

THE RICE COMPANY OF FIJI LIMITED

**ANNUAL REPORT
2011**

THE RICE COMPANY OF FIJI LIMITED

| CONTENTS | PAGE |
|---|---------|
| Directors and Advisors | A |
| Notice of the Annual General Meeting | B |
| Chairman's Report | C |
| Corporate Governance | D - E |
| Directors' Report | 2 - 4 |
| Statement by Directors | 5 |
| Independent Audit Report | 6 - 7 |
| Statement of Comprehensive Income | 8 |
| Statement of Changes in Equity | 9 |
| Statement of Financial Position | 10 |
| Statement of Cash flow | 11 |
| Notes to the Financial Statements | 12 - 25 |
| South Pacific Stock Exchange listing requirements | 26-27 |
| Minutes of the previous AGM | 28 - 29 |
| Proxy Form | 30 |

DIRECTORS AND ADVISORS

DIRECTORS

Mr. Hari Punja OF, OBE, JP - Chairman
Mr. Ajai Punja
Mr. Gary Callaghan

GROUP CHIEF EXECUTIVE OFFICER

Mr. Ram Bajekal

GROUP CFO & COMPANY SECRETARY

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

AUDITORS

M/S G.Lal + Co.,
Chartered Accountants,
Suva.

SOLICITORS

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

BANKERS

Australia and New Zealand Banking Group Limited
Suva.

REGISTERED OFFICE

Lot 2, Leonidas Street,
Walu Bay, Suva.

Telephone: 330 1188 Fax : 3300 944
Email : kumars@ fmf.com.fj

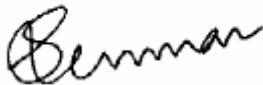
NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth General Meeting of the members of The Rice Company of Fiji Limited will be held at 3.30 p.m. on Friday , the **28th October 2011** , in the Training room at Atlantic & Pacific Packaging Company Limited, Leonidas Street, Walu Bay , Suva to transact the following business :

Business

1. Confirmation of the minutes of the previous Annual General Meeting held on 22nd October 2010 .
2. Matters arising from the minutes.
3. To receive and adopt the Audited Balance Sheets and Profit and Loss Statements and the reports of the Directors and Auditors for the year ended 30th June 2011.
4. To elect , in accordance with Article 99 of the Articles of Association of the company , Mr. Hari Punja as a Director of the company . He retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a fee to be negotiated by the Directors .The retiring Auditors M/s. G.Lal + Co., Chartered Accountants, being eligible , offer themselves for appointment.
6. Any other business brought up in conformity with the Articles of Association of the company .

By order of the Board of Directors,



Kumar Shankar
Group CFO &
Company Secretary

Dated : 28th September 2011 .
Suva , Fiji .

THE RICE COMPANY OF FIJI LIMITED

CHAIRMAN'S REPORT

Page C

Dear Shareholders,

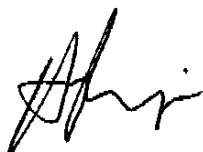
Last financial year 2009-10, I had reported subdued revenue and after tax profit when compared with earlier years. This was primarily due to the change we had to make to our business model, from rice processing to predominantly trading, as a consequence of removal of import duty on white rice in the second half of 2009. I am pleased to inform you that your Company has adjusted well to this change, as demonstrated by our operating results for the year. During 2010-11 our sales revenue grew from \$8,965,063 to \$12,296,702 an increase of 37% and profit after tax from \$469,631 to \$985,318. This improved result has been possible through the quick adaptation to the new business model by our management and staff.

Effective this year, the Company enjoys a lower tax rate of 20% compared to 28% for unlisted companies. This tax concession is part of the Government's effort to encourage investment and listing of companies on the South Pacific Stock Exchange.

In November 2010, the Fiji Commerce Commission took over the role of Prices and Incomes Board. Most rice varieties are still within the purview of price determination by the Commerce Commission.

Outlook

International price of rice has inched up since May 2011 and is today trading at levels 15-18% higher than last year. The importation of white rice is a competitive business with relatively low margins, but your Company hopes to consolidate its market position during 2011-12 with increased volumes.



Hari Punja OF, OBE, JP
Chairman
28th September 2011

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

This is the second year of reporting on Corporate Governance and as such RCF has reviewed its existing policies and has codified new policies in line with its goal to improve the standard of corporate governance on a continuous basis .

Role of the Board

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

The Board

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

As at the Balance date , the Directors in Office were Messrs Hari Punja (Chairman), Gary Callaghan and Ajai Punja .

Meetings of the Board

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

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

| Director | Number of meetings entitled to attend | Number of meetings attended | Apologies Received |
|---------------------------|--|------------------------------------|---------------------------|
| Mr. Hari Punja | 3 | 3 | NA |
| Mr. Gary Callaghan | 3 | 3 | NA |
| Mr. Ajai Punja | 3 | 3 | NA |

The Board met 3 times during the year under review .

