borrowings

Bank loan - ANZ Banking Group Limited (a)	298,008	305,956
Total non-current - secured interest bearing borrowings	<u>298,008</u>	<u>305,956</u>

Non Current - Unsecured Borrowing

Government of Fiji loan (e)	940,000	940,000
Non current non interest bearing loan - Batiri	960,000	960,000
Total non-current non interest bearing borrowings	<u>1,900,000</u>	<u>1,900,000</u>
	<u>2,292,483</u>	<u>2,351,299</u>

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.

(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.

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(c) Government of Fiji Loan *continued*

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) PTE 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	<u>(1,000,000)</u>
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) PTE 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	<u>(1,000,000)</u>
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.

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.

In 2020, as part of the Covid 19 Response Budget, Food Processors (Fiji) PTE Ltd remaining Government debt of \$1.9m was approved to be converted to equity.

14 Deferred Income	2009	2008
	\$	\$
Deferred income relating 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 tonne truck	30,000	30,000
NES grant from Ministry of Industry and Trade	<u>200,000</u>	<u>-</u>
	414,153	214,153
Less: accumulated amortisation	<u>(176,318)</u>	<u>(151,904)</u>
Total deferred income	<u>237,835</u>	<u>62,249</u>

FOOD PROCESSORS (FIJI) PTE LIMITED
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15 Share Capital	2009	2008
	\$	\$
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	1,853	3,501
Short term deposits	<u>200</u>	<u>96,162</u>
	2,053	99,663
Bank overdraft	<u>(56,723)</u>	<u>(88,741)</u>
	<u>(54,670)</u>	<u>10,922</u>

17 Commitments

(a) Capital Expenditure Commitments

The capital commitments as at 31 December 2009 amounted to \$Nil (2008: \$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	<u>379,011</u>	<u>379,011</u>
Total operating lease income commitments	<u>1,208,150</u>	<u>1,208,150</u>

18 Contingent Liabilities

The contingent liabilities as at 31 December 2009 amounted to \$Nil (2008: \$Nil).

19 Earnings / (Loss) per Share

Earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to equity holders of the company by the weighted average number of ordinary shares.

	2009	2008
	\$	\$
Profit / (loss) attributable to equity holders of the company	(1,115,293)	1,858,665
Weighted average number of ordinary shares on issue	<u>687,679</u>	<u>687,679</u>
Earnings / (loss) per share	<u>(1.62)</u>	<u>2.70</u>

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 to and Receivable from Related Parties

Government of Fiji	Loan	1,900,000	1,900,000
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20 Related Party Transactions *continued*

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:

	2009	2008
	\$	\$
Salaries	101,000	101,000
Superannuation	35,816	35,816
Other Benefits	15,950	15,950
Total	<u>152,766</u>	<u>152,766</u>

d) Directors Fees

Directors fees of \$20,069 (2008 : \$5,425) 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) PTE 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) PTE Limited is the registered title holder and the current lessee of the land.

The company has refinanced its loan from BSP to Fiji Investment Corporation Limited (FICL). This was done to meet the outstanding debt/demand notice from BSP bank. Through Government approval, sale of property was initiated for NATCO Building, Walu bay and Savusavu Industrial, Savusavu. This sale of property process is completed in year 2020. Fiji Investment Corporation Loan has also been paid off. The surplus funds after paying off FICL loan will be used to retain and re-invest in Food Processor's (Fiji) PTE Limited for capital investment purpose.

Subsequent to the end of the financial year, on 25 April 2021, in response to the 2nd wave of COVID-19 outbreak in Fiji, the Government announced a number of measures including lockdown of certain containment areas within the country. Under the lockdown restrictions, all non-essential businesses were required to be closed unless the workplace was deemed part of a permitted essential industry as set out by the Ministry of Health and the Ministry of Commerce Trade Tourism and Transport. The introductions of these restrictions have not had a material effect on the Company's Financial Statements as at 31 December 2009. The company's local sales were mainly affected during the lockdown period in 2021 as due to Covid Restrictions boarders were closed and it was hard to deliver products to the customers on time. On export sales shipping delays was another challenge as dates for sailing were deferred.

The financial statements has not been adjusted in respect of the matters disclosed above.

**FOOD PROCESSORS (FIJI) PTE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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22 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.

<i>Financial assets</i>	2009	2008
	\$	\$
Cash	1,853	3,501
Trade and other receivables	735,896	761,706
Term deposit/Refundable deposit for warehouse	<u>200</u>	<u>96,162</u>
 <i>Finance liabilities</i>		
Bank overdraft	56,723	88,741
Interest bearing borrowings	<u>2,235,760</u>	<u>2,262,558</u>

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

23 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.

24 Company Details

a) Company Incorporation

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

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

25 Approval of Financial Statements

These financial statements were authorised for issue by the directors on 25 May 2022.