

**FMF FOODS LIMITED AND SUBSIDIARIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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FMF FOODS LIMITED AND SUBSIDIARIES**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****DIRECTORS' REPORT**

In accordance with a resolution of the Board of Directors, the Directors herewith submit the consolidated statement of financial position of FMF Foods Limited ("the Company") and its subsidiaries (together forming "the Group") as at 30 June 2021 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and report as follows:

1 Directors

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

- Hari Punja Order of Fiji, OBE – Chairman Emeritus
- Ram Bajekal - Chairman (*Appointed on 26th March 2021*)
- Sanjay Punja - Managing Director (*Appointed on 2nd December 2020*)
- Rohit Punja
- Pramesh Sharma
- Gary Callaghan - *Resigned on 30th November 2020*
- Jenny Seeto - *Appointed on 25th March 2021*
- Ajai Punja (Alternate Director to Sanjay Punja)
- Leena Punja (Alternate Director to Rohit Punja)

2 Principal activities

The principal activities of the Group is comprised of milling of wheat and whole dunfield peas, manufacturing of packaging materials including corrugated cartons, assorted containers and bags, manufacturing of biscuits and snack food products, sale of rice, wheat and related products and investments.

3 Trading results

The profit for the year from continuing operations of the Group attributable to the members of the Company for the year was \$9.2m (2020: \$12.4m).

4 Provisions

There were no material movements in provisions.

5 Dividends

During the year, the Group has declared an interim dividend of 3.00 cents per equity share (2020: 2.00 cents) entailing outflow of \$4.5m (2020: \$3.0m). No further dividend is recommended for the financial year ended 30 June 2021.

6 Going concern

The financial statements 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 Group has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

FMF FOODS LIMITED AND SUBSIDIARIES**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****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 provision was made for doubtful debts. At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, inadequate to any substantial extent.

8 Current assets

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

9 Impact of COVID-19 Pandemic

The outbreak of the COVID-19 pandemic has resulted in heightened uncertainty globally across industry segments. There has been significant adverse financial and social impact in Fiji and globally caused by this pandemic. The changes in consumer behavior, buying patterns, increase in commodity prices, challenges in supply chain due to logistics delays, working environment and maintaining protocols arising due to COVID-19 pandemic pose some challenges for the businesses. While the Group's staple food products such as flour and rice are expected to be only marginally affected by lower sales due to present socio-economic conditions, we do expect sales of impulse-purchase products such as biscuits, chips and noodles to be more heavily impacted. The Group has been focusing on ensuring the safety of its employees and other stakeholders as well as ensuring the availability of its products, most of which are daily essentials, across the country. Based on current estimates, the Group does not expect any material impact on the carrying amount of these assets and liabilities. Continued volatility in the price and availability of raw materials on account of economic conditions, market demand, production levels and logistic challenges could affect the operational and financial performance of the Company. The Board reviews the long term impact of the pandemic and takes all steps necessary for the Group to adapt itself to emerging changes and the new normal.

10 Events subsequent to balance date

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

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

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

11 Related party transactions

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

DIRECTORS' REPORT (Cont'd)

12 Other circumstances

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

13 Unusual transactions

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

14 Directors' and executive managements' interests

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


	<u>Beneficially</u>		<u>Non-Beneficially</u>	
	<u>Additions</u>	<u>Holding</u>	<u>Additions</u>	<u>Holding</u>
Sanjay Punja	-	-	-	106,124,847
Rohit Punja	-	-	-	106,124,847
Ajai Punja (Alternate to Sanjay Punja)	-	-	-	106,124,847
Leena Punja (Alternate to Rohit Punja)	-	-	-	106,124,847
Anuj K Patel	-	17,500	-	-
Sandeep Kumar	-	1,000	-	-


15 Directors' benefits

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

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

Dated this 23rd day of September 2021.


.....
Director


.....
Director

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

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 Group for the financial year ended 30 June 2021:
- i) comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Group as at 30 June 2021 and of the performance and cash flows of the Group for the year ended 30 June 2021; 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 Group 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 23rd day of September 2021.


.....
Director


.....
Director



AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF FMF FOODS LIMITED

As group auditor for FMF Foods Limited and its subsidiaries for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of FMF Foods Limited and the entities it controlled during the financial year.

PricewaterhouseCoopers
Chartered Accountants

PricewaterhouseCoopers

by

Paritosh Deo

Paritosh Deo
Partner

30 September 2021



Independent Auditor's Report

To the Shareholders of FMF Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of FMF Foods Limited (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the consolidated financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*PricewaterhouseCoopers, Level 8 Civic Tower, 272 Victoria Parade, Suva, Fiji.
GPO Box 200, Suva, Fiji.
T: (679)3313955 / 3315199, F: (679) 3300947*

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



Key audit matter	How our audit addressed the key audit matter
<p>Timing of recognition for export revenues (Refer also to Note 2.18)</p> <p>Timing of recognition for export revenues is considered a key audit matter, as sales into overseas markets represent a significant portion of total Group revenues and the appropriate recognition for export revenues is dependent on export sales terms, shipping arrangements and movements.</p> <p>These terms vary by customer and delivery of goods to customers may take up to a month, thereby increasing the risk of premature recognition of export revenues occurring close to balance date.</p>	<p>Our audit procedures to ensure export revenues were accounted for in the correct accounting period included the following:</p> <ul style="list-style-type: none"> • Understanding and evaluating the appropriateness of the Group’s accounting policies, processes and controls over the timing of recognition for export sales. • Testing the timing of recording export sales by selecting a sample of export sale transactions recorded in the accounting records before and after the balance date, and sighting the sales terms and internal and external shipping documents to ensure if the export sales were recorded in the correct accounting period. • Testing a sample of export sale transactions recorded during the year back to supporting details of sales terms and shipping documents. • Obtaining confirmations of accounts receivable balances from a selection of export sale customers as at balance date.



Key audit matter	How our audit addressed the key audit matter
<p>Volume of wheat inventory (Refer also to Notes 2.8 and 13)</p> <p>Wheat inventory stored in silos represents a significant portion of the Group's raw materials balance within total inventories. The quantity of wheat inventory on hand at balance date is determined by physical measurement of volume at that date. The measurement of volume of wheat inventory stored in silos involves some judgment and estimates regarding the silos and level of contents, and accordingly, the existence of wheat inventory is considered a key audit matter.</p>	<p>Our audit procedures in response to the existence and measurement of volume of wheat inventory included the following:</p> <ul style="list-style-type: none"> • Understanding and evaluating the appropriateness of the Group's accounting policies, processes and controls over the measurement of volume of wheat inventory. • Attending the annual inventory measurement on all silos at balance date and observing the measurements of the silo's contents. • Agreeing assumptions and inputs on the volume calculation models to supporting documentations from the silo manufacturer and externally available industry data and considering their reasonableness. • Reperforming volume calculations performed by management to ensure they were accurate. • Performing sensitivity analysis on the volume calculation models to ascertain whether sensitivities calculated are materially significant.



Other Information

Directors and management are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2021 (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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, except that not all other information was available to us at the date of our signing.

Responsibilities of Directors and Management for the Consolidated Financial Statements

Directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and with the requirements of the Fiji Companies Act, 2015, and for such internal control as the directors and management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors and management are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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 these consolidated financial statements.



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors and management.
- Conclude on the appropriateness of the directors' and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors and management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors and management, we determine those matters that were of most significance in the audit of the consolidated financial statements for 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 consolidated financial statements have been prepared in accordance with the requirements of the Fiji 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 Group has kept financial records sufficient to enable the consolidated financial statements to be prepared and audited.