Sub-committees of the Board

The Board has formally constituted two sub-committees ; viz

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

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

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

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

Though the sub-committee did not have any meeting during the financial year under review, the executive management took decisions in consultation with the members of the sub-committee , where necessary .

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

The Share Transfer Committee is responsible for approval of share transfers between the shareholders of the company . Since there were no share transfers , the Share transfer committee did not meet during the year under review .

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

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

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 30 June 2011, the related statement of comprehensive income, statement of changes in equity and statement of cash flow and notes to the financial statements for the year then ended on that date and report as follows:

Directors

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

Hari Punja OF, OBE, JP – Chairman
Ajai Punja
Gary Callaghan

Principal Activities

The principal activity of the company during the year was that of importing bulk rice as a finished good, cleaning, repacking and selling in different pack sizes.

There was no significant change in the nature of this activity during the financial year.

Results

The profit after income tax for the year was \$985,318 (2010: \$469,631).

Dividends

Dividends of \$450,000 (2010: \$450,000) was declared and paid during the financial year.

Reserves

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

Bad and Doubtful Debts

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

As 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 allowance for doubtful debts in the company, inadequate to any substantial extent.

Non Current Assets

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

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

DIRECTORS' REPORT [CONT'D]**Unusual Transactions**

In the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the company in the current financial year.

Significant events during the year

Commerce (Price Control) (Percentage Control of Prices for Food Items) (No. 1) Order, 2010 came into effect from 27 September 2010. This Price Control Order gives authority to the Fiji Commerce Commission to provide maximum retail prices and maximum wholesale prices for the rice products. Such price determination has an impact on gross margins and profitability of the company.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Other Circumstances

As at the date of this report:

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

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

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in the financial statements) by reason of a contract made by the company or by a related company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT [CONT'D]

Directors' Interests

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

| | Beneficially | | Non-Beneficially | |
|----------------|--------------|---------|------------------|-----------|
| | Additions | Holding | Additions | Holding |
| Hari Punja | - | - | - | 4,691,800 |
| Ajai Punja | - | - | - | 4,691,800 |
| Gary Callaghan | - | 12,500 | - | 4,691,800 |

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

Dated this 28th day of September 2011.



.....
Ajai Punja - Director



.....
Gary Callaghan - Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the board of directors of The Rice Company of Fiji Limited, we state that in the opinion of the directors:

- [i] the accompanying statement of comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 30 June 2011;
- [ii] the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 30 June 2011;
- [iii] the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 30 June 2011;
- [iv] the accompanying statement of cash flow of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 30 June 2011;
- [v] at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due;
- [vi] all related party transactions have been adequately recorded in the books of the company; and
- [vii] the financial statements have been properly prepared in accordance with International Financial Reporting Standards.

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

Dated this 28th day of September 2011.



.....
Ajai Punja - Director



.....
Gary Callaghan - Director

INDEPENDENT AUDITORS' REPORT

To the members of The Rice Company of Fiji Limited

Report on the Financial Statements

Page 6

We have audited the accompanying financial statements of The Rice Company of Fiji Limited, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 8 to 25.

Director's and Management's Responsibility for the Financial Statements

Directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 1983. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT [CONT'D]

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

Opinion

Page 7

In our opinion:

- (a) proper books of account have been kept by the company, so far as it appears from our examination of those books; and
- (b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:
 - i) are in agreement with the books of account;
 - ii) to the best of our information and according to the explanations given to us:
 - (a) give a true and fair view of the state of affairs of the company as at 30 June 2011 and of the results, cash flows and changes in shareholders' equity of the company for the year ended on that date; and
 - (b) give the information required by the Companies Act, 1983 in the manner so required.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

SUVA, FIJI
28 SEPTEMBER 2011


CHARTERED ACCOUNTANTS

**THE RICE COMPANY OF FIJI LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

Page 8

| | <u>Notes</u> | <u>2011</u> | <u>2010</u> |
|--|--------------|--------------------------|-----------------------|
| Revenue | 6 | \$ 12,296,702 | 8,965,063 |
| Cost of sales | | <u>(11,086,263)</u> | <u>(8,296,018)</u> |
| Gross profit | | 1,210,439 | 669,045 |
| Other income | 7 | <u>411,482</u> | <u>265,849</u> |
| | | 1,621,921 | 934,894 |
| Administration and operating expenses | | (260,921) | (220,341) |
| Selling and marketing expenses | | (68,743) | (32,524) |
| Finance costs | 8 | <u>(30,001)</u> | <u>(15,245)</u> |
| Profit before income tax | 9 | 1,262,256 | 666,784 |
| Income tax expense | 11 | <u>(276,938)</u> | <u>(197,153)</u> |
| Profit for the year | | 985,318 | 469,631 |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | \$ <u>985,318</u> | <u>469,631</u> |
| Earnings per share: | | | |
| Basic & diluted | 10 | <u>16.42 cents</u> | <u>7.83 cents</u> |

The accompanying notes form an integral part of this statement of comprehensive income.

