
THE RICE COMPANY OF FIJI LIMITED

ANNUAL REPORT
2017

20th September, 2017

Dear Shareholder

Subject: Service of documents viz., Notice of Meetings, Annual Report etc. through electronic mode

The new Companies Act, 2015 permits sending notice by electronic means (e-mail) as nominated by the Member (Section 143) and providing Annual Report to Members by publishing on a website if the Member consents in writing to access such report from a website instead of receiving a hard copy of the documents (Section 400).

Sending the notices and reports through electronic mode will definitely reduce paper consumption to a great extent in addition to allowing access to documents promptly and without loss in postal transit. Your Company is committed to contribute to a greener environment and we are sure that as a responsible shareholder, you too will support this initiative. We, therefore, seek your written consent to receive future Notice of Meetings and Annual Reports in electronic format and to have access to such documents published on the Company website : www.fmf.com.fj or on the South Pacific Stock Exchange website : www.spse.com.fj , instead of sending hard copy printed documents by filling in the form attached to this letter.

The completed form could be returned to us as follows:

- a) Scanned and emailed to sandeepk@fmf.com.fj ; or
- b) Posted / Hand delivered to the address noted below :

**The Company Secretary
The Rice Company of Fiji Limited
P.O.Box 977, Leonidas Street
Walu Bay
Suva**

In case you have already sent your consent in the above regard to the Company, you need not send this consent again.

If you do not wish to switch over to the environmentally friendly mode of receiving notice and annual reports by electronic means, no action from you is required to this letter.

Best regards



**Sandeep Kumar
Company Secretary**

CONSENT FOR RECEIVING NOTICES AND ANNUAL REPORT IN ELECTRONIC MODE

To

**The Company Secretary
The Rice Company of Fiji Limited
P.O.Box 977, Leonidas Street
Walu Bay
Suva**

Dear Sir,

I/We shareholder (s) of The Rice Company of Fiji Limited, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication, from time to time, in electronic mode and to have access to such documents published on the South Pacific Stock Exchange website : www.spse.com.fj or on the Company's website : www.fmf.com.fj

I/We request you to kindly register my/our below mentioned email id in the Company's records for sending such communication through e-mail.

Share Folio No. _____

Name of the Sole / First Shareholder : _____

Name of the Joint Shareholders (if any) : _____

No. of shares held : _____

E-mail id for receipt of documents
in electronic mode : _____

Date:

Place:

Signature: _____
(Sole/ First Shareholder)

THE RICE COMPANY OF FIJI LIMITED

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THE RICE COMPANY OF FIJI LIMITED

BOARD OF DIRECTORS

Mr. Gary Callaghan - *Chairman & Independent Director*

Mr. Rohit Punja - *Executive Director*

Mr. Ram Bajekal - *Managing Director*

Mr. Pramesh Sharma - *Non-Executive Director*

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Sandeep Kumar K

AUDITORS

M/S BDO,
Chartered Accountants,
Suva.

SOLICITORS

M/s Sherani & Co.
M/s Diven Prasad Lawyers

BANKERS

Australia and New Zealand Banking Group Limited
Suva.

REGISTERED OFFICE

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

SHARE REGISTRAR AND SHARE TRANSFER AGENTS

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

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting (AGM) of The Rice Company of Fiji Limited will be held on Monday, October 30, 2017 at 3.00 p.m., at the Training Room at Atlantic & Pacific Packaging Company Limited, Leonidas Street, Walu Bay, Suva, Fiji, to transact the following business:-

General Business

Item No.1 – Confirmation of Minutes

To confirm the minutes of the previous AGM of the Company held on October 28, 2016.

Ordinary Business

Item No.2 – Adoption of Audited Financial Statements

To receive, consider and adopt the financial statements of the Company for the year ended June 30, 2017, including the audited statement of financial position as at June 30, 2017, the statement of profit and loss and other comprehensive income for the year ended on that date and the report of the Board of Directors ('the Board') and Auditors thereon.

Item No.3 – Appointment of Directors

To appoint a Director in place of Mr. Pramesh Sharma, who retires by rotation and being eligible in accordance with Article 100 of the Articles of Association of the Company, offers himself for re-appointment.

Item No.4 – Appointment of Auditors

To appoint Auditors in accordance with Section 422 of the Companies Act, 2015, to hold office from the conclusion of this meeting until conclusion of the next AGM at a remuneration as may be mutually agreed between the Board and the Auditors. The retiring Auditors M/s. BDO, Chartered Accountants, being eligible, offer themselves for appointment.

Special Business

Item No.5 – Adoption of New Articles of Association

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 46 and any other applicable provisions of the Companies Act, 2015, the new set of Articles of Association, submitted to this meeting, be and are hereby approved and adopted in substitution for, and to the exclusion, of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Any Other Business

Any other business brought up in conformity with the Articles of Association of the Company.

By **Order of the Board of Directors**



Sandeep Kumar K
Chief Financial Officer and
Company Secretary

20th September 2017

Registered Office:

Leonidas Street,
Walu Bay, Suva, Fiji

PROXIES

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

Explanatory Notes:

ORDINARY BUSINESS:

Item No.2 – Adoption of Audited Financial Statements

The audited statement of financial position as at June 30, 2017, the statement of profit or loss and other comprehensive income for the year ended on that date, together with the Report of the Board of Directors and Independent Auditors' Report thereon, included in the 2017 Annual Report is for the Shareholders to read prior to the meeting.

As stipulated in the Articles of Association of the Company, it is a requirement that the Shareholders present at the AGM receive and adopt the above mentioned Statements and Reports.

Item No.3 – Appointment of Directors

In accordance with Article 99 and 100 of the Articles of Association of the Company, one third of the Directors, based on serving longest in office since their last appointment, shall retire from office and a retiring Director shall be eligible for re-election. Based on this, Mr.Pramesh Sharma would retire by rotation and is eligible to be re-elected.

