The Right Choice.

FLOUR MILLS OF FIJI LIMITED

ANNUAL REPORT

2010

FLOUR MILLS OF FIJI LIMITED

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FLOUR MILLS OF FIJI LIMITED

DIRECTORS

Mr. Hari Punja OF, OBE, JP - Chairman

Mr. Gary Callaghan

Mr. Radike Qereqeretabua

Mr. Ajai Punja

Mr. Pramesh Sharma

CHIEF EXECUTIVE

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

PricewaterhouseCoopers ,
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

REGISTERED OFFICE

Lot 2 , Leonidas street ,
Walu Bay , Suva .
Telephone : 330 1188 Fax : 330 0944
Email : kumars@fmf.com.fj

FLOUR MILLS OF FIJI LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Eighth Annual General Meeting of the members of Flour Mills Of Fiji Limited will be held at 3.00 p.m. on Friday , the 19th November 2010 **,** in the Training room at Atlantic & Pacific Packaging Company Limited , Leonidas Street , Walu Bay , Suva to transact the following business :

Ordinary business

1. Confirmation of the minutes of the previous Annual General Meeting held on 20th November 2009.

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 2010 .

4. To elect , in accordance with Article 86 of the Articles of Association of the company , Mr. Radike Qereqeretabua as a director of the company . He retires by rotation and being eligible, offers himself for re-election.

5. To elect , Mr. Pramesh Sharma as a director of the company .

6. 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. PricewaterhouseCoopers , Chartered Accountants, being eligible , offer themselves for appointment.

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

8. **Special Business :**
   To consider , and if thought fit , to pass the following resolution as a special resolution :
   Resolution :
   " RESOLVED THAT the following amendments be and are hereby carried to the Articles of Association of the company :
   - Article 88 Sub clause (b) : Substitute the word ' Eighty ' instead of 'Seventy Five '
   - Article 88 Sub clause (c) : Substitute the word ' Eighty ' instead of 'Seventy Five ' . "

By order of the Board of Directors,

Kumar Shankar
Group CFO &
Company Secretary
Dated: 15th October 2010
Suva, Fiji .

Explanatory Statement for the Special Business :
Article 88 deals with the upper age limit for appointment , election or re-election of the Directors of the company. Presently the age limit under the Articles is fixed at seventy five years . The proposed amendment is an enabling provision so that Non-Executive Directors can continue to hold Directorship of the company beyond the age of 75 , thus allowing the company to continue to benefit from the rich experience of these directors, who add great value to the strategy and direction of FMF Group of companies. Section 187, subsection 5 of the Fiji Companies Act ,1983 allows persons of over 75 years of age to be appointed as a Director of a company .

FLOUR MILLS OF FIJI LIMITED

CHAIRMAN'S REPORT

Dear Shareholders,

In my report last year , I advised shareholders that the Board was stabilizing the operations of the company and rationalizing our products and activities. During the last 12 months our management team led by Mr. Ramcharan Bajekal has continued down this path.

It is with some relief and pleasure therefore that I am able to report a vastly improved financial performance for this year. Our Group profit after tax is $11,600,980 as against a loss of $ 6,959,345 for the previous year.

Our Net Group revenue has increased to $162,546,342 (previous year $ 155,946,737). This figure is after the elimination of inter company sales of $20,620,026 (previous year $ 19,872,473).

Our operating margin has improved drastically from a negative 1.9% to a positive 12.32%. This is the direct result of stringent cost controls and a determination to price our products with a reasonable margin.

This improvement has been across all group companies. However our struggle to achieve an acceptable return from our basic flour milling business continues due to very low return allowed under the PIB's flour pricing template .

Operational highlights during the year include the installation of our fourth biscuit line and a new creamer and expansion of our snack food lines.

We have also been active in promoting the Government's "Buy Fiji Made" campaign. This campaign is designed to create local employment and savings in foreign exchange.

With this improved result the Board was happy to be able to declare a dividend during the year. We are very hopeful that the rate of dividend can be improved ; however the timing must also take into account the Board's determination to improve the strength of our balance sheet. In this regard we made significant progress during the year with the gearing ratio improving from 71% to 64%.

Outlook

The first quarter of the new year is encouraging and we are hopeful that the gains made last year will be sustained during the year.

Hari Punja OF, OBE, JP
Chairman
15th October 2010

FLOUR MILLS OF FIJI LIMITED

Corporate Governance

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

This is the first year of reporting on Corporate Governance and as such FMF 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 .

The Directors in Office on 30th June 2010 were Messrs Hari Punja (Chairman), Gary Callaghan , Radike Qereqeretabua , Ajai Punja and Pramesh Sharma .

Mr. Pramesh Sharma was elected to fill up a casual vacancy caused by the resignation of Mr. Lionel Yee . Mr. Sharma's office expires at the next Annual General Meeting and he would seek re-election at the company's 38th Annual General Meeting on 19th November 2010 .

Directors are paid a Board fee for their service rendered during the year . They are also entitled to an allowance of $ 400 per meeting attended, towards travel and accommodation costs. Directors are also covered under a Directors and Officers' Liability Insurance Policy .

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 subsidiary companies.

Director	Number of meetings entitled to attend	Number of meetings attended	Apologies Received
Mr. Hari Punja	**4**	**4**	**NA**
Mr. Gary Callaghan	**4**	**3**	**1**
Mr. Radike Qereqeretabua	**4**	**3**	**1**
Mr. Ajai Punja	**4**	**4**	**NA**
Mr. Pramesh Sharma	**1**	**1**	**NA**

The Board met 4 times during the financial year ended 30th June 2010 .

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 30th June 2010 , the Audit and Finance Committee comprised Messrs Hari Punja, Gary Callaghan , Ram Bajekal and Kumar Shankar.