**THE RICE COMPANY OF FIJI LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

Page 9

| | Issued Capital | Retained Earnings | Total |
|---|---------------------------|------------------------------|------------------|
| | \$ | \$ | \$ |
| Balance as at 30 June 2009 | 3,000,000 | 3,079,792 | 6,079,792 |
| Dividends declared (Note 17) | - | (450,000) | (450,000) |
| Profit for the year ended 30 June 2010 | - | 469,631 | 469,631 |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | 469,631 | 469,631 |
| Balance as at 30 June 2010 | 3,000,000 | 3,099,423 | 6,099,423 |
| Dividends declared and paid (Note 17) | - | (450,000) | (450,000) |
| Profit for the year ended 30 June 2011 | - | 985,318 | 985,318 |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive income for the year | - | 985,318 | 985,318 |
| Balance as at 30 June 2011 | 3,000,000 | 3,634,741 | 6,634,741 |

The accompanying notes form an integral part of this statement of changes in equity.

THE RICE COMPANY OF FIJI LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

Page 10

| | <u>Notes</u> | <u>2011</u> | <u>2010</u> |
|--------------------------------------|--------------|---------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and bank balances | | \$ 3,574,723 | 4,389,948 |
| Trade and other receivables | 12 | 1,507,286 | 728,051 |
| Inventories | 13 | 2,230,620 | 2,445,313 |
| Total current assets | | 7,312,629 | 7,563,312 |
| NON-CURRENT ASSETS | | | |
| Deferred tax asset | 11 | 17,782 | 85,702 |
| Total non-current assets | | 17,782 | 85,702 |
| TOTAL ASSETS | | 7,330,411 | 7,649,014 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 537,776 | 1,438,854 |
| Current tax liability | 11 | 155,240 | 110,737 |
| Total current liabilities | | 693,016 | 1,549,591 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liability | 11 | 2,654 | - |
| Total non-current liabilities | | 2,654 | - |
| TOTAL LIABILITIES | | 695,670 | 1,549,591 |
| NET ASSETS | | 6,634,741 | 6,099,423 |
| SHAREHOLDERS' EQUITY | | | |
| Issued capital | 16 | 3,000,000 | 3,000,000 |
| Retained earnings | | 3,634,741 | 3,099,423 |
| TOTAL SHAREHOLDERS' EQUITY | | \$ 6,634,741 | 6,099,423 |

The accompanying notes form an integral part of this statement of financial position.

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



.....
Ajai Punja - Director



.....
Gary Callaghan - Director

THE RICE COMPANY OF FIJI LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2011

Page 11

| | 2011 | 2010 |
|---|--------------------------------|--------------------------------|
| | Inflows/ (Outflows) | Inflows/ (Outflows) |
| Cash flows from operating activities | | |
| Receipts from customers | \$ 11,710,910 | 10,241,208 |
| Payments to suppliers | (11,591,430) | (8,197,443) |
| Cash generated from operations | 119,480 | 2,043,765 |
| Interest paid | (30,001) | (15,245) |
| Income tax paid | (161,862) | (60,000) |
| Net cash provided by / (used in) operating activities | (72,383) | 1,968,520 |
| Cash flows from investing activities | | |
| Advance given to holding company (Note 20(d)) | (4,100,000) | (2,580,000) |
| Advance given to Biscuit Company of Fiji Ltd (Note 20(d)) | (500,000) | (2,000,000) |
| Advance to holding company repaid | 4,100,000 | 4,915,000 |
| Advance to Biscuit Company of Fiji Ltd repaid | 500,000 | 2,000,000 |
| Interest received | 149,705 | 109,342 |
| Net cash provided by investing activities | 149,705 | 2,444,342 |
| Cash flows from financing activities | | |
| Payment of dividends | (892,547) | (2,420) |
| Net cash provided by/(used in) financing activities | (892,547) | (2,420) |
| Net increase / (decrease) in cash and cash equivalents | (815,225) | 4,410,442 |
| Cash and cash equivalents at the beginning of the year | 4,389,948 | (20,494) |
| Cash and cash equivalents at the end of the year (Note 15) | \$ 3,574,723 | 4,389,948 |

The accompanying notes form an integral part of this statement of cash flow.

NOTE 1. GENERAL INFORMATION

The Rice Company of Fiji Limited (the company) is a limited liability company incorporated and domiciled in Fiji. The address of its registered office and principal place of business is disclosed in Note 24 to the financial statements and the company is listed on the South Pacific Stock Exchange.

The principal activity of the company during the year was that of importing bulk rice as a finished good and repacking and selling in different pack sizes.