Mr. Pramesh Sharma was appointed as a non-executive Director of the Company in October 2015. Mr. Pramesh Sharma works with BSP Life in the capacity of Executive Director and General Manager-Investments and has rich experience in the corporate sector, having worked previously with organisations such as Merchant Bank of Fiji and Westpac Banking Corporation in senior roles.

The Board proposes that Mr.Pramesh Sharma be re-elected as Director of the Company.

Item No.4 – Appointment of Auditors

The Board proposes that M/s. BDO, Chartered Accountants be re-appointed as the Auditors of the Company until the conclusion of the next Annual General Meeting and that the Board be authorised to fix their remuneration.

The retiring Auditors M/s. BDO have consented in writing to act as Auditors and offer themselves for re-appointment.

SPECIAL BUSINESS:

Item No.5 – Adoption of New Articles of Association

The Articles of Association of the Company currently in force were originally adopted when the Company was incorporated under the Companies Ordinance in year 1971 and further amendments were adopted from time to time pursuant to the provisions under the Companies Act, 1983, Cap 247. Upon enactment of the Companies Act, 2015, various provisions of the erstwhile Companies Act, 1983, Cap 247 have been repealed and in view of the same the Articles of Association of the Company needs to be re-aligned as per the provisions of the new Act. The current Articles of Association contains references to the specific Sections of the erstwhile Companies Act. The Articles of Association of the Company were last amended vide AGM held in October 2016, to amend and incorporate select critical clauses so as to comply with the new Companies Act 2015.

The Board of Directors in its meeting held on 20th September, 2017 decided (subject to the approval of members) to adopt a new set of Articles of Association in place of and to the exclusion of existing Articles of Association of the Company. The draft new Articles of Association is largely based on the model Articles of Association issued by the South Pacific Stock Exchange for listed entities. The proposed new draft Articles of Association is being uploaded on the Company's website www.fmf.com.fj for information of the shareholders and also kept available for inspection and copy on request during office hours at the registered office of the Company up to the date of the meeting.

In terms of Section 46 of the Companies Act, 2015, the consent of the Members by way of special resolution is required for adoption of new set of Articles of Association of the Company.

None of the Directors are concerned or interested in this resolution.

Your Directors recommend passing of this resolution by way of a special resolution.

CHAIRMAN'S REPORT TO THE SHAREHOLDERS

Dear Shareholders

In his report last year, our previous Chairman Mr. Hari Punja spoke about your Company's growing goodwill in the marketplace. I am happy to state that in keeping with that trend, your Company has once again delivered a robust performance during the financial year 2016-17. The year witnessed a fair degree of shift in the consumption pattern of staples in the aftermath of severe tropical cyclone Winston. Widespread damage to agriculture and root crops in the country rendered dalo and cassava quite expensive, prompting a shift to other forms of carbohydrates which helped your Company achieve increased sales of its mainstay FMF Sungrown long grain rice. Your Company's Sunwhite Medium Grain rice and premium variety FMF Jasmine rice also grew in this market environment.

Sales during the financial year 2016-17 grew 13% from \$ 26.15 million in financial year 2015-16 to \$29.56 million in the year under review. The net profit for the financial year 2016-17 grew by 19% to \$3.19 million from \$ 2.68 million in the previous financial year. The Company also declared an increased dividend of 30 cents per share compared to last year's 25 cents per share, resulting in an outflow of \$1.80 million (\$1.50 million last year).

Outlook:

The Fijian economy is expected to grow by 3.8% in 2017 and by 3.5% in 2018, with inflation expected to be stabilised at around 3% by this year end. With easing up of individual income tax rates, Fijian consumers are expected to have more disposable income which most likely will be spent on consumer durables and hard assets rather than on staple foods.

On the rice production front, world paddy production is forecasted to be more or less at same levels as in 2016, whereas global rice utilisation is forecasted to grow by 1.1% in year 2017/18. Rice production is forecasted to grow in Thailand and Australia due to favourable conditions, while production prospects have deteriorated for Vietnam owing to weather related disruptions. This could see marginal price increases in Vietnamese rice, which is the predominant rice sold in Fiji.

As we move ahead, we are cautiously optimistic about the prospects for the Company as growth engines of the economy are reinvigorated. Backed by quality products, we are fully geared to take advantage of any opportunity that comes our way and ride the growth cycle despite increased competition locally. Overall we expect revenue and gross profit to be similar to this year. However, we are expecting a reduced net profit due to an increase in manufacturing, marketing and administration expenses levied by FMF Foods Limited for services rendered by it. A review is currently underway to ensure that the apportionment of these costs incurred on our behalf is fair and reasonable to shareholders of both companies. We expect that the final result will see an increase in the costs currently levied, as these were fixed almost a decade ago.

I would like to thank our management team, our dedicated employees, suppliers, customers, partners and shareholders for their unabated support and faith in the Company. We look forward to your continued support in the coming years.

In signing off, I would like to place on record the invaluable services rendered by our erstwhile Chairman Mr. Hari Punja who retired from the Board earlier this year. His presence will be missed in the Board's deliberations, but his philosophies, his counsel and the direction he has set us on will remain this Company's guiding beacon in the years to come.

Sincerely,



Gary Callaghan
Chairman

20th September 2017

THE RICE COMPANY OF FIJI LIMITED

Corporate Governance

In June 2008, the Capital Markets Development Authority (now the Capital Markets Unit of Reserve Bank of Fiji) published the corporate Governance Code for the Capital Market (The Code). The Code articulates 10 core principles together with the best practice recommendations. This code is the basis for the Rice Company of Fiji's (RCF) corporate governance standards.

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

Role of the Board

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

The Board

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

As at the Balance date, the Directors in Office were Messrs. Rohit Punja (Executive Director), Ram Bajekal (Managing Director), Gary Callaghan and Pramesh Sharma.

Meetings of the Board

The regular business of the Board during its meetings covers business investments and strategic matters, governance and compliance, the Managing Directors Report, financial report and performance of the Company.