Corporate Governance (Contd..)

The Audit and Finance Committee is responsible for monitoring FMF'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.
This sub-committee has been constituted recently and has not had any meeting during the financial year under review .

As at 30th June 2010 , the Share Transfer Committee comprised Messrs Hari Punja , Ajai Punja, Gary Callaghan , Ram Bajekal and Kumar Shankar .
The Share Transfer Committee is responsible for approval of share transfers between the shareholders of the company . The Share transfer committee has met 13 times during the year under review.

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

Principle	**Company's response**
Establish clear responsibilities for Board Oversight	Covered above
Constitute an effective Board	Covered above
Appointment of a 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	FMF 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	FMF 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 Group Statements of Comprehensive Income, Statement of Changes in Equity and Group Statement of Cash Flows for the year ended 30 June 2010 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 $_{\text{OF, OBE, JP}}$ – Chairman
- Ajai Punja
- Sanjay Punja – retired by rotation with effect from 20 November 2009
- Lionel D S Yee $_{\text{CF}}$ – retired on 30 September 2009
- Gary Callaghan
- Radike Ulaiasi Qereqeretabua
- Pramesh Sharma – appointed from 25 February 2010

2 Principal Activities

The principal activities of the group comprise the milling of wheat, rice and whole dunfield peas, manufacturing of packaging materials including corrugated cartons and assorted boxes and packets, manufacturing of biscuits and snacks food products, sale of crushed and feed wheat and related products and investments.

3 Trading Results

The profit after income tax of the group attributable to the members of the holding company for the year ended 30 June 2010 was $11,086,595 (2009: Loss - $7,155,432) and profit after tax for the holding company was $4,386,433 (2009: Loss - $7,259,153).

4 Provisions

There were no material movements in provisions, other than provisions for leave, doubtful debts and taxes.

5 Dividends

The directors declared a dividend of $600,000 during the year.

6 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 provision for doubtful debts, inadequate to any substantial extent.

DIRECTORS' REPORT - Continued

7 Current Assets

The directors took reasonable steps before the statement of comprehensive income and balance sheet were made out, to ascertain that the current assets of the company and the group were shown in the accounting records of the company and 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 company and the group's financial statements misleading.

8 Reserves

The directors recommend that no amounts be transferred to reserves in respect of the year ended 30 June 2010.

9 Events Subsequent to Balance Date

No charge on the assets of the company or 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 company and the group to meet its obligations as and when they fall due.

10 Basis of Accounting

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

11 Related Party Transactions

In the opinion of the directors all related party transactions have been adequately recorded in the books of the company.

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.

DIRECTORS' REPORT – Continued

13 Unusual Transactions

The results of the company and 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' Interest

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	-	-	439,813	102,605,988
Sanjay Punja	-	-	-	102,605,988
Ajai Punja	-	-	-	102,605,988
Lionel D S Yee	-	10,000	(116,870)	10,000
Gary Callaghan	-	1,500,225	-	250,000

15 Group Contribution

Contributions to group profit after income tax are as follows:

	Contribution $
Flour Mills of Fiji Limited	3,817,297
Subsidiary companies	7,783,683
	$ 11,600,980
	==========

Signed in accordance with a resolution of the directors this 15th day of October 2010.

For and on behalf of the Board,

……………………………………… ……………………………………..
Hari Punja – Chairman Gary Callaghan - Director

STATEMENT BY DIRECTORS

In the opinion of the directors:

(a) the accompanying statements of comprehensive income are drawn up so as to give a true and fair view of the results of the company and of the group for the year ended 30 June 2010,

(b) the accompanying balance sheets are drawn up so as to give a true and fair view of the state of the company's and the group's affairs at 30 June 2010,

(c) the accompanying statement of changes in equity and consolidated statement of changes in equity for the year ended 30 June 2010 are drawn up so as to give a true and fair view of the movement in shareholder's funds.

(d) the accompanying consolidated statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the group for the year ended 30 June 2009, and

Signed in accordance with a resolution of the directors this 15th day of October 2010.

For and on behalf of the Board,

……………………………..
Hari Punja - Chairman

…………………………..
Gary Callaghan - Director

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Level 8, Civic Tower
262 Victoria Parade
GPO Box 200
Suva, Fiji Islands
Telephone +679 331 3955
+679 331 5199
Facsimile +679 330 0947
+679 330 0981

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Flour Mills of Fiji Limited

We have audited the accompanying financial statements of Flour Mills of Fiji Limited (the 'Company') and the consolidated financial statements of the Company and its subsidiaries (together the 'Group'). The financial statements comprise the balance sheets of the Company and the Group as of 30 June 2010 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 37.

Directors' 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 with the requirements of the Fiji 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
This report is made solely to the Company's shareholders, as a body, in accordance with Section 165(1) of the Fiji Companies Act 1983. 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. 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 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 directors and 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.

Opinion

In our opinion

(a) proper books of account have been kept by the Company and its subsidiaries, 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 and Group as at 30 June 2010 and of their financial performance, changes in equity, and their cash flows for the year ended on that date;

b) give the information required by the Fiji 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

Suva, Fiji
15 October **2010**

FLOUR MILLS OF FIJI LIMITED
AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2010