Restriction on Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 396(1) of the Fiji Companies Act 2015. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Chartered Accountants

A handwritten signature in blue ink that reads 'Paritosh Deo'.

Paritosh Deo
Partner

30 September 2021
Suva, Fiji

FMF FOODS LIMITED AND SUBSIDIARIES**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$'000	2020 \$'000
Revenue	6	217,321	204,885
Other operating income	7	768	781
Changes in inventories of finished goods and work in progress		(1,723)	575
Raw materials and consumables used		(149,850)	(129,829)
Staff costs		(18,149)	(20,228)
Depreciation on property, plant and equipment	18	(8,001)	(7,998)
Depreciation on right-of-use assets	23	(294)	(525)
Allowance for impairment loss on trade receivables	4(b)	(869)	(476)
Other operating expenses		(28,650)	(31,463)
Profit from operations		10,553	15,722
Finance income	8	1,092	403
Finance cost	8	(1,045)	(1,666)
Profit before tax	9	10,600	14,459
Income tax expense	10	(1,404)	(2,066)
Profit for the year from continuing operations		9,196	12,393
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		66	(6)
Total comprehensive income for the year		9,262	12,387
Attributable to:			
- Owners of the parent company		7,802	11,037
- Non-controlling interests		1,394	1,356
		9,196	12,393
Basic and diluted earnings per share (cents)	26	5.20	7.36

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

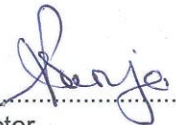
FMF FOODS LIMITED AND SUBSIDIARIES**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**


	Notes	2021 \$'000	2020 Restated \$'000
Current assets			
Inventories	13	50,402	65,940
Current income tax assets	10	1,299	1,650
Other investments	16	13,880	12,082
Trade receivables	14	29,029	22,140
Prepayments and other receivables	15	6,189	5,234
Amounts owing by related companies	28(c)	342	5
Cash on hand and at bank	12(a)	23,141	22,025
		<u>124,282</u>	<u>129,076</u>
Non-current assets			
Property, plant and equipment	18	82,440	84,294
Right-of-use assets	23(a)	9,149	9,754
Deferred income tax assets	11(a)	867	643
		<u>92,456</u>	<u>94,691</u>
Total assets		<u>216,738</u>	<u>223,767</u>
Current liabilities			
Bank overdraft	12(a)	26,264	42,936
Trade and other payables	20	19,546	12,311
Borrowings	22	2,000	2,000
Lease liabilities	23(b)	139	303
Amounts owing to related companies	28(d)	3,441	1,637
		<u>51,390</u>	<u>59,187</u>
Non-current liabilities			
Borrowings	22	7,261	10,749
Lease liabilities	23(b)	2,121	2,465
Deferred income tax liabilities	11(b)	6,628	6,089
		<u>16,010</u>	<u>19,303</u>
Total liabilities		<u>67,400</u>	<u>78,490</u>
Net assets		<u>149,338</u>	<u>145,277</u>
Equity			
Share capital	24	6,000	6,000
Retained earnings		135,250	131,948
Foreign currency translation reserve		54	(12)
		<u>141,304</u>	<u>137,936</u>
Non-controlling interests		8,034	7,341
Total equity		<u>149,338</u>	<u>145,277</u>

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 23rd day of September 2021.


.....
Director


.....
Director

FMF FOODS LIMITED AND SUBSIDIARIES**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Attributable to owners of the Group			Totals \$'000	Non - controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000			
Balance at 1 July 2019		6,000	123,911	(6)	129,905	6,686	136,591
Comprehensive income							
Profit for the year		-	11,037	-	11,037	1,356	12,393
Other comprehensive income		-	-	(6)	(6)	-	(6)
Total comprehensive income		6,000	134,948	(12)	140,936	8,042	148,978
Transactions with owners							
Dividends	25	-	(3,000)	-	(3,000)	(701)	(3,701)
Balance at 30 June 2020		6,000	131,948	(12)	137,936	7,341	145,277
Comprehensive income							
Profit for the year		-	7,802	-	7,802	1,394	9,196
Other comprehensive income		-	-	66	66	-	66
Total comprehensive income		6,000	139,750	54	145,804	8,735	154,539
Transactions with owners							
Dividends	25	-	(4,500)	-	(4,500)	(701)	(5,201)
Balance at 30 June 2021		6,000	135,250	54	141,304	8,034	149,338

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

FMF FOODS LIMITED AND SUBSIDIARIES**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of value added tax)		212,609	218,331
Payments to suppliers and employees (inclusive of value added tax)		<u>(176,921)</u>	<u>(209,022)</u>
Cash generated from operations		35,688	9,309
Income taxes paid		(737)	(1,306)
Interest paid		<u>(1,045)</u>	<u>(1,666)</u>
Net cash generated from operating activities		<u>33,906</u>	<u>6,337</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		36	93
Acquisition of property, plant and equipment (exclusive of value added tax)		(6,566)	(10,701)
Interest received		1,092	368
Acquisition of other investments		<u>(1,798)</u>	<u>(940)</u>
Net cash (used in) investing activities		<u>(7,236)</u>	<u>(11,180)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	6,749
Repayment of borrowings		(3,488)	(2,000)
Repayment of principal lease liabilities		(193)	(219)
Dividends paid		<u>(5,201)</u>	<u>(3,701)</u>
Net cash (used in)/ generated from financing activities		<u>(8,882)</u>	<u>829</u>
Net increase/ (decrease) in cash and cash equivalents		17,788	(4,014)
Cash and cash equivalents at the beginning of the year		<u>(20,911)</u>	<u>(16,897)</u>
Cash and cash equivalents at the end of the year	12	<u>(3,123)</u>	<u>(20,911)</u>

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

FMF FOODS LIMITED AND SUBSIDIARIES**1 GENERAL INFORMATION**

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

These financial statements were authorised for issue by the Board of Directors on 23rd September 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with the provisions of the Companies Act 2015 and International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) interpretations. The financial statements have been prepared under the basis of historical costs.

(a) New standard adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 July 2020 that have a material impact on the Group.

(b) New standards issued but not effective for the financial year beginning 1 July 2020 and not early adopted

There are no new standards that have been released and not yet adopted that are expected to have a significant financial impact on the Group.

2.2 Principles of consolidation*Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

FMF FOODS LIMITED AND SUBSIDIARIES

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Principles of consolidation (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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

2.3 Segment reporting

The Executive Management is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

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

- (a) food products - manufacture and/or sale of a wide variety of famous products to its local as well as export market such as biscuits, snacks, peas, flour, etc.;
- (b) packaging materials - production of corrugated cartons as well as plastic pails/buckets and nylon bags; and
- (c) properties - leases out properties based on intercompany arrangements

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Fijian Dollars, which is the Company's functional currency and has been rounded to nearest thousands.

(b) Transactions and balances

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

FMF FOODS LIMITED AND SUBSIDIARIES**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.4 Foreign currency translation (Cont'd)**

The assets and liabilities of foreign subsidiaries are translated to Fijian dollars using the exchange rate at the year end. The income and expenses are translated to Fijian dollars at average exchange rates. Foreign currency differences are recognised directly in equity in the foreign currency translation reserve. For the current year, the amount is not significant.

2.5 Financial assets*(i) Classification*

The Group classifies its financial assets at amortised cost.

Management determines the classification of its financial assets at initial recognition. The classification depends on the Group's business model for managing the financial statements and the contractual terms of the cash flows. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group's financial assets measured at amortised cost consist of cash and cash equivalents, trade receivables, other receivables and other investments.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Finance income, gains/(losses) arising from derecognition, foreign exchange gains/(losses) and impairment losses are recognised in profit or loss.