During the Financial Year under review the Board met 4 times. The Members' attendance at the Board meetings, during the financial year is given below:

DIRECTOR	Number of Meeting Entitled to Attend	Number of Meetings Attended	Apologies Received
Mr. Hari Punja -resigned on 1 December 2016	1	1	N/A
Mr. Gary Callaghan (Chairman and Independent Director)	4	2	2
Mr. Rohit Punja (Executive Director)	4	4	N/A
Mr. Ram Bajekal (Managing Director)	4	4	N/A
Mr. Ajai Punja – resigned on 1 December 2016	1	1	N/A
Mr. Pramesh Sharma (Non-Executive Director)	4	4	N/A
Ms. Leena Punja (Alternate to Hari Punja) - resigned on 1 December 2016	N/A	N/A	N/A

Sub-committees of the Board

The Board has formally constituted two sub-committees; viz

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

As at the Balance date, the Audit and Finance Committee comprised Messrs. Rohit Punja, Gary Callaghan and Ram Bajekal.

The Audit and Finance Committee is responsible for monitoring RCF's financial strategies, reviewing the internal audit reports, monitoring the external audit of the company's affairs, reviewing the financial statements, and monitoring the Company's compliance with applicable laws and stock exchange requirements.

The Executive Management under the directions of this Committee, is also responsible for monitoring the Risk Management to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

THE RICE COMPANY OF FIJI LIMITED

Corporate Governance (Contd...)

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

As at the Balance date, the Share Transfer Committee comprised Messrs. Rohit Punja, Gary Callaghan and Ram Bajekal. The Share Transfer Committee is responsible for approval of share transfers between the shareholders of the company. The Share transfer committee met 4 times during the year under review.

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

Principle	Company's response
Establish clear responsibilities for Board Oversight	Covered above
Constitute an effective Board	Covered above
Appointment of a Managing Director (MD)	The Board has appointed a suitably qualified and competent Managing Director entrusted with substantial powers of management of the affairs of the Company. He is a professionally qualified Chartered Accountant from the Institute of Chartered Accountants of India and has also studied Management as a Fulbright Fellow for Management Studies at Carnegie Mellon University, Pittsburgh, U.S.A.
Board and Company Secretary	The Company has appointed a suitably qualified and competent Company Secretary. He is a professionally qualified Chartered Accountant from the Institute of Chartered Accountants of India and an Associate Member of the Institute of Company Secretaries of India.
Timely and Balanced disclosure	Board meetings are held at least once in every quarter of the year. The Board is apprised of the Company's performance and major decisions are deliberated and passed at Board level. Progress on carrying out strategies is reviewed at these meetings.
Promote ethical and responsible decision - making	RCF promotes and believes that all Directors and Employees uphold high standards, honesty, fairness and equity in all aspects of their employment and association with the Company.
Register of Interests	The Company maintains a Register of Interest wherein the interests of Directors are noted.
Respect the rights of Shareholders	An Annual General Meeting is held every year in accordance with the Articles of Association of the Company. The Annual report is also published each year and circulated to the shareholders of the Company.
Accountability and Audit	RCF is audited externally each year and receives an independent audit report which forms part of the Annual Report. The Audit and Finance Committee is responsible for overseeing the financial reporting and disclosure process, performance and independence of the external auditors, monitoring internal control processes, reviewing adequacy of the internal audit function and discussing risk management policies and practices with management.
Recognize and Manage Risk	The Executive Management of the Company ensures that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

THE RICE COMPANY OF FIJI LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the directors herewith submit the statement of financial position of The Rice Company of Fiji Limited ("the Company") as at 30 June 2017 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and report as follows:

1 Directors

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

- Hari Punja Order of Fiji, OBE – Chairman - resigned on 1 December 2016
- Rohit Punja - Executive Director
- Ram Bajekal - Managing Director
- Ajai Punja - resigned on 1 December 2016
- Gary Callaghan
- Pramesh Sharma
- Leena Punja (Alternate director to Hari Punja) - resigned on 1 December 2016

2 Principal activities

The principal activity of the Company during the year was that of importing bulk rice as a finished good, cleaning, repacking and selling in different pack sizes. There was no significant change in the nature of this activity during the financial year.

3 Trading results

The profit after income tax for the year was \$3.19m (2016: \$2.68m).

4 Provisions

There were no material movements in provisions.

5 Dividends

During the year, the Company has declared an interim dividend of \$1.80m (2016: \$1.50m). No further dividend is recommended for the financial year ended 30 June 2017.

6 Going concern

The financial statements of the Company have been prepared on a going concern basis. We consider the application of the going concern principle to be appropriate in the preparation of these financial statements as we believe that the Company has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

THE RICE COMPANY OF FIJI LIMITED**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017****DIRECTORS' REPORT (Cont'd)****7 Bad and doubtful debts**

The Directors took reasonable steps before the financial statements were made out, to ascertain that all known bad debts were written off and adequate allowance was made for doubtful debts. At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, inadequate to any substantial extent.

8 Current assets

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

9 Events subsequent to balance date

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

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

No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months after the date of this report which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations as and when they fall due.

10 Related party transactions

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

11 Other circumstances

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

12 Unusual transactions

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

THE RICE COMPANY OF FIJI LIMITED**FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2017**DIRECTORS' REPORT (Cont'd)****13 Directors' benefits**

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

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

Directors	Beneficially		Non-Beneficially	
	Additions during the year	Holding as at 30 June 2017	Additions during the year	Holding as at 30 June 2017
Gary Callaghan	-	12,500	-	4,595,900
Rohit Punja	-	-	-	4,595,900

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

Dated this 20th day of September 2017.



Director



Director

THE RICE COMPANY OF FIJI LIMITED**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017****DIRECTORS' DECLARATION**

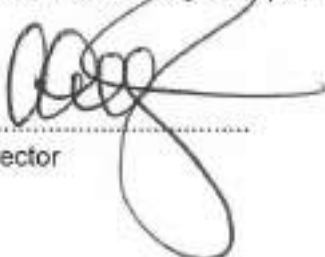
The declaration by Directors is required by the Companies Act, 2015.