NOTE 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Amendments issued but not yet effective

The following amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2011 or later periods, and the company has not adopted them for the period in review. No significant impact is expected to arise out of these standards and amendments.

- IAS 24 (Amendment), Related Party Transactions (effective from 1 January 2011).
- IFRS 9 (Amendment), Financial Instruments – Classification and Measurement (effective from 1 January 2013).

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Statement of Compliance

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards (“IFRS”).

(b) Basis of preparation

The financial statements have been prepared on the basis of historical cost convention, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

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

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of preparation (Cont'd)

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 4.

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

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(c) Cash and cash equivalents

For the purpose of statement of cash flow, cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within interest bearing borrowings in current liabilities in the statement of financial position.

(d) Comparatives

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

(e) Dividends distribution

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

(f) 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 company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

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

(g) Financial assets

Financial assets are recognised and initially measured at fair value, plus transaction costs. Financial assets are classified into the following specific category:

Loans and advances

Loans and advances are recognised at recoverable amount, after assessing required provisions for impairment.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Foreign currency transactions

Functional and presentation currency

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

Transactions and balances

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.

(i) Income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position 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 provided in full, 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 either 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 statement of financial position 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 asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited outside profit or loss (whether in other comprehensive income or directly in equity), in which case the deferred tax is also recognised outside profit or loss, or where it arises from the initial accounting for a business combination, in which case tax effect is included in the accounting for the business combination.

(j) Inventories

Inventories comprising of packaging materials, finished goods, spare parts and goods in transit are valued at the lower of cost and net realizable values. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Allowances for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete or unsaleable are provided for in the year in which they are identified.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Issued 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.

(l) Provisions

Provisions are recognised when the company 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(m) Revenue recognition

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

Revenue from the sale of products is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods.

Interest income is recognised on a time-proportion basis using the effective interest method.

Freight recovery is recognised when the company has rendered the services.

(n) Trade and other payables

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

(o) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Trade receivables (cont'd)

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within administration and operating expenses.

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

(p) Value Added Tax

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

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

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

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual level. All debtors in the 90+ days category are considered impaired and provided for on a specific basis.

(b) Deferred tax assets

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

NOTE 5. FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by management under policies approved by the board of directors. The management identifies and evaluates financial risks in close co-operation with the company's operating units. The board provides policies for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

i) Foreign exchange risk

The company undertakes transactions denominated in foreign currencies: consequently, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amount of the company's foreign currency denominated monetary liabilities at the end of reporting period are as follow:

| | Liabilities | |
|-------------------|--------------------|--------------|
| | 2011 | 2010 |
| | (F\$) | (F\$) |
| US Dollar | 311,665 | 913,749 |
| Australian Dollar | 67,787 | - |

ii) Foreign currency sensitivity analysis

The company is mainly exposed to the currency of USA and Australia.

The following table details the company's sensitivity to a 10% increase and decrease in Fiji dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. If the FJD strengthen/weaken by 10% against the USD and AUD with all other variables held constant, pre- tax profit impact is as follows:

| | USD Currency Impact | | AUD Currency Impact | |
|----------------|----------------------------|--------------|----------------------------|--------------|
| | 2011 | 2010 | 2011 | 2010 |
| | (F\$) | (F\$) | (F\$) | (F\$) |
| Profit or loss | | | | |
| - Weaken | (34,629) | (101,528) | (7,532) | - |
| - Strengthen | 28,333 | 83,068 | 6,162 | - |

NOTE 5. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

iii) Price risk

The company does not have investments in equity securities and hence is not exposed to equity securities price risk.

iv) Regulatory risk

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

v) Cash flow and fair value interest rate risk

Except for on-call short term advances to related entities, the company has no significant interest-bearing assets. As such the company's income and operating cash flows are substantially independent of changes in market interest rates.

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

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the company's present obligations.

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

NOTE 6. REVENUE

| | <u>2011</u> | <u>2010</u> |
|--------------------------------|----------------------|------------------|
| Rice | \$ 12,764,620 | 9,193,150 |
| Rice offals | 17,040 | 100,369 |
| | <u>12,781,660</u> | <u>9,293,519</u> |
| Deduct : discounts and rebates | (484,958) | (328,456) |
| Net sales | <u>\$ 12,296,702</u> | <u>8,965,063</u> |

| NOTE 7. OTHER INCOME | 2011 | 2010 |
|--|---------|---------|
| Exchange gain - realised | \$ - | 57,877 |
| Exchange gain - unrealised | 13,271 | - |
| Freight recovery | 67,759 | 72,013 |
| Interest income | 99,356 | 109,342 |
| Reversal of allowance for doubtful debts | 205,182 | - |
| Sundry income | 25,914 | 26,617 |
| | 411,482 | 265,849 |

NOTE 8. FINANCE COSTS

| | | |
|---------------------|--------|--------|
| Interest expense | 30,001 | 15,245 |
| Total finance costs | 30,001 | 15,245 |

The interest expense is charged on bank overdraft. The bank overdraft and trade facilities from Australia and New Zealand Banking Group Limited are secured by:

- (i) First Registered Mortgage Debenture over all assets of the company including uncalled and unpaid capital.
- (ii) Registered Mortgage over certain properties owned by the holding company and certain related entities.
- (iii) Cross Guarantee between Flour Mills of Fiji Limited, The Rice Company of Fiji Limited, FMF Investment Company Limited, Pea Industries Fiji Limited, Biscuit Company of (Fiji) Limited, DHF Limited, Atlantic & Pacific Packaging Company Limited, FMF Snax Limited and FMF Confectionary Limited.