FMF FOODS LIMITED AND SUBSIDIARIES

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Financial assets (Cont'd)

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses (ECLs) associated with its financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures where there has not been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses that are possible within the next 12 months (a 12-month ECL). For credit exposures where there has been a significant increase in credit risk since initial recognition, an allowance for impairment is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Allowance for impairment for trade receivables are recognised based on the simplified approach permitted by IFRS 9 which requires lifetime ECL to be recognised from the initial recognition of the receivables. The Group establishes a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment. Refer to Note 4(b) for the application of impairment methodology.

Allowance for impairment for amounts owing by related parties are assessed individually.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per rating agency Moody's or BBB- or higher per rating agency Standards & Poor's.

Allowance for impairment on financial assets carried at amortised cost are presented as net impairment allowance within operating profit. For presentation in the statement of financial position, the related allowance are deducted from the gross carrying amount of the financial asset.

(iv) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For individual customers, the Group makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

2.6 Cash and cash equivalents

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

FMF FOODS LIMITED AND SUBSIDIARIES

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Trade receivables

Trade receivables are recognised initially at fair value of the underlying transaction and subsequently measured at amortised cost using the effective interest method less any allowance of impairment. Refer to Note 2.5 for accounting policy in relation to impairment.

2.8 Inventories

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

Inventory quantities are regularly reviewed and an allowance is recorded for any slow moving and/or obsolete inventory based on future demand forecasts, production and servicing requirements, technological changes and other factors.

2.9 Property, plant and equipment

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

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

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

Buildings	-	2% - 10%
Plant and machinery	-	4% - 33%
Motor vehicles	-	25%
Furniture, fittings & office machines	-	6.7% - 25%
Computers	-	33%

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

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

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

FMF FOODS LIMITED AND SUBSIDIARIES**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.10 Impairment of non-financial assets**

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

2.11 Financial liabilities*(i) Classification and subsequent measurement*

Financial liabilities are classified at amortised costs, except for:

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired). The Group also derecognises as financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.12 Trade payables

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

2.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

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

FMF FOODS LIMITED AND SUBSIDIARIES**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.14 Offsetting financial instruments**

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

2.15 Current and deferred income tax

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

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

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

2.16 Provisions

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

2.17 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.

2.18 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a product or service to a customer. Revenue is presented net of value-added tax and discounts.

The Group's revenues consist of sale of food products and packaging materials and associated freight charges. Revenue is recognised at a point in time upon the passing of control of goods to the customer. For local sales, revenue is recognised when invoicing takes place as it is assumed that the deliveries are received by the customer on the same invoice date. For export sales, revenue is recognised in accordance with shipping terms with the customer.

The Group arranges for shipping of goods to its export customers. The Group has assessed that control over goods does not pass to the customer before shipment, and therefore records any applicable freight charges at a point in time when control of the goods transfers to the customer in accordance with shipping terms with the customer.

FMF FOODS LIMITED AND SUBSIDIARIES

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.18 Revenue recognition (Cont'd)

Revenue transactions are settled in one of the following three ways:

- (a) Cash on delivery - Customers are mostly counter customers who come to buy the goods from the Group's premises by themselves and are not bonded by any contract apart from the requirement to pay before taking possession of the goods and to take those goods on the same day before close of business.
- (b) Advance paying customers - similar treatment to cash on delivery customers.
- (c) Credit customers - Customers purchase goods on credit account and shall pay in full at the approved credit period which is normally 30 to 60 days. The maximum credit limit is mutually agreed between the Group and the customer at the time of application for credit account, however the Group reserves the right to vary the credit limit at its discretion.

2.19 Leases and right-of-use assets

As a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group does not have leases which contain the following:

- amounts expected to be payable by the lessee under residual value guarantees

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or at the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets and lease liabilities arising from operating lease contracts are initially measured on a present value basis. Lease liabilities include the present value of all fixed payments (less any lease incentives receivable), variable lease payments that are based on an index or rate, any amounts expected to be paid under residual value guarantees, the exercise price of any purchase options that are reasonably certain to be exercised and any payments for terminating a lease if the lease term reflects the exercise of that termination option. The lease payments are discounted using the discount rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interest expense so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

FMF FOODS LIMITED AND SUBSIDIARIES**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.19 Leases and right-of-use assets (Cont'd)**

Payments associated with short term leases of 12 months or less and leases of low value assets (less than USD 5,000) are recognised as an expense on a straight line basis. Variable lease payments that are not based on an index or rate are recognised as an expense as incurred.

Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities. Cash payments for the interest portion are presented as cash flows from operating activities, consistent with presentation of other interest payments. Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented as cash flows from operating activities.

The Group presents right-of-use assets and lease liabilities as separate line items in the statement of financial position.

Extension options

Extension options are included in a number of property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Company and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The Group leases premises for its production locations and therefore expects to exercise extension options for all leases that contain such options.

As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

The Group's leasing activities are carried out by its subsidiary, FMF Investment Company Pte Limited, which also leases property to other subsidiaries within the Group. Revenue and expenses associated with leasing activities are eliminated on consolidation.

FMF FOODS LIMITED AND SUBSIDIARIES**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****2.20 Employee benefits**

Liabilities for employees' entitlements to wages and salaries, annual leave and other current employee entitlements (that are expected to be paid within twelve months) are accrued at undiscounted amounts, calculated at amounts expected to be paid as at balance date.

2.21 Dividend distribution

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

2.22 Earnings per share*Basic earnings per share*

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

Diluted earnings per share

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

2.23 Comparative figures

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Except for allowance for impairment of financial assets carried at amortised cost (Note 2.5), the Group does not have any significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

4 FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

Foreign exchange risk

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

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

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

As at year end, assets and liabilities denominated in foreign currencies are not significant and hence changes in foreign currencies by 100 basis points is expected to have minimal impact on profit or loss.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Fijian dollars, was as follows:

	2021			2020		
	USD \$'000	AUD \$'000	NZD \$'000	USD \$'000	AUD \$'000	NZD \$'000
Trade receivables	558	3,565	578	815	2,443	406
Trade payables	(6,075)	(7,268)	(722)	(1,712)	(3,398)	(337)

Sensitivity

As shown above, the group is primarily exposed to changes in FJD/USD and FJD/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the above foreign currency denominated trade payables and receivables.

	Impact on post-tax profit			
	2021		2020	
	USD \$'000	AUD \$'000	USD \$'000	AUD \$'000
Exchange rate – increase 10% (2020 – 10%)	286	259	44	70
Exchange rate – decrease 10% (2020 – 10%)	234	212	36	57

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

4 FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Market risk (Cont'd)

Interest rate risk

The Group's interest rate risk arises from borrowings and bank overdrafts. Borrowings and bank overdraft issued at variable rates expose the Group to cash flow interest rate risk. There are no borrowings issued at fixed rates. All borrowings are in local currency. The Group regularly negotiates its interest rate with the Banks so that the lowest possible rate is available.

As at 30 June 2021, if interest rates on borrowings and bank overdrafts had been 1,000 basis points higher/lower with all other variables held constant, post-tax profit and equity for the year would have been \$149k (2020: \$222k) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and bank overdraft.

(b) Credit risk

Credit risk is managed by management with board oversight. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors is carried out. Individual credit risk limits are then set based on the assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or bank cheques.

For banks and financial institutions, independent credit ratings exist for the Group to assess the credit quality of the counterparties and monitor any credit deterioration.