The Directors of 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 30 June 2017:
 - i) comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Company as at 30 June 2017 and of the performance and cash flows of the Company for the year ended 30 June 2017; 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.

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

Dated this 20th day of September 2017.



Director



Director



Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
GPO Box 855
Suva, Fiji

THE RICE COMPANY OF FIJI LIMITED

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF THE RICE COMPANY OF FIJI LIMITED

As auditor for the audit of The Rice Company of Fiji Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

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

Pradeep Patel
Partner
Suva, Fiji

BDO
CHARTERED ACCOUNTANTS

20 September 2017

INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of The Rice Company of Fiji Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Rice Company of Fiji Limited (the company) which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other 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 our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, are of most significance in our audit of the financial statements of the current year. We have determined in our professional judgement that there are no matters to report as key audit matters.

Other Information

The Management and Directors are responsible for the other information. The other information that we received comprise listing requirements of South Pacific Stock Exchange included in the Annual Report of the company for the year ended 30 June 2017 but does not include the financial statements and the auditor's report thereon.

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

In connection with our audit of the financial statements, our 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 our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

To the Shareholders of The Rice Company of Fiji Limited (Cont'd)**Responsibilities of the Management and Directors 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 the Companies Act, 2015, 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.

The Management and Directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

-)] Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
-)] Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
-)] Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
-)] Conclude on the appropriateness of the Management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
-)] Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

To the Shareholders of The Rice Company of Fiji Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

From the matters communicated with the Management and Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act, 2015 in all material respects, and;

- a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the company have kept financial records sufficient to enable the financial statements to be prepared and audited.



BDO
CHARTERED ACCOUNTANTS



Pradeep Patel
Partner
Suva, Fiji
20 September 2017

THE RICE COMPANY OF FIJI LIMITED**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 \$'000	2016 \$'000
Revenue	6	29,555	26,147
Other operating income	7	525	180
Changes in inventories of finished goods		(54)	(479)
Raw materials and consumables used		(25,150)	(21,698)
Operating expenses		(1,478)	(1,286)
Profit from operations		3,398	2,864
Finance income	8	190	131
Finance cost	8	(48)	(16)
Profit before income tax	9	3,540	2,979
Income tax expense	11(a)	(354)	(298)
Profit for the year		3,186	2,681
Other comprehensive income		-	-
Total comprehensive income for the year		3,186	2,681
Earnings per share – Basic and Diluted (Cents)	10	53.10	44.69

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

THE RICE COMPANY OF FIJI LIMITED**STATEMENT OF FINANCIAL POSITION**
AS AT 30 JUNE 2017

	Notes	2017 \$'000	2016 \$'000
Current assets			
Cash at bank	15	6,711	4,869
Trade receivables	12	3,123	4,021
Prepayments and other receivables	12	202	-
Inventories	13	3,682	3,951
Current income tax assets	11(b)	13	40
Amounts owing by related companies	20(g)	-	36
Total current assets		13,731	12,917
Non-current assets			
Deferred income tax assets	11(c)	20	13
Total non-current assets		20	13
Total assets		13,751	12,930
Current liabilities			
Trade and other payables	14	250	877
Amounts owing to related companies	20(g)	62	-
Total current liabilities		312	877
Total liabilities		312	877
Net assets		13,439	12,053
Equity			
Share capital	16	3,000	3,000
Retained earnings		10,439	9,053
Total equity		13,439	12,053

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 Directors.

Dated this 20th day of September 2017.



Director



Director

THE RICE COMPANY OF FIJI LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Share capital \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 July 2015	3,000	7,872	10,872
Profit for the year	-	2,681	2,681
Other comprehensive income	-	-	-
Dividends declared (Note 17)	-	(1,500)	(1,500)
Balance as at 30 June 2016	3,000	9,053	12,053
Profit for the year	-	3,186	3,186
Other comprehensive income	-	-	-
Dividends declared (Note 17)	-	(1,800)	(1,800)
Balance as at 30 June 2017	3,000	10,439	13,439

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

THE RICE COMPANY OF FIJI LIMITED**STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	31,014	25,497
Payments to suppliers	(27,180)	(24,310)
Cash generated from operations	3,834	1,187
Interest received	190	131
Interest paid	(48)	(16)
Income tax paid, net	(334)	(182)
Net cash provided by operating activities	3,642	1,120
Cash flows from investing activities		
Advances to related parties (Note 20(d))	(16,500)	(8,250)
Proceeds from related parties advances	16,500	8,250
Advances received from related parties (Note 20(e))	2,400	1,635
Repayment of advances from related parties	(2,400)	(1,635)
Net cash from investing activities	-	-
Cash flows from financing activities		
Payment of dividends	(1,800)	(1,500)
Net cash used in financing activities	(1,800)	(1,500)
Net increase / (decrease) in cash and cash equivalents	1,842	(380)
Cash and cash equivalents at the beginning of the year	4,869	5,249
Cash and cash equivalents at the end of the year (Note 15)	6,711	4,869

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

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

THE RICE COMPANY OF FIJI LIMITED

1 GENERAL INFORMATION

(a) Corporate information

The Rice Company of Fiji Limited is a limited liability company incorporated and domiciled in Fiji. The registered office and principal place of business is located at Lot 2, Leonidas Street, Walu Bay, Suva. The company is listed on the South Pacific Stock Exchange.

(b) Principal activities

The principal activity of the company during the year was that of importing bulk rice as a finished good, cleaning, repacking and selling in different pack sizes. There was no significant change in the nature of this activity during the financial year.

2 BASIS OF PREPARATION

(a) Basis of preparation

The financial statements have been prepared on the basis of historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

In the application of International Financial Reporting Standards (IFRS), management is required to make judgements, 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 judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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 the revision and future periods if the revision affects both current and future periods. Judgements 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 higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 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.

(b) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as required by the Fiji Institute of Accountants and in compliance with the requirements of the Companies Act, 2015.