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

NOTE 9. PROFIT BEFORE INCOME TAX

Profit before income tax has been determined after charging the following expenses:

| | | |
|-----------------------------|------------|--------|
| Auditors' remuneration for: | | |
| - Audit fees | 8,000 | 8,000 |
| - Other services | 3,382 | 3,500 |
| Doubtful debts | - | 71,047 |
| Exchange loss - realised | 62,340 | - |
| Finance costs | 30,001 | 15,245 |
| Management fees | \$ 123,258 | 82,294 |

NOTE 10. EARNINGS PER SHARE

| | <u>2011</u> | <u>2010</u> |
|---|--------------------|-------------------|
| Basic and Diluted Earnings Per Share | | |
| Net profit for the year | \$ 985,318 | 469,631 |
| Weighted average number of ordinary shares outstanding | 6,000,000 | 6,000,000 |
| Basic and diluted earnings per share (par value \$0.50) | <u>16.42 cents</u> | <u>7.83 cents</u> |

NOTE 11. INCOME TAX

a) Income tax expense

The prima facie tax expense on profit is reconciled as follows:

| | | |
|--|------------------|----------------|
| Profit before income tax | <u>1,262,256</u> | <u>666,784</u> |
| Prima facie tax thereon at 20% (2010: 29%) | 252,452 | 193,367 |
| Tax effect of: | | |
| Effect on deferred tax balances due to the change in income tax rate from 28% to 20% (2010: 29% to 28%) | 24,486 | 3,061 |
| Under provision of income tax in prior year | - | 725 |
| Income tax expense attributable to profit | <u>276,938</u> | <u>197,153</u> |
| Income tax expense comprises movements in: | | |
| Current tax liability | 206,365 | 181,861 |
| Deferred tax asset | 67,919 | 15,292 |
| Deferred tax liability | <u>2,654</u> | <u>-</u> |
| | <u>276,938</u> | <u>197,153</u> |

b) Current tax liability

Movements during the year were as follows:

| | | |
|---|----------------|----------------|
| Balance at the beginning of the year | 110,737 | (11,124) |
| Income tax paid | (161,862) | (60,000) |
| Income tax liability for the current year | <u>206,365</u> | <u>181,861</u> |
| Balance at the end of the year | <u>155,240</u> | <u>110,737</u> |

c) Deferred tax asset

Deferred tax asset comprises the estimated future benefit at future income tax rate of the following items:

| | | |
|------------------------------|------------------|---------------|
| Allowance for doubtful debts | 17,782 | 82,347 |
| Exchange loss - unrealised | - | 3,355 |
| Total deferred tax asset | <u>\$ 17,782</u> | <u>85,702</u> |

NOTE 11. INCOME TAX (CONT'D) 2011 2010

d) **Deferred tax liability**

Provision for deferred tax liability comprises the estimated expense at future income tax rates of the following item:

| | | |
|------------------------------|--------------|----------|
| Exchange gain - unrealised | \$ 2,654 | - |
| Total deferred tax liability | <u>2,654</u> | <u>-</u> |

The company is listed on South Pacific Stock Exchange, and has over 40% of resident shareholders. Accordingly, the company is entitled to concessional income tax rate of 20% for at least 3 years in accordance with the provisions of the Income Tax Act.

NOTE 12. **TRADE AND OTHER RECEIVABLES**

| | | |
|---|------------------|------------------|
| Trade receivables | 1,540,240 | 948,795 |
| Less: allowance for doubtful debts | <u>(77,288)</u> | <u>(238,151)</u> |
| | 1,462,952 | 710,644 |
| Other receivables and advances | 30,869 | 55,945 |
| Less: allowance for doubtful debts | <u>(11,626)</u> | <u>(55,945)</u> |
| | 19,243 | - |
| Prepayments | 3,910 | 2,500 |
| VAT receivables | <u>21,181</u> | <u>14,907</u> |
| Total trade and other receivables - net | <u>1,507,286</u> | <u>728,051</u> |