	Notes	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Revenue	27	162,546,342	155,946,737	69,439,257	64,845,482
Other operating income		5,065,740	2,252,193	5,315,372	2,636,485
Changes in inventories of finished goods and work in progress		(75,062)	2,635,370	218,926	257,821
Raw materials and consumables used		(111,993,454)	(130,424,802)	(52,818,284)	(59,398,124)
Staff costs		(7,706,300)	(6,604,569)	(3,005,935)	(3,163,290)
Depreciation/amortisation		(5,750,568)	(5,521,386)	(1,939,748)	(2,095,939)
Impairment loss		-	(755,990)	-	-
Other operating expenses		(23,049,781)	(20,436,171)	(9,473,185)	(9,060,758)
Profit / (loss) from operations		19,036,917	(2,908,618)	7,736,403	(5,978,323)
Finance costs		(3,397,051)	(3,526,542)	(1,351,343)	(1,528,902)
Profit / (loss) before tax	16	15,639,866	(6,435,160)	6,385,060	(7,507,225)
Income tax (expense)/credit	11	(4,038,886)	(524,185)	(1,998,627)	248,072
Profit / (loss) after tax		11,600,980	(6,959,345)	4,386,433	(7,259,153)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		$ 11,600,980	($ 6,959,345)	$ 4,386,433	($ 7,259,153)
Attributable to:					
- Owners of the parent		11,086,595	(7,155,432)		
- Non controlling interest		514,385	196,087		
		$ 11,600,980	($ 6,959,345)		
Earnings per share	19	$ 0.074	($ 0.048)		

The above income statements should be read in conjunction with the accompanying notes.

FLOUR MILLS OF FIJI LIMITED AND SUBSIDIARIES

BALANCE SHEETS 30 JUNE 2010

	Notes	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
CURRENT ASSETS					
Cash and cash equivalents	17	6,411,888	503,985	82,894	497,022
Inventories	5	34,669,907	24,175,096	12,217,326	9,069,215
Trade receivables	6	21,420,373	19,317,711	5,771,225	4,451,659
Other receivables	7	9,058,042	2,486,259	447,922	324,750
Amounts owing by related companies	23(c)	451	4,050	509,626	511,592
		71,560,661	46,487,101	19,028,993	14,854,238
NON-CURRENT ASSETS					
Related company loan	23(e)	-	-	-	-
Term deposits		6,483,355	3,855,790	4,913,500	2,657,247
Property, plant and equipment	13	38,151,175	42,138,691	11,123,912	12,449,139
Investments	15	-	-	13,979,246	11,979,250
Investment property	14	17,475,485	17,220,106	-	-
Intangible assets	10	535,000	537,674	535,000	537,674
Deferred tax asset	12(b)	2,752,840	5,173,535	971,256	2,925,749
		65,397,855	68,925,796	31,522,914	30,549,059
TOTAL ASSETS		136,958,516	115,412,897	50,551,907	45,403,297
Less:					
CURRENT LIABILITIES					
Bank overdraft	8	19,349,591	22,779,207	10,959,252	1,472,897
Trade payables		5,456,044	7,183,382	538,980	851,031
Other payables and accruals		10,834,608	6,143,869	1,537,333	3,883,765
Borrowings	9	4,638,319	8,482,058	3,198,319	4,085,948
Amounts owing to related companies	23(d)	919,163	412,567	998,510	793,735
Related company loan	23(e)	-	-	-	2,335,000
Current tax liability	11	498,582	(366,756)	-	(125,331)
		41,696,307	44,634,327	17,232,394	13,297,045
NON-CURRENT LIABILITIES					
Borrowings	9	52,396,681	39,406,227	14,216,681	16,833,986
Deferred tax liability	12(a)	3,876,805	3,160,100	443,057	398,924
		56,273,486	42,566,327	14,659,738	17,232,910
TOTAL LIABILITIES		97,969,793	87,200,654	31,892,132	30,529,955
NET ASSETS		$ 38,988,723	$ 28,212,243	$ 18,659,775	$ 14,873,342
SHAREHOLDERS' EQUITY					
Issued capital	4	6,000,000	6,000,000	6,000,000	6,000,000
Reserves		29,920,604	19,434,009	12,659,775	8,873,342
		35,920,604	25,434,009	18,659,775	14,873,342
Non-controlling Interest		3,068,119	2,778,234	-	-
		$ 38,988,723	$ 28,212,243	$ 18,659,775	$ 14,873,342

Capital commitments 20

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The above balance sheets should be read in conjunction with the accompanying notes.

These financial statements are approved in accordance with the resolution of the Board of Directors.

For and on behalf of the Board

……………………………….. Hari Punja - Chairman

……………………………… Gary Callaghan - Director

FLOUR MILLS OF FIJI LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2010

Group

	Notes	Share Capital	Capital Profit Reserve	Foreign Currency Translation Reserve	Unappropriated Profits	Total	Non-controlling Interest	Total Shareholders' Equity
		Attributable to the members of the Holding Company						
		$	$		$	$	$	$
Balance at 30 June 2008		6,000,000	41,500	1,844	26,546,097	32,589,441	2,694,147	35,283,588
Comprehensive income								
Profit for the year		-	-	-	(7,155,432)	(7,155,432)	196,087	(6,959,345)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	(7,155,432)	(7,155,432)	196,087	(6,959,345)
Transactions with owners								
Dividends	18	-	-	-	-	-	(112,000)	(112,000)
Balance at 30 June 2009		6,000,000	41,500	1,844	19,390,665	25,434,009	2,778,234	28,212,243
Comprehensive income								
Profit for the year		-	-	-	11,086,595	11,086,595	514,385	11,600,980
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	11,086,595	11,086,595	514,385	11,600,980
Transactions with owners								
Dividends	18	-	-	-	(600,000)	(600,000)	(224,500)	(824,500)
Balance at 30 June 2010		$ 6,000,000	$ 41,500	$ 1,844	$ 29,877,260	$ 35,920,604	$ 3,068,119	$ 38,988,723

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

FLOUR MILLS OF FIJI LIMITED
AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2010