(c) Comparatives

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

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****2 BASIS OF PREPARATION (Cont'd)****(d) Changes in accounting policies***New and amended standards adopted by the company*

There are no IFRSs or IFRS IC interpretations that are effective for the first time for the financial year beginning on or after 1 July 2016 that have a material impact on the company.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2016 and not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for financial year beginning 1 July 2016 and have not been early adopted by the company. The impact and interpretation of these new standards is set out below.

IFRS 9 Financial Instruments

Addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

IFRS 15 Revenue from contracts with customers

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

IFRS 16 Leases

Replaces the current guidance in IAS 17. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. Early adoption is permitted but only in conjunction with IFRS 15, 'Revenue from contracts with customers'.

The company is yet to assess the impact of the above standards and intends to adopt the standards no later than the accounting period in which they become effective.

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted by the company are stated to assist in a general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

(a) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at banks, net of outstanding bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position.

(b) 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.

(c) Earnings per share*(a) Basic earnings per share*

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

(b) Diluted earnings per share

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

(d) Financial assets

The company has trade and other receivables under its financial assets category. Receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The company's receivables are disclosed in the statement of financial position (Note 12 and 20 (g)). Bad Debts are written off during the period in which they are identified.

(e) Foreign currency transactions*Functional and presentation currency*

The company operates in Fiji and hence its 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 exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(f) Income tax**

Income tax expense represents the sum of the current income tax payable and deferred income taxes.

Current income tax

Current income tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current income tax for current and prior years is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred income tax

Deferred income 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 income tax liabilities are recognised for all taxable temporary differences. Deferred income 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 income 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 income tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability 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 income tax liabilities and assets 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 income tax for the period

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

(g) Inventories

Inventories comprising of raw materials, packaging materials, finished goods, spare parts and goods in transit are valued at the lower of cost and net realizable values. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Inventories considered obsolete or unsaleable are written off in the year in which they are identified.

(h) 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.

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(i) Revenue recognition***Sale of goods*

Revenue from the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods. Freight income is included as part of sale of goods.

Revenue comprises the fair value of the consideration received or receivable for the sale of rice and allied products in the ordinary course of the company's activities. Revenue is shown net of Value Added Tax, returns, rebates and discounts.

Interest income

Interest income is recognised on an accrual basis.

(j) Trade and other payables

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Trade receivables

Trade receivables are recognised at invoice amount. An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. An allowance is raised on a specific debtor level. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss.

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

(l) Allowance for doubtful debts

The company establishes an allowance for any doubtful debts based on a review of all outstanding amounts, either individually or collectively, at year end. Bad debts are written off during the period when they are identified.

(m) Value Added Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except:

i) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and

ii) for receivables and payables which are recognised inclusive of VAT.

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

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****4 FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk, liquidity risk and other risks. 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 exposure to adverse changes in the value of the company's trading portfolios as a result of changes in market prices or volatility or the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Foreign exchange risk is the risk to earnings and value caused by a change in foreign exchange rates. Exchange rate exposures are closely managed within approved policy parameters. Changes in the exchange rate by 10% (increase or decrease) is not expected to have a significant impact on the net profit and equity balances currently reflected in the company's financial statements.

(ii) Interest rate risk

During the year, the company had obtained and given short term interest-bearing advances to its related parties. All inter-company (related parties) advances were settled as at year end. For external borrowings, the company negotiates an appropriate interest rate with banks and other lenders with the board approval and borrows from banks and other financial institutions which offers the overall favourable terms, including the interest rate.

The risks are managed closely by the directors and the management within the approved policy parameters. The company is not exposed to significant interest rate risk.

(b) Credit risk

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

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The company's maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****4 FINANCIAL RISK MANAGEMENT (Cont'd)****(c) Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations for its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash to meet the company's present obligations.

The company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows. All of the company's financial liabilities, being trade and other payables as at balance date, are expected to be settled within the next 12 months.

(d) Other risks*i) Regulatory risk*

The company's profitability can be significantly impacted by regulatory agencies established which govern the business sector in Fiji. Specifically retail and wholesale prices are regulated by Fiji Commerce Commission.

ii) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud. 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, authorisation and reconciliation procedures, staff education and assessment procedures.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In application of the company's accounting policies, which are described in Note 3, the directors and the management are required to make judgements, 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 judgements 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 does not have any significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****6 REVENUE**

	2017 \$'000	2016 \$'000
Rice and rice offals – net of discounts & rebates	29,555	26,147

7 OTHER OPERATING INCOME

	2017 \$'000	2016 \$'000
Exchange gain	168	177
Sundry income	357	3
	<u>525</u>	<u>180</u>

8 FINANCE INCOME AND COSTS

Finance income and costs relate to interest on advances to and from related companies during the year (refer Note 20(d) and (e)) and interest charged on bank overdraft.

The bank overdraft is secured by:

i) First registered mortgage debenture over all assets of the company including any uncalled and unpaid premiums.

ii) Cross guarantee between the holding company, FMF Foods Limited, and its subsidiaries: The Rice Company of Fiji Limited, FMF Investment Company Limited, Pea Industries Fiji Limited, Biscuit Company of (Fiji) Limited, DHF Limited, Atlantic & Pacific Packaging Company Limited, FMF Snax Limited, FMF Confectionary Limited and Bakery Company (Fiji) Limited.

The bank overdraft is fully interchangeable between FMF Foods Limited, The Rice Company of Fiji Limited, FMF Investment Company Limited, Pea Industries Fiji Limited, Biscuit Company of (Fiji) Limited, DHF Limited, Atlantic & Pacific Packaging Company Limited, FMF Snax Limited and FMF Confectionary Limited.