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

The credit quality of cash and cash equivalents and other investments is as follows:

	2021	2020
	\$'000	\$'000
Cash		
Bank A	23,141	22,025

Bank A - The Group has cash with the Fiji branch as well as the Australian branch and Papua New Guinea branch of an international bank which has a Moody's credit rating of Aa3 (2020: Aa3).

	2021	2020
	\$'000	\$'000
Other investments		
Bank B	13,880	11,551
Bank C	-	531
	<u>13,880</u>	<u>12,082</u>

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

4 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Bank B - The Group has other investments with the Fiji branch of an international bank which had a Moody's credit rating of Baa3 (2020: Baa3).

Bank C - The Group had other investments with the Fiji branch of an international bank which has a Fitch credit rating of A+ (2020: A+).

The Group applies the IFRS 9 simplified approach to measure expected credit losses for trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics and the days overdue. The Group uses the 'roll rate' model based on the probability of trade receivables following the movement of cash outstanding from payment status of current through all delinquency buckets until write-off. Loss rates are based on historical credit losses experienced over the past two years. These rates are then adjusted to reflect current and forward looking information based on macroeconomic factors (i.e. GDP growth rates and inflation rates) and the Group's internal evaluation of trade receivables over their expected lives.

The following table provides analysis about the exposure to credit risk and expected credit losses for trade receivables collectively assessed:

	2021		
	Expected weighted average loss rate	Gross carrying amount \$'000	Allowance for impairment \$'000
Current	1.95%	22,682	443
31 to 60 days overdue	4.09%	4,993	204
61 to 90 days overdue	11.75%	1,557	183
91 to 120 days overdue	30.05%	227	68
Over 120 days overdue	38.10%	757	288
Debtors individually assessed	100.00%	683	683
		30,899	1,870
	2020		
	Expected weighted average loss rate	Gross carrying amount \$'000	Allowance for impairment \$'000
Current	2.45%	15,788	387
31 to 60 days overdue	4.06%	3,512	142
61 to 90 days overdue	6.06%	1,146	70
91 to 120 days overdue	30.98%	262	81
Over 120 days overdue	73.62%	428	315
Debtors individually assessed	42.20%	3,459	1,460
		24,595	2,455

The amounts owing by the related companies are in trade nature and exposure to credit risk and expected credit losses are separately assessed and no provisions are held at the year end (2020: \$Nil).

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

4 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

Movements in the allowance for impairment of trade receivables are as follows:

	2021	2020
	\$'000	\$'000
At 1 July	2,455	2,123
Increase in loss allowance recognised in profit or loss during the year	869	476
Bad debts written-off	(1,454)	(144)
	<hr/>	<hr/>
At 30 June	1,870	2,455

Impairments on cash and cash equivalents and other investments have been measured on the 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and other investments have low credit risk based on the external credit ratings of the counterparties.

Impairments on other receivables are assessed on an individual counterparty basis. Any allowance for impairment is deemed immaterial due to their short term maturities and historical lack of default.

In calculating the expected credit loss, the Group has applied a post model adjustment due to the market uncertainties involved with COVID-19 pandemic. Determining the post-model adjustment is judgemental. The rate is derived from the recent market behaviour and the customer payment and collection patterns.

At the end of reporting period, the post-model adjustment for the Group was 1% of gross collectively assessed trade receivables (2020: 1%).

(c) Liquidity risk

Prudent liquidity risk management implies managing cash generated by its operations combined with bank borrowings. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and borrowings. Management monitors rolling forecasts of the Group's liquidity reserve comprising cash and cash equivalents on the basis of expected cash flows.

The Group's financial liabilities are analysed below into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date, including contractual undiscounted cash flows (consisting of outstanding principal balance plus future interest payments, if any).

	Contractual maturities of financial liabilities					Carrying amount
	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
As at 30 June 2021						
Bank overdraft	26,264	-	-	-	26,264	26,264
Borrowings	2,533	2,443	6,801	2,836	14,613	9,261
Trade and other payables	19,546	-	-	-	19,546	19,546
Owing to related companies	3,441	-	-	-	3,441	3,441
Lease liabilities	646	588	309	7,374	8,917	2,260
Total	<hr/> 52,430	<hr/> 3,031	<hr/> 7,110	<hr/> 10,210	<hr/> 72,781	<hr/> 60,772

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

4 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk (Cont'd)

	Contractual Undiscounted Cash Flows					Carrying amount \$'000
	Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	
As at 30 June 2020						
Bank overdraft	42,936	-	-	-	42,936	42,936
Borrowings	2,533	2,443	6,801	2,836	14,613	12,749
Trade and other payables (Restated)	12,311	-	-	-	12,311	12,311
Owing to related companies (Resated)	1,637	-	-	-	1,637	1,637
Lease liabilities	412	266	544	7,665	8,887	2,768
Total	59,829	2,709	7,345	10,501	80,384	72,401

Letters of credit and guarantees are disclosed in the Note 27.

d) Regulatory risk

The Group'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 Fijian Competition & Consumer Commission.

5 CAPITAL RISK MANAGEMENT

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. During 2021, the Group's strategy, which was unchanged from 2020 was to maintain a gearing ratio of up to 30%.

The gearing ratio for the Group was as follows:

	2021 \$'000	2020 \$'000
Total borrowings (Note 22)	9,261	12,749
Cash and cash equivalents (Note 12)	3,123	20,911
Net debt	12,384	33,660
Equity (as shown in the statement of financial position, including NCI)	149,338	145,277
Total capital	161,722	178,937
Gearing ratio	8%	19%

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

5 CAPITAL RISK MANAGEMENT (Cont'd)

Debt covenants

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- the interest coverage ratio must be more than 2.5 times, and
- the ratio of total debt to EBITDA must be not more than 3.5 times.

These financial covenants are consistent with the prior period and managed as part of the Group's capital management. The Group has complied with all its externally imposed capital requirements in the current and prior period.

6 REVENUE

	2021	2020
	\$'000	\$'000
<i>By category</i>		
Sales of food products	211,766	199,424
Sales of packaging materials	5,555	5,461
	217,321	204,885

7 OTHER OPERATING INCOME

	2021	2020
	\$'000	\$'000
Gain on disposal of property, plant and equipment	32	93
Exchange gains	736	688
	768	781

8 NET FINANCE INCOME AND COST

	2021	2020
	\$'000	\$'000
Finance income		
Interest income on term deposits	1,009	253
Interest income on customer overdue accounts	83	150
	1,092	403
Finance costs		
Interest expense on lease liabilities	(300)	(123)
Interest expense on overdraft and borrowings	(745)	(1,543)
	(1,045)	(1,666)
Net finance income/ (cost)	47	(1,263)

9 PROFIT BEFORE TAX

	2021	2020
	\$'000	\$'000

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

Expenses

Auditors' remuneration		
- PricewaterhouseCoopers (Principal auditors)	84	113
- Other auditors	34	32
Directors' emoluments		
- Directors' fees	38	40
Repairs and Maintenance	3,945	4,652
Advertising	1,193	2,115
Net foreign exchange losses	327	139
Cartage expenses	3,316	3,350

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

10 INCOME TAX EXPENSE

	2021	2020
	\$'000	\$'000
Current tax:		
Current tax on profits for the year	1,114	1,452
Adjustments in respect of prior year	(26)	(366)
	1,088	1,086
Total current tax		
Deferred tax:		
Origination and reversal of temporary differences	316	436
Adjustments in respect of prior year	-	544
	316	980
Total deferred tax		
Income tax expense	1,404	2,066

The prima facie income tax expense on pre-tax accounting profit is reconciled to the current income tax liability/ (asset) as follows:

	2021	2020
	\$'000	\$'000
Profit before tax	10,600	14,459
Prima facie income tax expense at 10%/ 20%	1,550	1,746
Tax effects of:		
- Non-deductible and items not subject to tax (net)	(129)	(54)
Tax losses not recognised	(84)	723
Prior year adjustments	67	(349)
	1,404	2,066
Income tax expense		
Temporary differences	(316)	(980)
	1,088	1,086
Add: Opening current tax assets	(1,650)	(1,430)
Less: Taxes (paid) / refunded	(737)	(1,306)
	(1,299)	(1,650)

11 DEFERRED INCOME TAXES

(a) Deferred income tax assets

	Tax losses	Other	Total
	\$'000	\$'000	\$'000
At 30 June 2019	427	370	797
Charged/ (credited) to profit or loss statement	(274)	120	(154)
At 30 June 2020	153	490	643
Charged to profit or loss statement	2	222	224
At 30 June 2021	155	712	867

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

11 DEFERRED INCOME TAXES (Cont'd)

(b) Deferred income tax liabilities

	Property, plant & equipment \$'000	Other \$'000	Total \$'000
At 30 June 2019	4,311	957	5,268
Charged to profit or loss statement	575	246	821
At 30 June 2020	4,886	1,203	6,089
Charged to profit or loss statement	312	227	539
At 30 June 2021	5,198	1,430	6,628

Unused tax losses of subsidiary for which no deferred income tax asset has been recognised is \$Nil as at 30 June 2021 (2020: \$2.1m).

12 CASH AND CASH EQUIVALENTS

	2021 \$'000	2020 \$'000
Cash on hand and at bank	23,141	22,025

(a) The above reconciles to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2021 \$'000	2020 \$'000
Cash on hand and at bank	23,141	22,025
Bank overdraft	(26,264)	(42,936)
Cash and cash equivalents	(3,123)	(20,911)

(b) Financing facilities

Bank overdraft facility from ANZ totalling \$29m (2020: \$30m) on net basis is available to the Group and interchangeable amongst the Group companies. Refer to Note 21 for securities provided.

13 INVENTORIES

	2021 \$'000	2020 \$'000
Finished products	7,282	8,936
Raw and packaging materials	29,202	49,147
Spares	4,086	4,123
Work in progress	252	140
(Less): Allowances for inventory obsolescence	(1,861)	(1,008)
	38,961	61,338
Goods in transit	11,441	4,602
	50,402	65,940

14 TRADE RECEIVABLES

	2021 \$'000	2020 \$'000
Gross carrying amount	30,899	24,595
Less: Allowances for impairment	(1,870)	(2,455)
Trade receivables - net	29,029	22,140

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

15 PREPAYMENTS AND OTHER RECEIVABLES

	2021	2020
	\$'000	\$'000
Deposits	452	427
Prepayments	2,508	2,740
VAT receivable	3,229	2,067
	6,189	5,234

16 OTHER INVESTMENTS

	2021	2020
	\$'000	\$'000
Current		
Term deposit	13,880	12,082
	13,880	12,082

17 INVESTMENTS IN SUBSIDIARIES

(a) The Group's principal subsidiaries at year end are set out below. They have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

	Country of incorporation	% Interest		Principal activities
		2021	2020	
Pea Industries Pte Limited	Fiji	100	100	Pea milling
Biscuit Company of (Fiji) Pte Limited	Fiji	100	100	Biscuit manufacture
DHF Pte Limited	Fiji	100	100	Wheat and bakery ingredients sale
FMF Investment Company Pte Limited	Fiji	100	100	Property management
FMF Snax Pte Limited	Fiji	100	100	Snacks manufacture
Bakery Company (Fiji) Pte Limited	Fiji	100	100	Biscuit manufacture
The Rice Company of Fiji Limited	Fiji	75	75	Rice sale
Atlantic & Pacific Packaging Company Limited	Fiji	60	60	Packaging materials manufacture
FMF Foods PNG Limited	PNG	100	100	Trading
FMF Foods New Zealand Limited	NZ	100	100	Trading
London Pet Food Company Pte Limited	Fiji	100	100	Pet food manufacture

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

(c) The operations of London Pet Food Pte Ltd was discontinued in January 2021.

(d) Material non-controlling interests

The two material subsidiaries with non-controlling interests are The Rice Company of Fiji Limited (RCF) and Atlantic & Pacific Packaging Company Limited (ATPACK) with 25% and 40% ordinary shares held by non-controlling interests respectively.

The total non-controlling interest at year end was \$8.03m (2020: \$7.34m), of which \$3.67m (2020: \$3.66m) was for RCF and \$4.36m (2020: \$3.68m) was attributed to ATPACK.

The profit allocated to non-controlling interest for the year was \$1.40m (2020: \$1.36m), of which \$0.54m (2020: \$0.54m) was for RCF and \$0.86m (2020: \$0.81m) was attributed to ATPACK.

The dividends paid to non-controlling interest during the year was \$0.71m (2020: \$0.71m), of which \$0.53m (2020: \$0.53m) was paid by RCF and \$0.18m (2020: \$0.18m) was paid by ATPACK.

**NOTES TO AND FORMING PART OF
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FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised statements of financial position

	RCF		ATPACK	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>				
Assets	22,554	17,867	9,254	6,313
Liabilities	7,895	3,266	2,913	2,145
Current net assets	<u>14,659</u>	<u>14,601</u>	<u>6,341</u>	<u>4,168</u>
<u>Non-current</u>				
Assets	25	41	5,777	6,601
Liabilities	-	-	1,213	1,569
Non-current net assets	<u>25</u>	<u>41</u>	<u>4,564</u>	<u>5,032</u>
Net assets	<u>14,684</u>	<u>14,642</u>	<u>10,905</u>	<u>9,200</u>

Summarised statements of profit or loss and other comprehensive income

	RCF		ATPACK	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue	31,439	28,440	13,969	13,955
Profit before income tax	2,380	2,403	2,395	2,252
Income tax expense	(238)	(238)	(250)	(215)
Net profit	<u>2,142</u>	<u>2,165</u>	<u>2,145</u>	<u>2,037</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>2,142</u>	<u>2,165</u>	<u>2,145</u>	<u>2,037</u>

Summarised cash flows

	RCF		ATPACK	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash flows from operating activities	(1,221)	3,849	3,013	4,288
Cash flows from investing activities	376	-	(162)	(877)
Cash flows from financing activities	<u>(2,100)</u>	<u>(2,100)</u>	<u>(904)</u>	<u>(884)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(2,945)</u>	<u>1,749</u>	<u>1,947</u>	<u>2,527</u>