Holding Company

	Notes	Share Capital	Capital Profit Reserve	Unappropriated Profits	Total
		$	$	$	$
Balance at 30 June 2008		6,000,000	41,500	16,090,995	22,132,495
Comprehensive income					
(Loss) for the year		-	-	(7,259,153)	(7,259,153)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(7,259,153)	(7,259,153)
Transactions with owners					
Dividend		-	-	-	-
Balance at 30 June 2009		6,000,000	41,500	8,831,842	14,873,342
Comprehensive income					
Profit for the year		-	-	4,386,433	4,386,433
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	4,386,433	4,386,433
Transactions with owners					
Dividend		-	-	(600,000)	(600,000)
Balance at 30 June 2010		$ 6,000,000	$ 41,500	$ 12,618,275	$ 18,659,775
		============	===========	=============	=============

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

FLOUR MILLS OF FIJI LIMITED
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW
YEAR ENDED 30 JUNE 2010

	Note	2010 $	2009 $
Cash flows from operating activities			
Receipts from customers		159,158,996	162,522,354
Payments to suppliers and employees		(157,791,026)	(145,621,929)
Cash generated from operations		1,367,970	16,900,425
Income tax paid		(36,307)	(2,338,103)
Interest paid		(3,476,652)	(3,069,982)
Insurance proceeds		2,246,150	-
Net cash provided by operating activities		101,161	11,492,340
Cash flows from investing activities			
Acquisition of investment properties		(299,890)	(107,042)
Acquisition of property, plant and equipment		(2,607,526)	(12,367,535)
Proceeds from sale of property, plant and equipment		625,000	6,444
Payment for trademark		-	(22,507)
(Withdrawal)/ investment in term deposits		(2,256,252)	676,693
Interest received		155,230	289,873
Net cash (used) in investing activities		(4,383,438)	(11,524,074)
Cash flows from financing activities			
Net proceeds from borrowings		9,146,715	-
Net repayment of borrowings		-	(1,924,221)
Net loan to related companies		4,850,000	2,038,813
Dividends paid		(376,919)	(112,000)
Net cash provided by financing activities		13,619,796	2,592
Net increase/ (decrease) in cash and cash equivalents		9,337,519	(29,142)
Cash and cash equivalents at the beginning of the year		(22,275,222)	(22,246,080)
Cash and cash equivalents at the end of the year	17(a)	($ 12,937,703)	($ 22,275,222)

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by Flour Mills of Fiji Limited and its subsidiaries are stated to assist in a general understanding of these financial statements. These policies have been consistently applied by the company and its subsidiaries except where otherwise indicated.

These financial statements were authorised for issue by the Board of Directors on 15th October 2010.

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(a) Basis of accounting

The financial statements of the group have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the basis of historical costs, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires use of certain critical accounting estimates and management's judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(u).

Standards, amendments and interpretations issued but not yet effective
The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 July 2010 or later periods, but the company has not early adopted them. Adoption of these standards and interpretations will not have any significant impact on the company's financial statements.

- IAS 24 Amendment – Related party disclosures (effective 1 January 2011)
- FRS 1 Amendment – 'First time adoption': financial instrument disclosures (effective 1 July 2010)
- IFRS 9 Amendment – Financial Instruments: Classification and measurement (effective 1 January 2013)
- IFRIC 14 Amendment – Prepayments of a minimum funding requirement (effective 1 January 2011)
- IFRIC 19 Amendment – Extinguishing financial liabilities with equity instrument (effective 1 July 2010)

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(b) **Principles of consolidation cont'd**

(ii) Transactions and non-controlling interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to non-controlling interests result in gains and losses for the group that are recorded in the income statement. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) **Intangible assets**

Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Acquired trademarks are shown at historical cost. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

(d) **Property, plant and equipment**

Property, Plant and equipment is 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 the income statement 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:

Premium on leasehold land	-	term of lease
Buildings	-	2.5%
Plant and machinery	-	4% - 10%
Motor vehicles	-	25%
Furniture, fittings and office machines	-	10%
Computers	-	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 within income statement.

(e) **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.

Manufacturing and packaging materials are valued at the lower of cost and net realisable value, less provision for obsolescence.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(f) 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.

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.

(g) Income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the Fiji Islands, where the company's subsidiaries and associates operate and generate taxable income. 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 consolidated financial statements. However, the deferred income tax is not accounted for 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 sheet 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of temporary difference will not reverse in the foreseeable future.

(h) Foreign currency translation

i) Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Fijian Dollars, which is the company's functional and presentation currency.

ii) 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 the income statement.

(i) Financial assets and liabilities

Investments in equity securities have been classified as available-for-sale financial assets. The classification is dependent on the purpose for which the investments are acquired. Management determines the classification of investments at the time of the purchase and re-evaluates such designation on a regular basis. Purchases and sales of investments are recognised on the trade date, which is the date the group commits to purchase or sell the asset. Cost of purchase includes transaction costs.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(i) **Financial assets and liabilities cont'd**

Available-for-sale financial assets

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Equity investments not held for trading are classified under this category. Available-for-sale financial assets are subsequently carried at cost less amortisation. Provision for impairment of investments is made where in the opinion of the directors there has been a permanent diminution on the value of the investments.

Amounts expended to acquire a share, upon coming into existence of the copyright to an audio visual production, is stated at a value expected to be recovered from the exploitation of the copyright in accordance with that production's Investment Agreement.

(j) **Investment properties**

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields. Investment properties are stated at historical cost less any accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation rates are as noted in note 1 (d).

(k) **Revenue recognition**

Revenue comprises the fair value of the received or recoverable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of sales discount and value added tax.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of Goods

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Sales of offal by-products are included as other income.

(ii) Audio Visual Copyrights

Proceeds from exploitation of copyrights in audio visual productions are brought to account when received in accordance with the copyrights' related Investment Agreement.