Ageing of past due but not impaired:

| | | |
|--------------|----------------|----------------|
| 30 - 60 days | 422,592 | 100,862 |
| 60 - 90 days | 7,047 | 16,728 |
| Over 90 days | <u>802</u> | <u>8,028</u> |
| Total | <u>430,441</u> | <u>125,618</u> |

Movement in the allowance for doubtful debts:

| | | |
|---|------------------|----------------|
| Opening balance | 294,096 | 223,049 |
| Impairment losses recognised on receivables | - | 71,047 |
| Reversal of allowance for doubtful debts | <u>(205,182)</u> | <u>-</u> |
| Closing balance | <u>\$ 88,914</u> | <u>294,096</u> |

NOTE 13. INVENTORIES

| | <u>2011</u> | <u>2010</u> |
|-------------------------------|------------------|------------------|
| Finished goods – at cost | \$ 568,070 | 829,364 |
| Packaging materials – at cost | 205,195 | 147,799 |
| Goods in transit | 1,456,131 | 1,468,150 |
| Spare parts | 1,224 | - |
| | <u>2,230,620</u> | <u>2,445,313</u> |
| Total inventories - at cost | <u>2,230,620</u> | <u>2,445,313</u> |

NOTE 14. TRADE AND OTHER PAYABLES

| | | |
|-------------------------------------|----------------|------------------|
| Trade payables (a) | 316,226 | 863,303 |
| Accrued expenses and other payables | 141,023 | 102,826 |
| Dividend payable | 30,178 | 472,725 |
| Payable to related entities (b) | 50,349 | - |
| | <u>537,776</u> | <u>1,438,854</u> |
| Total trade and other payables | <u>537,776</u> | <u>1,438,854</u> |

(a) Trade payables to related entities amounted to \$23,557 (2010: \$Nil)

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

(b) Payables to related entities include payable to Flour Mills of Fiji Limited amounting to \$48,226 and the Biscuit Company of Fiji Limited amounting to \$2,123.

NOTE 15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following in the statement of financial position:

| | | |
|---------------------------------|------------------|------------------|
| Cash at bank | <u>3,574,723</u> | <u>4,389,948</u> |
| Total cash and cash equivalents | <u>3,574,723</u> | <u>4,389,948</u> |

NOTE 16. ISSUED CAPITAL

| | | |
|--|------------------|------------------|
| Authorised capital 6,000,000 ordinary shares of \$0.50 each | <u>3,000,000</u> | <u>3,000,000</u> |
| Issued and paid up capital 6,000,000 ordinary shares of \$0.50 each | <u>3,000,000</u> | <u>3,000,000</u> |

NOTE 17. DIVIDENDS

| | | |
|---------------------|-------------------|-------------------|
| Interim dividend | <u>\$ 450,000</u> | <u>450,000</u> |
| Dividends per share | <u>7.50 cents</u> | <u>7.50 cents</u> |

NOTE 18. COMMITMENTS

- (a) Capital expenditure commitments as at 30 June 2011 were \$Nil (2010: \$Nil).
 (b) Management fees

Management fee is payable to a related company, Flour Mills of Fiji Limited. The management fees is payable at 1% of net sales, pursuant to Management Agreement.

NOTE 19. CONTINGENT LIABILITIES

| | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|
| Contingent liabilities exist with respect to letters of credit | \$ 976,692 | 291,277 |

NOTE 20. RELATED PARTY TRANSACTIONS

- (a) Holding Company and Ultimate Holding Company

The holding company is Flour Mills of Fiji Limited, a company incorporated in Fiji. The holding company is listed on the South Pacific Stock Exchange.

The ultimate holding company is Hari Punja Nominees Limited.

- (b) Directors

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

Hari Punja OF, OBE, JP - Chairman
 Ajai Punja
 Gary Callaghan

- (c) Trading transactions with Related Parties

Transactions with related parties during the year ended 30 June 2011 with transaction values are summarized as follows:

| Name | Relationship | Nature of Transaction | 2011 (\$) | 2010 (\$) |
|--|---------------------|------------------------------|----------------------|----------------------|
| Flour Mills of Fiji Ltd | Holding company | Interest income | 97,233 | 61,430 |
| | | Milling charges | - | 35,806 |
| | | Advertising expense | - | 4,297 |
| | | Management fees | 123,258 | 60,811 |
| Flour Mills of Fiji Ltd Insurance Division | Holding company | Insurance expense | 25,281 | 23,114 |
| Biscuit Company of Fiji Ltd | Related company | Interest income | 2,123 | 47,912 |
| Atlantic & Pacific Packaging Company Ltd | Related company | Purchase of cartons | 85,992 | 39,219 |
| Hari Punja & Sons Ltd | Related company | Management fees | - | 21,483 |
| | | Sales | 694 | - |
| | | | <u>694</u> | <u>-</u> |

All transactions with related parties are conducted on commercial terms and conditions.