9 PROFIT BEFORE INCOME TAX

	2017 \$'000	2016 \$'000
Profit before income tax has been determined after charging the following expenses:		
Auditor's remuneration for:		
- Audit fees	10	10
- Taxation and other services	2	4
Management fees	<u>296</u>	<u>260</u>

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****10 EARNINGS PER SHARE**

	2017	2016
	\$'000	\$'000
Net profit for the year	3,186	2,681
Number of ordinary shares issued ('000)	6,000	6,000
Basic and diluted earnings per share (Cents)	53.10	44.69

11 INCOME TAX

	2017	2016
	\$'000	\$'000

a) Income tax expense

The prima facie tax on profit is reconciled to the income tax expenses as follows:

Profit before income tax	3,540	2,979
Prima facie tax thereon at 10%	354	298
Income tax expense attributable to profit	354	298
Income tax expense comprises movements in:		
Current income tax asset	361	305
Deferred income tax asset	(7)	(7)
	354	298

b) Current income tax assets

Movements during the year were as follows:

Opening balance	40	163
Income tax paid, net	334	182
Tax liability for the year	(361)	(305)
Closing balance	13	40

c) Deferred income tax assets

Deferred income tax assets comprises of the following:

Allowance for doubtful debts	20	13
Total deferred income tax assets	20	13

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****12 TRADE AND OTHER RECEIVABLES**

2017	2016
\$'000	\$'000

Trade receivables comprises of the following:

Trade receivables	3,322	4,138
Less: allowance for doubtful debts	(199)	(117)
Trade receivables, net	3,123	4,021

Trade receivables principally comprise amounts outstanding for sale of packed rice.

Ageing of trade receivables past due but not impaired:

Upto 2 months	655	1,477
Over 2 months	29	165
Total	684	1,642

Trade receivables are non-interest bearing and are generally settled on 0 – 30 days terms.

Prepayments and other receivables comprises of the following:

Prepayments	61	12
VAT receivables	141	-
Less: allowance for doubtful debts	-	(12)
Prepayments and other receivables, net	202	-

Movement in the allowance for doubtful debts of trade and other receivables are as follows:

Opening balance	129	60
Bad debts written-off	(46)	-
Impairment losses recognised on receivables	116	69
Closing balance	199	129

13 INVENTORIES

2017	2016
\$'000	\$'000

Finished goods	810	864
Raw and packing materials	1,380	161
Spare parts	2	-
Goods-in-transit	1,491	2,926
Stock provision	(1)	-
Total inventories	3,682	3,951

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****14 TRADE AND OTHER PAYABLES**

	2017 \$'000	2016 \$'000
Trade payables	108	161
Other payables and accruals	111	674
VAT payables	-	11
Dividend payable	31	31
	<hr/>	<hr/>
Total trade and other payables	250	877

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.

15 CASH AND CASH EQUIVALENTS

	2017 \$'000	2016 \$'000
Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:		
Cash at bank	6,711	4,869
	<hr/>	<hr/>
Total cash and cash equivalents	6,711	4,869

16 SHARE CAPITAL

	2017 \$'000	2016 \$'000
Issued and paid up capital		
6,000,000 ordinary shares	3,000	3,000
	<hr/>	<hr/>

17 DIVIDENDS

	2017 \$'000	2016 \$'000
Interim dividend	1,800	1,500
	<hr/>	<hr/>
Dividends per share (cents)	30	25

18 COMMITMENTS

Capital expenditure commitments as at 30 June 2017 were \$Nil (2016: \$Nil).

19 CONTINGENT LIABILITIES

	2017 \$'000	2016 \$'000
(a) Letters of credit	1,326	885
	<hr/>	<hr/>
(b) As disclosed in Note 8 to the financial statements, the company is providing cross guarantee for borrowings by the holding company, FMF Foods Limited, and other fellow subsidiary companies.		

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****20 RELATED PARTY TRANSACTIONS AND BALANCES**

2017	2016
\$'000	\$'000

(a) Holding company and ultimate holding company

The holding company is FMF Foods Limited, a company incorporated in Fiji. The holding company is listed on the South Pacific Stock Exchange.

The penultimate holding company is Hari Punja and Sons Limited.

The ultimate holding company is Hari Punja Nominees Limited.

(b) Directors

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

- Hari Punja Order of Fiji, OBE – Chairman - resigned on 1 December 2016
- Rohit Punja - Executive Director
- Ram Bajekal - Managing Director
- Ajai Punja - resigned on 1 December 2016
- Gary Callaghan
- Pramesh Sharma
- Leena Punja (Alternate director to Hari Punja) - resigned on 1 December 2016

(c) Transactions with related companies

Significant transactions (aggregating over \$0.01m) with related companies are summarized as follows:

Relationship	Nature of transactions		
Holding company	Management fees	296	260
	Interest income	129	-
	Interest expense	23	-
Fellow subsidiaries	Storage expenses	280	271
	Purchase of packaging materials	184	224
	Interest income	61	111
	Interest expense	25	-

(d) Advances to related companies

During the year, on call interest-bearing advances were given to related companies as follows:

Holding company	9,500	2,065
Fellow subsidiaries	7,000	6,185
	<hr/>	<hr/>
	16,500	8,250

THE RICE COMPANY OF FIJI LIMITED**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED 30 JUNE 2017****20 RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)**

2017	2016
\$'000	\$'000

(e) Advances from related companies

During the year on call interest-bearing advances were obtained from the following related companies as follows:

Holding company	1,000	1,635
Fellow subsidiaries	1,400	-
	<hr/>	<hr/>
	2,400	1,635

(f) Key Management Personnel

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

Management services were provided by the holding company, FMF Foods Limited (refer Note 20(c)). Management services provided by the holding company include planning, directing and controlling the overall operating activities of the company.

(g) Amounts receivable from/ (payable to) related companies

Amounts receivable from related companies include the following:

Holding company	-	36
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Amounts payable to related companies include the following:

Holding company	23	-
Fellow subsidiaries	39	-
	<hr/>	<hr/>
	62	-

21 EVENTS SUBSEQUENT TO BALANCE DATE

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

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

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

22 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 20th September 2017.