(iii) Dividend Income

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

(iv) Interest Income

Interest income is recognised on a time-proportion basis using the effective interest or compound interest method which matches income earned to the funds employed on a constant basis.

(l) **Trade receivables**

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(l) **Trade receivables cont'd**

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other 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 income in the income statement.

(m) **Trade and other payables**

Trade payables and other accounts payable are recognised at fair value.

(n) **Segment information**

A business 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 business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(o) **Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and at bank, and bank overdrafts.

(p) **Employee entitlements**

Liability for annual leave is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employee services up to that date.

Liabilities for other employee entitlements, which are not expected to be paid or settled within twelve months of reporting date, are accrued in respect of all employees at the present value of future amounts expected to be paid.
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(q) **Dividend distribution**

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

Dividends are subject to the provisions of the Fiji Income Tax Act and Income Tax (Dividend) Regulations 2001.

(r) **Earnings per share**

Basic earnings per share

Basic earnings per share (EPS) is determined by dividing profit after income tax attributable to shareholders 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.

(s) **Comparative figures**

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(t) **Leases**

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rent obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Lease in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(u) **Use of estimates and judgments**

The preparation of the financial statements requires management to make judgments, 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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements including the following notes:
Note 1(b) – Property, plant and equipment
Note 1(d) – Provisions

2 FINANCIAL RISK MANAGEMENT

The group'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 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 a risk management committee under policies approved by the board of directors. The committee identifies and evaluates financial risks in close co-operation with the group's operating units. The board provides written policies for overall risk management, as well as written 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 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 US dollar. Foreign exchange risk arises from future commercial transactions and liabilities.

Management has set up a policy to require the group to manage their foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other then the Fiji 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.

2 FINANCIAL RISK MANAGEMENT - Continued

At 30 June 2010, if the Fijian dollar had weakened/strengthened by 10% against the AUD with all other variables held constant, post-tax profit for the year would have been $ 186,656 lower/higher, mainly as a result of foreign exchange gains/losses on translation of AUD denominated trade payables and trade receivables.

At 30 June 2010, if the Fijian dollar had weakened/strengthened by 10% against the EURO with all other variables held constant, post-tax profit for the year would have been $ 5,878 lower/higher, mainly as a result of foreign exchange gains/losses on translation of EURO denominated trade payables.

At 30 June 2010, if the Fijian dollar had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been $ 43,918 lower/higher, mainly as a result of foreign exchange gains/losses on translation of USD denominated trade payables.

(ii) Price risk
The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as Investments. The group is not exposed to commodity price risk. To manage its price risk arising from investment in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

(iii) Cash flow and fair value interest rate risk
As the group has no significant interest-bearing assets, the group'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 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 prior to the board approval. Individual credit risk limits are then set based on the assessments done. Individual risk limits are set based on assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or bank cheques.

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash to meet its present obligations.

Management monitors rolling forecasts of the group's liquidity reserve comprising of cash and cash equivalents on the basis of expected cash flow.

The group's financial liabilities, analysed below, illustrates that all balances are due within 12 months and are equal to their carrying balances as the impact of discounting is not significant.

As at 30 June 2010	**Up to 1 year**	**1 to 2 years**	**2 to 5 years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings	7,018	6,620	19,706	23,691	57,035
Creditors and accruals	16,291	-	-	-	16,291
Total	**23,309**	**6,620**	**19,706**	**23,691**	**73,326**
As at 30 June 2009					
Borrowings	8,482	7,947	7,947	23,512	47,888
Creditors & accruals	13,327	-	-	-	13,327
Total	**21,809**	**7,947**	**7,947**	**23,512**	**61,215**

3 CAPITAL RISK MANAGEMENT

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

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

The company 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 (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. "Equity comprises of "quassi" equity through shareholder advances.

The gearing ratios at 30 June 2010 and 2009 were as follows:

	2010 $	2009 $
Total borrowings (note 9)	57,035,000	47,888,285
Add: cash, cash equivalents and bank overdrafts (note 17)	12,937,703	22,275,222
Net debt	69,972,703	70,163,507
Equity (page 8)	38,988,723	28,212,243
Total capital	$ 108,961,426	$ 98,375,750
Gearing ratio	64%	71%

The improvement in the gearing ratio during 2010 resulted primarily from the improvement in operating results for the financial year.

4 SHARE CAPITAL

	Group		Holding Company	
	2010 $	2009 $	2010 $	2009 $
Authorised: 250,000,000 shares of $0.04 each	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000
Issued: 150,000,000 shares of $0.04 each fully paid	$ 6,000,000	$ 6,000,000	$ 6,000,000	$ 6,000,000

5 INVENTORIES

The valuation policy adopted in respect of inventories is set out in note 1(e).

	Group		Holding Company	
	2010 $	2009 $	2010 $	2009 $
Finished products	6,997,854	6,896,534	1,678,641	1,224,329
Raw materials	18,619,211	11,305,811	8,875,624	6,090,407
Packing materials	4,410,831	3,358,048	485,394	422,342
Consumable stores	2,723,214	1,749,703	443,272	437,597
Work in progress	258,902	519,244	195,268	430,655
Spares	-	-	539,127	463,885
	33,010,012	23,829,340	12,217,326	9,069,215
Goods in transit	1,659,895	345,756	-	-
	$ 34,669,907	$ 24,175,096	$ 12,217,326	$ 9,069,215

	Group		Holding Company	
	2010	2009	2010	2009
	$	$	$	$

6 TRADE RECEIVABLES

Trade receivables	22,184,069	19,983,663	6,067,898	4,606,393
Provision for doubtful debts	(763,696)	(665,952)	(296,673)	(154,734)
	$ 21,420,373	$ 19,317,711	$ 5,771,225	$ 4,451,659

Trade receivables that are less than one month past due are not considered impaired.