NOTES TO AND FORMING PART OF
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FMF FOODS LIMITED AND SUBSIDIARIES

18 PROPERTY, PLANT AND EQUIPMENT

	Buildings \$'000	Freehold land & building \$'000	Motor vehicles \$'000	Plant, furniture & equipment \$'000	Work - in progress \$'000	Total \$'000
At 01 July 2019						
Cost	55,246	862	6,059	122,741	4,721	189,629
Accumulated depreciation	(10,630)	(335)	(4,889)	(85,003)	-	(100,857)
Net book amount	44,616	527	1,170	37,738	4,721	88,772
For the year ended 30 June 2020 (Restated, see note 29)						
Opening net book amount	44,616	527	1,170	37,738	4,721	88,772
Additions	188	-	518	3,993	6,002	10,701
Disposals	-	-	-	-	-	-
Transfers to right-of-use assets	(10,862)	3,681	-	-	-	(7,181)
Transfers	-	-	-	3	(3)	-
Depreciation charge	(990)	(22)	(570)	(6,416)	-	(7,998)
Closing net book amount	32,952	4,186	1,118	35,318	10,720	84,294
At 30 June 2020 (Restated, see note 29)						
Cost	44,572	4,543	6,577	126,737	10,720	193,149
Accumulated depreciation	(11,620)	(357)	(5,459)	(91,419)	-	(108,855)
Net book amount	32,952	4,186	1,118	35,318	10,720	84,294
For the year ended 30 June 2021						
Opening net book amount	32,952	4,186	1,118	35,318	10,720	84,294
Additions	104	4	678	3,658	2,122	6,566
Disposals	-	-	(38)	(381)	-	(419)
Transfers	7,297	-	-	1,053	(8,350)	-
Depreciation charge	(1,235)	(22)	(531)	(6,213)	-	(8,001)
Closing net book amount	39,118	4,168	1,227	33,435	4,492	82,440
At 30 June 2021						
Cost	51,973	4,547	7,217	131,067	4,492	199,296
Accumulated depreciation	(12,855)	(379)	(5,990)	(97,632)	-	(116,856)
Net book amount	39,118	4,168	1,227	33,435	4,492	82,440

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

19 INTANGIBLE ASSETS

	2021 \$'000	2020 \$'000
F1 Audio Visual production	-	1,458
Provision for impairment	-	(1,458)
	-	-

20 TRADE AND OTHER PAYABLES

	2021 \$'000	2020 (Restated) \$'000
Trade payables (Restated, see note 29)	14,173	8,039
Other payables and accruals	4,038	2,308
Staff leave accruals	1,335	1,964
	19,546	12,311

21 BANK OVERDRAFT AND BORROWING SECURITIES

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

A separate overdraft facility is secured by the various other investments (Note 16).

22 BORROWINGS

	2021 \$'000	2020 \$'000
Current		
Secured borrowings	2,000	2,000
Non-Current		
Secured borrowings	7,261	10,749
	9,261	12,749

The carrying amounts of borrowings approximate their fair values.

The group borrowings consist of two separate borrowings for a term of ten years:

- a) \$4,416,667 commencing 22 May 2017
- b) \$4,843,878 commencing 1 July 2019

The borrowings are subject to principal and interest payments for the first five years. The terms of the borrowings are subject to re-negotiation after five years, and may be cleared in full, refinanced, or otherwise re-negotiated with the bank.

The security details on borrowings are disclosed in Note 21.

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

23 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has leased various land under the crown lease agreements ranging from 60 to 99 years from the Government of Republic of Fiji.

Information about leases for which the Group is a lessee is presented below.

(a) The statement of financial position shows the following amounts relating to right-of-use assets:

	Land \$'000	Building \$'000	Equipment \$'000	Total \$'000
Balance as at 1 July 2020 (restated, note 29)	8,901	841	12	9,754
Additions	-	241	-	241
Disposal	-	(548)	(4)	(552)
Depreciation charge for the year	(102)	(184)	(8)	(294)
Balance as at 30 June 2021	<u>8,799</u>	<u>350</u>	<u>-</u>	<u>9,149</u>

(b) Lease liabilities included in the statement of financial position as at 30 June 2021 consist of:

	2021 \$'000	2020 \$'000
Current	139	303
Non-current	<u>2121</u>	<u>2,465</u>
Total lease liabilities at 30 June	<u>2,260</u>	<u>2,768</u>

(c) The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2021 \$'000	2020 \$'000
Depreciation charge of right-of-use assets	294	525
Interest expense (included in finance cost)	300	123

(d) Cash outflow for leases:

	2021 \$'000	2020 \$'000
Repayment of principal lease liabilities	193	219
Interest expense	<u>300</u>	<u>123</u>
Total	<u>493</u>	<u>342</u>

24 SHARE CAPITAL

	2021 \$'000	2020 \$'000
Issued and fully paid:		
150,000,000 ordinary shares	<u>6,000</u>	<u>6,000</u>

The company's capital comprises ordinary shares only and these carry the same rights, preferences and restrictions.

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

25	DIVIDENDS	2021	2020
		\$'000	\$'000
	Dividends declared (Dividend per share 2021: \$0.03/ 2020: \$0.02)	5,201	3,701
		<hr/>	<hr/>
26	EARNINGS PER SHARE	2021	2020
		\$'000	\$'000
	Profit after tax attributable to the owners of the Company	7,802	11,037
	Number of ordinary shares issued ('000)	150,000	150,000
	Basic and diluted earnings per share (cents)	5.20	7.36
		<hr/>	<hr/>
27	CONTINGENCIES AND COMMITMENTS	2021	2020
		\$'000	\$'000
	(a) Liabilities in respect of shipping documents surrendered where suppliers' account not yet credited:		
	Letters of credit	5,214	3,378
	(b) Guarantees or undertakings given by the banks on behalf of the Group:		
	Guarantees and bonds	689	703
	(c) Capital commitments		
	Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
	Property, plant and equipment	1,200	3,000
28	RELATED PARTIES		
	(a) Directors		
	The following were Directors of the Company at any time during the financial year and up to the date of this report:		
	- Hari Punja <small>Order of Fiji, OBE</small> – Chairman Emeritus		
	- Ram Bajekal - Chairman (<i>Appointed on 26th March 2021</i>)		
	- Sanjay Punja - Managing Director (<i>Appointed on 2nd December 2020</i>)		
	- Rohit Punja		
	- Gary Callaghan - <i>Resigned on 30th November 2020</i>		
	- Pramesh Sharma		
	- Jenny Seeto - <i>Appointed on 25th March 2021</i>		
	- Ajai Punja (Alternate Director to Sanjay Punja)		
	- Leena Punja (Alternate Director to Rohit Punja)		
	(b) Immediate and ultimate holding company		
	The immediate and penultimate holding company is Hari Punja and Sons Pte Limited (HPS). The ultimate holding company is Hari Punja Nominees Pte Limited.		

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

28 RELATED PARTIES (Cont'd)

(c) **Amounts owing by related companies**

	2021	2020
	\$'000	\$'000
Fellow subsidiaries	342	5
	342	5

The receivables from related parties arise mainly from sale transactions and are due within two months of sale. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2020: \$Nil).

	2021	2020
	\$'000	(Restated) \$'000
(d) Amounts owing to related companies		
Fellow subsidiaries	70	293
Other related entities	3,371	1,344
	3,441	1,637

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

(e) **Related party transactions**

Significant transactions during the year with related parties were as follows:

	2021	2020
	\$'000	(Restated) \$'000
Income		
- Sales to fellow subsidiaries	4	4
Expenses		
- Management fees to penultimate holding company	871	892
- Administrative expenses to penultimate holding company	21	21
- Purchase of consumables from fellow subsidiaries	3,283	3,660
- Purchases of raw materials, consumables and packing materials from other related entities	7,147	15,626
Dividends		
Dividend paid to penultimate holding company	3,232	2,170

The management fees are paid to HPS by the Holding Company and its subsidiaries in accordance with a management agreement the entities have with HPS. Sales, administration fees and purchase of consumables transactions are with the fellow subsidiaries of the Holding Company and its subsidiaries.

Dividends are paid to HPS by the Holding Company and its subsidiaries, namely Atlantic & Pacific Packaging Company Limited and the Rice Company of Fiji Limited.

During the year, interest-bearing advances were made within the Group.

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

28 RELATED PARTIES (Cont'd)

(f) **Key management personnel**

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

During the year the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Company were the Managing Director, Director - Sales and Marketing, the Group Chief Financial Officer (CFO) and the Group General Manager.