THE RICE COMPANY OF FIJI LIMITED
LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE
(UNAUDITED AND NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT)

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

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

NAME	No. of Shares	%
FMF FOODS LIMITED	4,500,000	75.00
UNIT TRUST OF FIJI (TRUSTEE COMPANY) LTD	499,292	8.32
BSP LIFE (FIJI) LIMITED	314,500	5.24
HARI PUNJA & SONS LIMITED	95,900	1.60
CARLISLE (FIJI) LIMITED	95,900	1.60
FIJI NATIONAL PROVIDENT FUND	62,302	1.04
KUNDAN SINGH & SONS HOLDINGS	40,000	0.67
REDDY'S ENTERPRISES LIMITED	32,000	0.53
FIJICARE INSURANCE LIMITED	22,000	0.37
EST OF MR.RATU SIR KAMISESE MARA	20,000	0.33
RADIKE QEREQERETABUA OF	20,000	0.33
FHL TRUSTEES LIMITED ATF FIJIAN HOLDINGS UNIT TRUST	18,004	0.30
LEO & JUSTIN SMITH	17,500	0.29
BHUPINDER KAUR LATEEF	13,000	0.22
GRAHAM EDEN	12,878	0.21
GARY STANLEY CALLAGHAN	12,500	0.21
GYNANDRA NAICKER, HARI RAJ NAICKER & KAMLA WATI NAICKER	12,000	0.20
PUSHPA WATI KAPADIA	11,000	0.18
PARSHU RAM	10,000	0.17
TOM RICKETTS	10,000	0.17

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

Distribution of ordinary shareholders:

NO. OF HOLDERS	HOLDINGS	%
17	1 to 500 shares	0.08
70	501 to 5,000 shares	2.42
6	5,001 to 10,000 shares	0.85
9	10,001 to 20,000 shares	2.28
1	20,001 to 30,000 shares	0.37
2	30,001 to 40,000 shares	1.20
3	50,001 to 100,000 shares	4.24
2	100,001 to 1,000,000 shares	13.56
1	Over 1,000,000 shares	75.00
111		100.00

THE RICE COMPANY OF FIJI LIMITED
LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE
(UNAUDITED AND NOT INCLUDED ELSEWHERE IN THE ANNUAL REPORT) (Cont'd)

(c) Disclosure under Section 6.31 (xii):

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

	2017	2016	2015	2014	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net profit after tax	3,186	2,681	2,981	2,132	2,057	1,567
Current assets	13,731	12,917	12,258	11,513	9,367	8,772
Non-current assets	20	13	6	5	9	22
Total assets	13,751	12,930	12,264	11,518	9,377	8,794
Current liabilities	312	877	1,393	2,128	918	1,191
Non-current liabilities	-	-	-	-	-	2
Total liabilities	312	877	1,393	2,128	918	1,193
Shareholders' equity	13,439	12,053	10,871	9,390	8,459	7,601

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

Dividend declared per share:

	2017	2016	2015	2014	2013	2012
Cents per share	30.00	25.00	25.00	20.00	20.00	10.00

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

Earnings per share:

	2017	2016	2015	2014	2013	2012
Cents per share	53.10	44.69	49.68	35.53	34.29	26.11

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

Net tangible assets per share:

	2017	2016	2015	2014	2013	2012
Cents per share	223.98	200.87	181.18	156.51	140.98	126.69

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

	2017	2016
Share price during the year	\$	\$
Highest	3.80	3.70
Lowest	3.70	3.40
On 30th June	3.80	3.70

THE RICE COMPANY OF FIJI LIMITED

Minutes of the Twentieth Annual General Meeting, held on Friday, 28th October 2016 from 2.00 pm at the Training Room, Atlantic & Pacific Packaging Company Limited, Bounty Street, Walu Bay, Suva, Fiji.

PRESENT

Directors

Mr. Pramesh Sharma	: Chairman of the Meeting
Mr. Gary Callaghan	: Director
Mr. Ram Bajekal	: Managing Director
Mr. Ajai Punja	: Director
Mr. Rohit Punja	: Director

Invitees

Mr. Pradeep Patel	: Partner, M/s. BDO, Statutory Auditors
Ms. Krishika Narayan	: Manager Legal, South Pacific Stock Exchange (Observer)

Company Secretary & Group Chief Financial Officer

Mr. Sandeep Kumar

1. MEMBERS

Eleven Members / Proxy holders holding 5,527,592 shares were present during the meeting.

2. APOLOGIES

Apology was received from the Mr. Hari Punja, Director, who was unable to attend the AGM.

3. CHAIRMAN

In terms of provisions of Article 63 of the Articles of Association of the Company, Mr. Pramesh Sharma presided over the meeting.

4. SHARE REGISTER & STATUTORY REGISTERS

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

5. QUORUM

The Chairman commenced the meeting by welcoming the Members to the 20th Annual General Meeting. The Chairman announced that the requisite quorum being present and the meeting was called to order.

6. CONFIRMATION OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING HELD ON 30th OCTOBER 2015.

The motion was proposed by Mr. Anuj Patel and seconded by Mr. Mahendra Pal Singh. Thereafter, the motion was put to vote by show of hands and the same was passed without any objection.

7. MATTERS ARISING:

There were no matters arising from earlier minutes.

8. TO RECEIVE AND ADOPT THE AUDITED BALANCE SHEETS AND PROFIT AND LOSS STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS FOR THE YEAR ENDED 30TH JUNE 2016.

The Chairman took up agenda item no.2 for adoption of audited financial statements of the Company for the year ended June 30, 2016 along with report of the Board of Directors and Auditors of the Company. Based on the request from Chairman, the Chief Financial Officer briefed key highlights on the financial statements of the Company.

Mr. Maganlal Mohanlal proposed the motion to adopt the audited financial statements which was seconded by Mr. Mahendra Pal Singh. The motion was put to vote by a show of hands and was approved nem con.

9. TO APPOINT MR. GARY CALLAGHAN AS A DIRECTOR, WHO RETIRES BY ROTATION AND BEING ELIGIBLE IN ACCORDANCE WITH ARTICLE 100 OF ARTICLES OF ASSOCIATION OF THE COMPANY, OFFERS HIMSELF FOR REAPPOINTMENT.