As of 30 June 2010, trade receivables of $ 5,014,808 (2009: $ 5,805,358) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated		Holding Company	
	2010	2009	2010	2009
	$	$	$	$
Over 1 month	4,302,020	4,016,935	648,413	949,014
Over 2 months	712,788	1,788,423	59,703	59,970
	$ 5,014,808	$ 5,805,358	$ 708,116	$ 1,008,984

As of 30 June 2010, trade receivables of $ 819,641 (2009: $594,969) were impaired and provided for. The total amount of the provision was $ 763,696 as of 30 June 2010 (2009: $665,952). The individually impaired receivables mainly relate to balances that were in dispute and includes management's assessment of the likely loss from the impact of the adverse economic condition on trade receivables. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	Consolidated		Holding Company	
	2010	2009	2010	2009
	$	$	$	$
Over 1 month	-	-	-	-
Over 2 months	819,641	594,969	296,673	154,734
	$ 819,641	$ 594,969	$ 296,673	$ 154,734

Movements on provision for impairment of trade receivables are as follows:

	Consolidated		Holding Company	
	2010	2009	2010	2009
	$	$	$	$
At 1 July	665,952	750,527	154,734	236,376
Provision for impaired receivables	164,619	24,071	141,939	-
Unused amounts reversed	(66,875)	(108,646)	-	(81,642)
At 30 June	$ 763,696	$ 665,952	$ 296,673	$ 154,734

The provision for impaired receivables have been included in "other operating expenses" in the income statement (page 6). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

7 OTHER RECEIVABLES

	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $
Other receivables	9,089,478	2,748,916	447,922	492,035
Provision for doubtful debts	(31,436)	(262,657)	-	(167,285)
	$ 9,058,042	$ 2,486,259	$ 447,922	$ 324,750

8 BANK OVERDRAFT AND BORROWINGS

The secured loans (refer note 9) and 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, an irrevocable authority by a subsidiary FMF Investment Company Limited to execute mortgage over LD 4/16/6951, cross guarantees by the Fiji subsidiaries, and a negative pledge by a subsidiary Atlantic & Pacific Packaging Company Limited not to lend or grant security to another party.

The secured loan of the holding company is repayable at the rate of $284,100 per month whilst the monthly repayments by the subsidiaries, Biscuit Company of (Fiji) Limited is repayable at the rate of $220,000 per month, FMF Investment Company Limited is repayable at the rate of $95,000 per month and FMF Snax Limited is repayable at the rate of $25,000 per month.

The carrying amount of borrowings approximate the fair value.

9 BORROWINGS

	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $
Current				
ANZ Bank (refer note 8)	$ 4,638,319	$ 8,482,058	$ 3,198,319	$ 4,085,948
Non-Current				
ANZ Bank (refer note 8)	$ 52,396,681	$ 39,406,227	$ 14,216,681	$ 16,833,986

10 INTANGIBLE ASSETS

	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $
F1 Audio Visual production	1,458,212	1,458,212	1,458,212	1,458,212
Provision for impairment	(923,212)	(923,212)	(923,212)	(923,212)
	535,000	535,000	535,000	535,000
Trademarks – at cost	-	67,130	-	2,674
Accumulated amortisation	-	(11,623)	-	-
Impairment loss	-	(52,833)	-	-
	-	2,674	-	2,674
	$ 535,000	$ 537,674	$ 535,000	$ 537,674

The amortisation policy adopted in respect of trademark is set out in note 1(c).

11 INCOME TAX EXPENSE/(CREDIT)

The prima facie income tax payable on pre-tax accounting profit/ (loss) is reconciled to the income tax expense/(credit) in the income statement as follows:

	Group		Holding Company	
	2010	2009	2010	2009
	$	$	$	$
Profit/ (loss) before tax	$ 15,679,866	($ 6,435,160)	$ 6,385,060	($ 7,507,226)
Prima facie tax payable/ (credit) at 29% (2009: 31%)	4,547,161	(1,994,900)	1,851,667	(2,327,240)
Tax effects of:				
- Exempt dividends	-	-	(146,886)	(52,080)
- Non-deductible items (net)	4,470	67,349	299	9,505
- Sports fund exempt		(775)	-	-
- Change in tax rate	(40,067)	138,873	18,865	174,265
Prior year adjustments	272,560	(55,873)	369,833	(173,167)
Export incentive	(636,899)	(95,520)	(95,151)	(87,636)
Tax losses recognised	(108,339)	-	-	-
Tax losses not recognised	-	2,465,031	-	2,208,281
Income tax (expense)/ credit	4,038,886	524,185	1,998,627	(248,072)
Temporary differences	(3,137,241)	246,881	(1,998,627)	248,072
	901,645	771,066	-	-
Add: Opening current tax liability	(366,756)	1,200,281	125,331	(125,331)
Less: Tax paid	(36,307)	(2,338,103)	(125,331)	-
Current tax liability	$ 498,582	($ 366,756)	$ -	$ (125,331)

The company tax rate was reduced from 29% to 28% effective 1 January 2010 but will be applicable to the group in the next financial year. Deferred tax balances however have been adjusted accordingly.