NOTE 20. RELATED PARTY TRANSACTIONS (CONT'D)

(d) Advance to related parties

During the year, on call advance of \$4,100,000 was given by the company to the holding company Flour Mills of Fiji Limited, subject to interest at the rate of 2.50% for the period from July 2010 to June 2011. The advance was fully repaid by Flour Mills of Fiji Limited on 29 June 2011.

Also, during the year, the company had given an on call advance of \$500,000 to a related company Biscuit Company of Fiji Limited, subject to interest at the rate of 2.50% for the period from August to October 2010. The advance was fully repaid by Biscuit Company of Fiji Limited on 26 October 2010.

(e) 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 financial year, no compensation was paid to key management personnel.

Management services were provided by Flour Mills of Fiji Ltd (refer note 20 (c)).

(f) Amounts receivable from / (payable to) related parties

Appropriate disclosures of these amounts are contained in the respective notes to the financial statements.

NOTE 21. SIGNIFICANT EVENTS DURING THE YEAR

Commerce (Price Control) (Percentage Control of Prices for Food Items) (No. 1) Order, 2010 came into effect from 27 September 2010. This Price Control Order gives authority to the Fiji Commerce Commission to provide maximum retail prices and maximum wholesale prices for the rice products. Such price determination has an impact on gross margins and profitability of the company.

NOTE 22. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTE 23. PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of importing bulk rice as a finished goods, cleaning, repacking and selling in different pack sizes.

There was no significant change in the nature of this activity during the financial year.

NOTE 24. COMPANY DETAILS

Company Incorporation

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

Registered Office and Principal Place of Business

The registered office and principal place of business of the company is located at Lot 2, Leonidas Street, Walu Bay, Suva.

NOTE 25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 28th September 2011.

**LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK
EXCHANGE (NOT INCLUDED ELSEWHERE IN
THE ANNUAL REPORT)**

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

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

| | NAME | # of shares |
|----|--|--------------------|
| 1 | Flour Mills Of Fiji Limited | 4,500,000 |
| 2 | Unit Trust Of Fiji (Trustee Company) Limited | 499,292 |
| 3 | Colonial Fiji Life Limited | 314,500 |
| 4 | Dominion Insurance Limited | 191,800 |
| 5 | Fiji National Provident Fund | 62,302 |
| 6 | Kundan Singh & Sons Holdings Ltd | 40,000 |
| 7 | Reddy's Enterprises Limited | 32,000 |
| 8 | Mr.Radike Qereqeretabua | 20,000 |
| 9 | Mr.Ratu Sir Kamisese Mara | 20,000 |
| 10 | Fijicare Insurance Limited | 18,600 |
| 11 | Mr.Leo & Mr.Justin Smith | 17,500 |
| 12 | Mr.Haroon Lateef | 13,000 |
| 13 | Mr Graham Eden | 12,878 |
| 14 | Mr. Gary Stanley Callaghan | 12,500 |
| 15 | Mrs.Pushpa Wati | 11,000 |
| 16 | Fiji Co-Operative Union Ltd | 10,000 |
| 17 | Mr.Tom Ricketts | 10,000 |
| 18 | Mr.Hari Raj & Mrs Kamlawati & Gynandra Naicker | 10,000 |
| 19 | Tiadan Investments Limited | 10,000 |
| 20 | Mr. Parshu Ram | 10,000 |

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

Distribution of ordinary shareholders:

| NO. OF HOLDERS | HOLDING | % |
|---------------------------|-----------------------------|---------------|
| 8 | less than 500 shares | 0.04 |
| 68 | 500 to 5,000 shares | 2.45 |
| 10 | 5,001 to 10,000 shares | 1.42 |
| 8 | 10,001 to 20,000 shares | 2.09 |
| 1 | 20,001 to 30,000 shares | 0.53 |
| 1 | 30,001 to 40,000 shares | 0.67 |
| 0 | 40,001 to 50,000 shares | - |
| 1 | 50,001 to 100,000 shares | 1.04 |
| 3 | 100,001 to 1,000,000 shares | 16.76 |
| 1 | Over 1,000,000 shares | 75.00 |
| 101 | | 100.00 |

**LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK
EXCHANGE (NOT INCLUDED ELSEWHERE IN
THE ANNUAL REPORT) - Continued**

(c) Disclosure under Section 6.31 (xii):

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

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---------------------------|-----------|-----------|-------------|-----------|-----------|-----------|
| Net Profit after Tax | 985,318 | 469,631 | (113,182) | 2,164,375 | 1,479,858 | 610,893 |
| Current Assets | 7,312,629 | 7,563,312 | 6,203,379 | 8,611,367 | 6,527,045 | 5,551,964 |
| Non - Current Assets | 17,782 | 85,702 | 100,994 | 59,464 | 56,082 | 46,500 |
| Total Assets | 7,330,411 | 7,649,014 | 6,304,373 | 8,670,831 | 6,583,127 | 5,598,464 |
| Current Liabilities | 693,016 | 1,549,591 | 224,581 | 2,477,857 | 1,534,528 | 1,219,723 |
| Non - Current Liabilities | 2,654 | - | - | - | - | - |
| Total Liabilities | 695,670 | 1,549,591 | 224,581 | 2,477,857 | 1,534,528 | 1,219,723 |
| Shareholders Equity | 6,634,741 | 6,099,423 | 6,079,792 | 6,192,974 | 5,048,599 | 4,378,741 |