Mr. Maganlal Mohanlal proposed the motion for Item 3 (a) in the Notice, which was seconded by Mr. Anuj Patel and thereafter the motion was put to vote.

By a show of hands, the Members approved the motion and elected Mr. Gary Callaghan as a Director of the Company without any objection.

10. TO APPOINT MR.ROHIT PUNJA AS DIRECTOR OF THE COMPANY

The Chairman took up Item no.3 (b) relating to the appointment of Mr. Rohit Punja as a Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company. The Chairman informed the Members that Mr. Rohit Punja was appointed as an Additional Director of the Company, pursuant to the provisions of Article 88 of the Articles of Association of the Company on December 10, 2015 and holds office up to the date of the Annual General Meeting and being eligible had offered himself for re-appointment.

With the consent of the Members present, the Ordinary Resolution set at item no.3 (b) of the Notice, as given below, was taken as read:

“RESOLVED that Mr. Rohit Punja, who was appointed an Additional Director of the Company with effect from December 10, 2015 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company and being eligible for re-appointment, be and is hereby appointed as a Director of the Company”.

The resolution was proposed by Mr. Anuj Patel and seconded by Mr. Mahendra Pal Singh. The resolution was then put to vote by show of hands and was carried nem con.

11. APPOINTMENT OF AUDITORS

The motion was proposed by Mr. Mahendra Singh and seconded by Mr. Maganlal Mohanlal and thereafter was put to vote.

By a show of hands, the meeting approved the motion and confirmed, without any objection, the appointment of retiring auditors, M/s BDO, Chartered Accountants, as the Statutory Auditors of the company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a fee to be agreed between the Board of Directors and Auditors.

12. AMENDMENTS OF ARTICLES OF ASSOCIATION

The Chairman took up the Special Business under the agenda item no.5 regarding the approval for Amendment of Articles of Association of the Company. The Chairman informed the Members that the amendments to the Articles of Association had been proposed to align with the provisions of the Companies Act 2015.

With the consent of the Members present, the Special Resolution set at item no.5 of the Notice, as given below, was taken as read:

“RESOLVED THAT pursuant to the provisions of Section 46 and any other applicable provisions of the Companies Act, 2015, the Articles of Association of the Company be and hereby amended as follows:

- i. Substituting the below mentioned existing Article with new Article:

Article No.	Heading	Substituted Articles
Article 80	Votes of Members	A Member who is entitled to cast 2 or more votes at the meeting may appoint two proxies, neither of whom need be a member of the company. If a member appoints one proxy only, that proxy shall be entitled to vote on a show of hands. If a member appoints two proxies, neither proxy shall be entitled to vote on a show of hands. Where the Member appoints two proxies and the appointment does not specify the proportion or number of the Member's votes each proxy may exercise, each proxy may exercise half of the votes.
Article 157	Notices	A notice may be given by the Company to any Member either personally or by leaving it for him at his registered place of address or by sending it by post to him to his registered address or by sending to an email address, nominated by him and the signature to any notice may be written or printed or digital.

- ii. Deleting Article 103 (f) “on his attaining the age of 80 years.”
- iii. Insertion of a new Article as mentioned below:

The Chairman informed the Members that the amendment to the Articles of Association were proposed to align the same with the provisions of the Companies Act 2015 enacted with effect from 1st January, 2016. Thereafter, Mr. Maganlal Mohanlal proposed the motion which was seconded by Mr. Mahendra Pal and the motion was then put to vote by a show of hands and was approved nem con.

New Article No.	Article Heading	New Articles
Article 164 A	Insurance	The Company may take and maintain any insurance, as the Board may think fit, on behalf of its Officer, Director, an employee, (present and former) and the Auditor, of the Company or its holding or subsidiary company, to meet all claims, losses, cost, expenses, fines, penalties or such other levies, or for indemnifying any or all of them against any such liability, not being liability to the Company or criminal liability, for any act or omission in their capacity as an Officer, Director, Employee or Auditor of Company or to meet costs incurred in defending any criminal proceedings that have been brought against such person in relation to any act or omission in their capacity as an Officer, Director, Employee or Auditor of Company and in which they are acquitted.

13. GENERAL DISCUSSION:

There was a general discussion on the operations of the Company.

The meeting concluded at 2.30 p.m. with a vote of thanks to the Chair from the floor.

Sd/-
Chairman

The Rice Company of Fiji Limited

PROXY FORM

Share Folio No.
No. of shares held

The Company Secretary
The Rice Company of Fiji Limited
P O Box 977,
Suva, Fiji.

I/WE.....

of

being a member(s) of **The Rice Company of Fiji Limited** hereby appoint

.....

or failing him/her.....

as my/our proxy to vote on my/our behalf at the 21st Annual General Meeting of the Company, to be held at 3.00 p.m. on 30th October 2017 and at any adjournment thereof in respect of such business(es) as are indicated below:

Item No.	Business	Vote (<i>optional see note 1</i>)		
		For	Against	Abstain
General Business				
1.	To confirm the minutes of the previous Annual General Meeting held on 28 th October 2016			
Ordinary Business				
2.	Adoption of Financial Statements for the year ended June 30, 2017 including Balance Sheet, Statement Profit & Loss and the report of the Board of Directors and Auditors			
3	Appointment of Director in place of Mr. Pramesh Sharma who retires by rotation and being eligible, seeks re-appointment			
4	Appointment of Messrs. BDO as Auditors of the Company			
Special Business				
5	Adoption of New Articles of Association of the Company			

As witness to my/our hands this.....day of2017, at

Signed by the said member (s)

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

Notes:

- Please put a tick mark (✓) in the appropriate column against the resolutions indicated in the box. It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' box blank against any or all of the resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate. Where more than one box against same item is ticked, the vote will be invalid on that item.
- This form, in order to be effective, should be duly completed, signed, and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting.
- In the case of a body corporate, this form should be under its Seal or be signed by an officer or an attorney duly authorized by it.

For office use only:

Proxy received on _____ at _____ am / pm by _____