12 DEFERRED TAX

Represented by the tax effect of the following temporary differences:

(a) **Deferred tax liability**

	Group		Holding Company	
	2010	2009	2010	2009
	$	$	$	$
Property, plant and equipment	3,088,771	2,509,125	-	-
Other	788,034	650,975	443,057	398,924
	$ 3,876,805	$ 3,160,100	$ 443,057	$ 398,924

(b) **Deferred tax asset**

	Group 2010	Group 2009	Holding Company 2010	Holding Company 2009
Tax losses	2,163,798	4,543,724	604,483	2,518,347
Other	203,003	236,216	200,893	232,104
Provisions	386,039	393,595	165,880	175,298
	$ 2,752,840	$ 5,173,535	$ 971,256	$ 2,925,749

Deferred tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

13 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold Land & Building	Freehold Land & Building	Motor Vehicles	Plant, Office Furniture & Equipment	WIP & Intangibles	Total
As at I July 2008						
Cost	6,122,024	1,503,123	2,901,852	54,357,969	859,890	65,744,858
Accumulated Depreciation	(2,900,862)	(277,603)	(2,180,178)	(24,648,141)	-	(30,006,784)
Net book amount	3,221,162	1,225,520	721,674	29,709,828	859,890	35,738,074
Year ended 30 June 2009						
Opening net book amount	3,221,162	1,225,520	721,674	29,709,828	859,890	35,738,074
Additions	166,356	52,291	73,672	1,749,521	10,325,694	12,367,534
Disposals	-	(982)	-	(58,905)	-	(59,887)
Depreciation charge	(178,271)	(37,673)	(339,510)	(4,638,269)	-	(5,193,723)
Transfers	-	-	-	48,400	(48,400)	-
Impairment	-			(446,448)	(266,859)	(713,307)
Closing net book value	3,209,247	1,239,156	455,836	26,364,127	10,870,325	42,138,691
At 30 June 2009						
Cost	6,285,117	1,554,271	2,957,816	55,556,461	10,870,325	77,223,990
Accumulated Depreciation	(3,075,870)	(315,115)	(2,501,980)	(29,192,334)	-	(35,085,299)
Net book amount	3,209,247	1,239,156	455,836	26,364,127	10,870,325	42,138,691
Year ended 30 June 2010						
Opening net book amount	3,209,247	1,239,156	455,836	26,364,127	10,870,325	42,138,691
Additions	38,667	-	255,867	1,953,219	359,773	2,607,526
Transfers	-	-	-	9,029,449	(9,593,165)	(563,716)
Disposals	(104,106)	-	(18,147)	(135,582)	(1,850)	(259,685)
Depreciation charge	(181,527)	(38,053)	(250,915)	(5,301,146)	-	(5,771,641)
Closing net book value	2,962,281	1,201,103	442,641	31,910,067	1,635,083	38,151,175
At 30 June 2010						
Cost	6,093,067	1,554,271	2,807,920	66,001,306	1,635,083	78,091,647
Accumulated Depreciation	(3,130,786)	(353,168)	(2,365,279)	(34,091,239)	-	(39,940,472)
Net book amount	2,962,281	1,201,103	442,641	31,910,067	1,635,083	38,151,175
	============	===========	=============	=============	=============	===========

13 PROPERTY, PLANT AND EQUIPMENT – Continued

Company

	Leasehold Land & Building	Freehold Land & Building	Motor Vehicles	Plant, Office Furniture & Equipment	Total
As at I July 2008					
Cost	6,163,523	1,503,123	2,665,357	21,759,980	32,091,983
Accumulated Depreciation	(2,900,862)	(277,603)	(1,972,373)	(13,276,941)	(18,427,779)
Net book amount	3,262,661	1,225,520	692,984	8,483,039	13,664,204
Year ended 30 June 2009					
Opening net book amount	3,262,661	1,225,520	692,984	8,483,039	13,664,204
Additions	166,356	52,291	73,672	648,442	940,761
Disposals	(178,271)	(37,673)	(320,852)	(1,559,143)	(2,095,939)
Depreciation charge	(-)	(982)	( )	(58,905)	(59,887)
Closing net book value	3,250,746	1,239,156	445,804	7,513,433	12,449,139
At 30 June 2009					
Cost	6,326,616	1,554,271	2,721,320	22,277,700	32,879,907
Accumulated Depreciation	(3,075,870)	(315,115)	(2,275,516)	(14,764,267)	(20,430,768)
Net book amount	3,250,746	1,239,156	445,804	7,513,433	12,449,139
Year ended 30 June 2010					
Opening net book amount	3,250,746	1,239,156	445,804	7,513,433	12,449,139
Additions	38,666	-	255,867	442,242	736,775
Disposals	(104,106)	-	(18,147)	-	(122,253)
Depreciation charge	(181,525)	(38,053)	(240,238)	(1,479,932)	(1,939,748)
Closing net book value	3,003,781	1,201,103	443,286	6,475,743	11,123,913
At 30 June 2010					
Cost	6,134,566	1,554,272	2,608,583	22,713,692	33,011,113
Accumulated Depreciation	(3,130,785)	(353,169)	(2,165,297)	(16,237,949)	(21,887,200)
Net book amount	3,003,781	1,201,103	443,286	6,475,743	11,123,913
	============	============	=============	=============	=============

14 INVESTMENT PROPERTIES

(i)Investment properties have been included in the financial statements on the following bases:

	Group		Holding Company	
	2010	2009	2010	2009
	$	$	$	$
Leasehold land - at cost	4,855,110	4,855,110	-	-
Less: Accumulated amortisation	265,418	215,432	-	-
	4,589,692	4,639,678	-	-
Leasehold buildings - at cost	14,366,775	13,778,170	-	-
Less: Accumulated depreciation	1,480,982	1,197,742	-	-
	12,885,793	12,580,428	-	-
Total – at cost	19,221,885	18,633,280	-	-
Less: Accumulated amortisation/ depreciation	1,746,400	1,413,174	-	-
	$ 17,475,485	$ 17,220,106	$ -	$ -
	==========	==========	==========	=========

The depreciation and amortisation policies are set out in note 1 (d).