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

Dividend declared per share :

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------|------|------|------|-------|-------|-------|
| Cents per share | 7.50 | 7.50 | - | 17.00 | 13.50 | 13.50 |

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

Earnings per share :

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------|-------|------|--------|-------|-------|-------|
| Cents per share | 16.42 | 7.83 | (1.89) | 36.07 | 24.66 | 10.18 |

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

Net tangible assets per share :

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------|--------|--------|--------|--------|-------|-------|
| Cents per share | 110.58 | 101.66 | 101.33 | 103.22 | 84.14 | 72.98 |

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

| Share price during the year (Cents per share) | 2011 | 2010 |
|---|------|------|
| Highest | 2.35 | 2.50 |
| Lowest | 2.35 | 2.25 |
| On 30th June | 2.35 | 2.35 |

Minutes of the Fourteenth Annual General Meeting, held at 3.30 p.m. on Friday , the 22nd October 2010 at the Training Room of Atlantic & Pacific Packaging Company Limited, Bounty Street, Walu Bay, Suva.

PRESENT

1. Mr. Hari Punja .. Chairman
2. Mr. Gary Callaghan .. Director
3. Mr. Ajai Punja .. Director
4. Mr. Ram Bajekal .. CEO
5. Mr. Kumar Shankar .. Group CFO & Company Secretary
6. Mr. Nalin Patel .. Representing the Auditors, M/s G.Lal + Co.

Nine other shareholders / proxy holders were present in person.

APOLOGIES

None

SHARE REGISTER & STATUTORY REGISTERS

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

QUORUM

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

CONFIRMATION OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING HELD ON 20th November 2009 .

Proposed by : Mr. Maganlal Mohanlal

Seconded by : Ms. Shalini

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

By a show of hands, the meeting approved the motion unanimously and confirmed the minutes of the previous Annual General Meeting held on 20th November 2009 .

MATTERS ARISING:

Nil

TO RECEIVE AND ADOPT THE AUDITED BALANCE SHEETS AND PROFIT AND LOSS STATEMENTS AND THE REPORTS OF THE DIRECTORS AND AUDITORS FOR THE YEAR ENDED 30TH JUNE 2010.

Proposed by: Ms. Shalini

Seconded by: Mr. Kalpesh S

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

Thereafter by a show of hands, the meeting approved the motion unanimously and adopted the Audited Balance Sheets and Profit and Loss Statements and the reports of the Directors and Auditors for the year ended 30th June 2010.

Contd...

Minutes (Contd)

TO ELECT MR. GARY CALLAGHAN AS A DIRECTOR OF THE COMPANY .

Proposed by: Mr. Hari Punja

Seconded by: Mr. Maganlal Mohanlal

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

By a show of hands, the meeting approved the motion unanimously and elected Mr. Gary Callaghan as a Director of the company

TO APPOINT M/S G.Lal + Co., CHARTERED ACCOUNTANTS, AS THE STATUTORY AUDITORS OF THE COMPANY FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING.

Proposed by: Mr. Maganlal Mohanlal

Seconded by: Ms. Rowena

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

By a show of hands, the meeting approved the motion unanimously and confirmed the Appointment of M/s G.Lal + Co., Chartered Accountants, as the Statutory Auditors of the company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a fee to be negotiated by the Directors.

GENERAL DISCUSSION:

The Chairman read out some sections from the Chairman's Report and there was a general discussion on the operations of the company .

Vote of Thanks to the Chair :

Proposed by: Mr. Maganlal Mohanlal

Thereafter the Chairman declared the meeting as closed.

Sd/-

Chairman

PROXY FORM

Share Folio No

No. of shares held

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

I/WE.....

Of

Being a member / members of **THE RICE COMPANY OF FIJI LIMITED** hereby

appoint

of.....

or failing him.....

of.....

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the company, to be held at 3.30 p.m. on Friday , the **28th October 2011** and at any adjournment thereof.

As witness to my/our hands this.....day of2011 , at

Signed by the said member (s)

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

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

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

As per Article 80 of the company, a member may appoint not more than two proxies. If one proxy is appointed, that proxy shall be entitled to vote on a show of hands. If two proxies are appointed, neither shall be entitled to vote on a show of hands and the appointment shall be of no effect unless each proxy is appointed to represent a specified proportion of the members voting rights.

For office use only :

Proxy received on _____ at _____ am / pm by _____