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

	2021	2020
	\$'000	\$'000
Salaries and other short term benefits	924	635

29 PRIOR PERIOD RESTATEMENTS

- (a) Amounts owing to a related entity of \$1.3Mn, which were previously disclosed under 'Trade payables' have been reclassified to 'Amounts owing to related companies' in accordance with the requirements of IAS8 p.42. Accordingly, trade payable and amounts owing to related companies are restated by the same amount.

Purchases of raw materials, consumables and packing materials from the said related party of \$7.1Mn (2020: \$15.6Mn) have been disclosed under 'Related party transactions' in the current financial period.

- (b) A freehold property amounting to \$6.6Mn, which was previously disclosed as leasehold property, has been transferred from 'Right-of-use assets' to 'Property, plant & equipment' during the year.

30 IMPACT OF COVID-19 PANDEMIC

The outbreak of the COVID-19 pandemic has resulted in heightened uncertainty globally across industry segments. There has been significant adverse financial and social impact in Fiji and globally caused by this pandemic. The changes in consumer behavior, buying patterns, increase in commodity prices, challenges in supply chain due to logistics delays, working environment & maintaining protocols arising due to COVID-19 pandemic pose some challenges for the businesses.

The Group has considered the possible effects that may result from this pandemic on the carrying amounts of financial assets, inventory, receivables, loans and advances, property plant and equipment etc as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group has considered internal and external sources of information. Group revenues have increased on the back of increased demand for the Group's staple food products. Revenues for products such as biscuits has decreased, but are expected to rebound as economic conditions normalise. Based on observed trends and current estimates, the Group does not expect any material impact on the carrying amount of these assets and liabilities.

FMF FOODS LIMITED AND SUBSIDIARIES

30 IMPACT OF COVID-19 PANDEMIC (Cont'd)

Continued volatility in the price and availability of raw materials on account of economic conditions, market demand, production levels and logistic challenges could affect the operational and financial performance of the Company. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of laying of these financial statements before the shareholders and the Group will continue to closely monitor any material changes to future economic conditions.

31 EVENTS SUBSEQUENT TO BALANCE DATE

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

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

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

32 REGISTERED OFFICE AND SHARE REGISTER

Registered Office
2 Leonidas Street

Share Register
Central Share Registry Pte Limited

Walu Bay
Suva
Republic of Fiji

South Pacific Stock Exchange
Shop 1 and 11
Sabrina Building
Victoria Parade, Suva.
Republic of Fiji

33 SEGMENT INFORMATION

(a) Secondary reporting – geographical segments

The Group operates in the geographical segments of Fiji and Papua New Guinea. The subsidiary in New Zealand was not operational during the year.

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

33 SEGMENT INFORMATION (Cont'd)

(b) **Primary reporting - business segments 2021**

	Food products \$'000	Packaging materials \$'000	Properties \$'000	Inter-segment elimination \$'000	Total \$'000
External sales	211,766	5,555	-	-	217,321
Intersegment sales	22,728	8,414		(31,142)	-
Sales	234,494	13,969	-	(31,142)	217,321
Other operating income	7,924	126	3,413	(10,695)	768
	<u>242,418</u>	<u>14,095</u>	<u>3,413</u>	<u>(41,837)</u>	<u>218,089</u>
Changes in inventories of finished goods and work in progress	(1,927)	204	-	-	(1,723)
Raw materials and consumables	(173,054)	(8,059)	-	31,263	(149,850)
Staff costs	(16,776)	(1,373)	-	-	(18,149)
Depreciation/ Amortisation	(9,783)	(1,217)	(750)	3,455	(8,295)
Created of impairment loss on trade receivables	(1,394)	(22)	-	547	(869)
Other operating expenses	(30,221)	(1,248)	(422)	3,241	(28,650)
Segment result before income tax and finance income/(costs)	9,263	2,380	2,241	(3,331)	10,553
Finance Income	1,757	131	362	(1,158)	1,092
Finance cost	(2,232)	(116)	(421)	1,724	(1,045)
Segment profit before tax	8,788	2,395	2,182	(2,765)	10,600
Income tax expense	(709)	(250)	(445)	-	(1,404)
Profit after tax for the year from continuing operations	<u>8,079</u>	<u>2,145</u>	<u>1,737</u>	<u>(2,765)</u>	<u>9,196</u>
Segment assets	200,471	15,031	34,936	(34,567)	215,871
Deferred income tax assets	843	24	-	-	867
Total assets	<u>201,314</u>	<u>15,055</u>	<u>34,936</u>	<u>(34,567)</u>	<u>216,738</u>
Segment liabilities	36,822	3,900	1,956	(17,431)	25,247
Deferred income tax liabilities	3,995	250	2,383	-	6,628
Borrowings	4,417	-	4,844	-	9,261
Bank overdraft	23,654	-	2,610	-	26,264
Total liabilities	<u>68,888</u>	<u>4,150</u>	<u>11,793</u>	<u>(17,431)</u>	<u>67,400</u>
Acquisition of property, plant and equipment	5,819	293	454	-	6,566
Depreciation expense	9,783	1,217	750	(3,455)	8,295
Net cash flows from operating activities	<u>30,932</u>	<u>3,013</u>	<u>2,077</u>	<u>(2,116)</u>	<u>33,906</u>

**NOTES TO AND FORMING PART OF
THE FINANCIAL STATEMENTS (cont'd)
FOR THE YEAR ENDED 30 JUNE 2021**

FMF FOODS LIMITED AND SUBSIDIARIES

33 SEGMENT INFORMATION (Cont'd)

(b) **Primary reporting - business segments 2020**

	Food products \$'000	Packaging materials \$'000	Properties \$'000	Inter- segment elimination \$'000	Total \$'000
External sales	199,424	5,461	-	-	204,885
Inter-segment sales	28,830	8,494		(37,324)	-
Sales	228,254	13,955	-	(37,324)	204,885
Other operating income	8,353	161	3,507	(11,240)	781
	<u>236,607</u>	<u>14,116</u>	<u>3,507</u>	<u>(48,564)</u>	<u>205,666</u>
Changes in inventories of finished goods and work in progress	646	(71)	-	-	575
Raw materials and consumables	(159,725)	(7,615)	-	37,511	(129,829)
Staff costs	(18,750)	(1,478)	-	-	(20,228)
Depreciation/ Amortisation	(10,546)	(1,173)	(574)	3,770	(8,523)
Created of impairment loss on trade receivables	(33,351)	(1,449)	(449)	3,786	(31,463)
Other operating expenses	(477)	1	-	-	(476)
Segment result before income tax and finance income/(costs)	14,404	2,331	2,484	(3,497)	15,722
Finance Income	1,609	30	230	(1,466)	403
Finance cost	(3,187)	(109)	(600)	2,230	(1,666)
Segment profit before tax	12,826	2,252	2,114	(2,733)	14,459
Income tax expense	(1,418)	(215)	(433)	-	(2,066)
Profit after tax for the year from continuing operations	<u>11,408</u>	<u>2,037</u>	<u>1,681</u>	<u>(2,733)</u>	<u>12,393</u>
Segment assets	213,950	12,914	34,164	(37,904)	223,124
Deferred income tax assets	607	36	-	-	643
Total assets	<u>214,557</u>	<u>12,950</u>	<u>34,164</u>	<u>(37,904)</u>	<u>223,767</u>
Segment liabilities	31,665	3,505	2,015	(20,469)	16,716
Deferred income tax liabilities	3,659	245	2,185	-	6,089
Borrowings	6,917	-	5,832	-	12,749
Bank overdraft	40,210	-	2,726	-	42,936
Total liabilities	<u>82,451</u>	<u>3,750</u>	<u>12,758</u>	<u>(20,469)</u>	<u>78,490</u>
Acquisition of property, plant and equipment	7,501	931	2,269	-	10,701
Depreciation expense	10,546	1,173	574	(3,770)	8,523
Net cash flows from operating activities	<u>1,872</u>	<u>4,288</u>	<u>2,161</u>	<u>(1,984)</u>	<u>6,337</u>

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

(a) Schedule of each class of equity security in compliance with listing requirements under 51.2 (v):

NAME	Number of Shares	%
HARI PUNJA & SONS PTE LIMITED	106,124,847	70.75
FIJI NATIONAL PROVIDENT FUND BOARD	6,675,157	4.45
BSP LIFE (FIJI) LIMITED	5,669,597	3.78
UNIT TRUST OF FIJI (TRUSTEE COMPANY) LTD	5,187,006	3.46
FHL TRUSTEES LTD ATF FIJIAN HOLDINGS UNIT TRUST	2,976,355	1.98
GARY CALLAGHAN	1,700,225	1.13
CARLISLE (FIJI) LIMITED	1,487,240	0.99
FIJIAN HOLDINGS LTD	1,298,200	0.87
JITENDRA KUMAR M NARSEY	1,090,450	0.73
HARIGANGA RATANJI	707,775	0.47
VENILAL MAGANLAL NARSEY	675,950	0.45
BECHARBHAI HOLDINGS LTD	499,950	0.33
JITENDRA THAKORLAL NARSEY	388,437	0.26
KANTI LAL PUNJA	375,000	0.25
HARI KRISHNA NARSEY	369,937	0.25
INDRAVADAN NARSEY	369,937	0.25
BIPIN CHANDRA	318,700	0.21
LAKSHMIKANT DHARAMSI SAMPAT	300,000	0.20
SHANTILAL PATEL	279,900	0.19
SURESH CHANDRA	274,950	0.18
VIJAY KUMAR	274,950	0.18
VIJAYKUMAR PATEL	274,950	0.18

(b) Schedule of each class of equity security in compliance with listing requirements under 51.2 (vi):

Distribution of ordinary shareholders:

No. of Shareholders	Shareholding	Total % Holding
28	0 to 500 shares	0.01
111	501 to 5,000 shares	0.25
67	5,001 to 10,000 shares	0.38
72	10,001 to 20,000 shares	0.77
40	20,001 to 30,000 shares	0.67
17	30,001 to 40,000 shares	0.43
22	40,001 to 50,000 shares	0.72
33	50,001 to 100,000 shares	1.82
44	100,001 to 1,000,000 shares	6.82
9	Over 1,000,000 shares	88.13
443	Total	100.00

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

(c) Composition of Board and Committee Members and Attendance during the year under 51.2 (vii/viii)

Name of Director	Number of Meetings Held	Number of	Apologies
Mr. Hari Punja (Chairman Emeritus <i>w.e.f 25th March 2021</i>)	3	1	2
Mr. Ram Bajekal (Chairman <i>w.e.f 26th March 2021</i>)	4	4	N/A
Mr. Sanjay Punja - Managing Director (<i>Appointed on 2nd December 2020</i>)	3	3	N/A
Mr. Rohit Punja	4	3	1
Mr. Gary Callaghan (Independent Director) - <i>Resigned on 30th November 20</i>	1	1	N/A
Mr. Pramesh Sharma (Independent Director)	4	4	N/A
Mr. Jenny Seeto (Independent Director) - <i>Appointed on 25th March 2021</i>	2	2	N/A
Ajai Punja (Alternate Director to Sanjay Punja)	1	-	1
Leena Punja (Alternate Director to Rohit Punja)	4	4	N/A
Audit & Finance Sub-Committee			
Ms. Jenny Seeto (Chairperson)- <i>Appointed on 25th March 2021</i>	-	-	N/A
Mr. Gary Callaghan- <i>Resigned on 30th December 2020</i>	1	1	N/A
Mr. Rohit Punja	3	2	N/A
Mr. Ram Bajekal	3	3	N/A

(d) Disclosure under section 51.2 (x):

Subsidiaries information:		
Names of the subsidiaries dealing in food products	1	Biscuit Company of (Fiji) Pte Limited
	2	Pea Industries Pte Limited
	3	DHF Pte Limited
	4	FMF Snax Pte Limited
	5	The Rice Company of Fiji Limited
	6	Bakery Company (Fiji) Pte Limited
	7	London Petfood Company Pte Limited
	8	FMF Foods New Zealand Limited
	9	FMF Foods (PNG) Limited
Name of the subsidiary dealing in packaging materials	10	Atlantic & Pacific Packaging Company Limited
Name of the subsidiary having property investments	11	FMF Investment Company Pte Limited
Principal country of operation	1 - 7, 10 - 11	Republic of Fiji
	8	New Zealand
	9	Papua New Guinea
Country of incorporation	1 - 7, 10 - 11	Republic of Fiji
	8	New Zealand
	9	Papua New Guinea

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

(d) Disclosure under section 51.2 (x) (Cont'd):

	Food products \$'000	Packaging materials \$'000	Properties \$'000
Turnover	125,013	13,969	-
Other income	<u>1,729</u>	<u>257</u>	<u>3,775</u>
	<u>126,742</u>	<u>14,226</u>	<u>3,775</u>
Depreciation	(3,605)	(1,217)	(750)
Interest expense	(1,148)	(116)	(421)
Other expenses	<u>(116,518)</u>	<u>(10,498)</u>	<u>(422)</u>
Profit before tax	5,471	2,395	2,182
Income tax expense	<u>(599)</u>	<u>(250)</u>	<u>(445)</u>
Net profit after tax	<u>4,872</u>	<u>2,145</u>	<u>1,737</u>
Total assets	<u>96,250</u>	<u>15,055</u>	<u>34,936</u>
Total liabilities	<u>42,112</u>	<u>4,150</u>	<u>11,793</u>
Shareholders' equity	<u>54,138</u>	<u>10,905</u>	<u>23,143</u>

(e) Disclosure under Section 51.2 (xiv):

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

	2021	2020	2019	2018	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net Profit after Tax	9,196	12,393	6,826	8,490	16,893	17,586
Current Assets	124,282	129,076	114,505	95,056	106,712	107,490
Non - Current Assets	92,456	94,691	92,088	85,131	84,077	70,907
Total Assets	216,738	223,767	206,593	180,187	190,789	178,397
Current Liabilities	51,390	59,187	57,734	33,156	45,898	52,378
Non -Current Liabilities	16,010	19,303	12,268	13,022	16,119	11,181
Total Liabilities	67,400	78,490	70,002	46,178	62,017	63,559
Shareholders' Equity	149,338	145,277	136,591	134,009	128,772	114,838

(f) Disclosure under Section 51.2 (xv) (a):

Dividend declared per share:

	2021	2020	2019	2018	2017	2016
Cents per share	3.00	2.00	2.00	1.73	1.40	1.20

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

(g) Disclosure under Section 51.2 (xv) (b):

Group earnings per share:

	2021	2020	2019	2018	2017	2016
Cents per share	5.20	7.36	3.53	4.97	10.45	11.30

(h) Disclosure under Section 51.2 (xv) (c):

Group net tangible assets per share:

	2021	2020	2019	2018	2017	2016
Cents per share	99.56	96.85	91.06	89.34	85.85	76.56

(i) Disclosure under Section 51.2 (xv) (d):

Share price during the year	2021	2020
	\$	\$
Highest	2.12	2.19
Lowest	2.09	1.90
On 30th June	2.09	2.11