(ii) Reconciliation of investment property - Group

	Land	Building	Total
	$	$	$
Carrying amount at 30 June 2009	4,639,678	12,580,428	17,220,106
Additions	-	24,891	24,891
Transfers	-	563,716	563,716
Amortisation/Depreciation expense	(49,987)	(283,241)	(333,228)
Carrying amount at 30 June 2010	$ 4,589,691	$ 12,885,794	$ 17,475,485
	===========	==========	==========

(iii) The valuation of the properties for the group carried out on 30 June 2009 amounted to $26,607,000.

15 INVESTMENTS

(a) Investments are stated at cost less provision for impairment and comprise:

	% Interest	Country of Incorporation	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $
Unlisted Companies						
Bakery Company (Fiji) Limited (non operating)	100	Fiji	-	-	-	2
Pea Industries Limited	100	Fiji	-	-	128,250	128,250
Biscuit Company of (Fiji) Limited	100	Fiji	-	-	500,000	500,000
DHF Limited	100	Fiji	-	-	300,000	300,000
FMF Dairy Company Limited (non operating)	100	Fiji	-	-	999	999
FMF Investment Company Limited	100	Fiji	-	-	6,399,997	6,399,997
FMF Snax Limited	100	Fiji	-	-	2,000,000	2
FMF Samoa Limited (non operating)	75	Samoa	-	-	-	139,890
			-	-	9,329,246	7,469,140
Provision for impairment			-	-	-	(139,890)
			-	-	9,329,246	7,329,250
Listed Companies						
The Rice Company of Fiji Limited (Market value as at 30.6.10 - $10,575,000)	75	Fiji	-	-	2,250,000	2,250,000
Atlantic & Pacific Packaging Company Limited (Market value as at 30.6.10 - $2,400,000)	60	Fiji	-	-	2,400,000	2,400,000
Total investments			$ -	$ -	$13,979,246	$11,979,250

(b) The financial statements of subsidiaries, The Rice Company of Fiji Limited, FMF Snax Limited and FMF Investment Company Limited are audited by G. Lal + Co.

(c) FMF Samoa was non operational and was derecognised in 2010.

16 PROFIT/ (LOSS) BEFORE TAX

Included in profit/ (loss) before tax are the following items of revenue and expenses:

	Group		Holding Company	
	2010	2009	2010	2009
	$	$	$	$
Revenue				
Gain on disposal of property, plant and equipment	502,747	-	502,747	-
Interest income	262,094	276,494	248,149	272,324
Exchange gain	4,128,451	933,894	359,125	-
Expenses				
Depreciation/amortisation	6,103,787	5,521,386	1,939,748	2,095,939
Interest	3,318,172	3,133,280	1,250,756	1,380,408
Auditors' remuneration				
- PricewaterhouseCoopers	69,250	70,745	25,000	25,000
- Other group auditors	70,898	67,886	-	-
Directors' emoluments				
- Directors' fees	9,333	12,000	9,333	12,000
- Other services	-	455,293	-	455,293
Exchange loss	-	-	-	286,053
Employee entitlements	72,231	50,298	-	-
Doubtful debts	142,919	(100,981)	127,011	(129,786)
Loss on disposal of property, plant and equipment	-	53,442	-	53,442

17 CASH AND CASH EQUIVALENTS

(a) For the purpose of the consolidated cash flow statement, cash includes cash at bank and on hand, net of outstanding bank overdrafts. Cash at the end of the year as shown in the consolidated cash flow statement is reconciled to the related items in the consolidated balance sheet as follows:

	Group	
	2010	2009
	$	$
Cash on hand and at bank	6,411,888	503,985
Bank overdraft	(19,349,591)	(22,779,207)
	($12,937,703)	($ 22,275,222)
	==========	===========

(b) **FINANCING FACILITIES**

Bank overdraft facilities totalling $15m (2009: $25m), interchangeable amongst the Group companies were available.

18 DIVIDENDS

	Group		Holding Company	
	2010	2009	2010	2009
	$	$	$	$
Interim dividend	$ 824,500	$ 112,000	$ 600,000	$ -
	============	==========	==========	==========

Dividends are subject to the provisions of the Fiji Income Tax Act and Income Tax (Dividend) Regulations 2001.

19 EARNINGS PER SHARE

Operating profit/ (loss) after tax attributable to members of the holding company	$ 11,086,595	($ 7,155,432)
Weighted average number of ordinary shares issued	150,000,000	150,000,000
Basic earnings per share	$ 0.074	($ 0.048)
	===========	==========

20 CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements	$ -	$ -	$ -	$ -
	============	==========	==========	==========

	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $

21 CONTINGENCIES AND COMMITMENTS

	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $
(a) Letters of credit	$ 300,707	$ 3,282,880	$ -	$ 169,620
(b) Guarantees and bonds	$ 442,223	$ 338,795	$ 307,422	$ 303,994

(c) The holding company and its Fiji subsidiaries have given cross guarantees for the group's borrowings to ANZ Bank (Refer Note 9).

22 EMPLOYEE ENTITLEMENTS

	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $
Provision for annual leave	$ 495,173	$ 369,509	$ 295,756	$ 282,457

23 RELATED PARTIES

(a) **Directors**

The names of persons who were directors of the company at anytime during the financial year are as follows: Hari Punja, Sanjay Punja, Lionel Yee, Gary Callaghan, Radike Ulaiasi Qereqeretabua, Pramesh Sharma and Ajai Punja.

Payments to directors are disclosed in Note 16.

(b) **Ultimate Holding Company**

The ultimate holding company is Hari Punja Nominees Limited, a company incorporated in Fiji.

(c) **Amounts Owing by Related Companies**

	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $
Penultimate Holding Company				
Hari Punja and Sons Limited	451	-	425	-
Related Company				
Petroleum and Gas Co (Fiji) Limited	-	4,050	-	4,050
Subsidiaries				
FMF Samoa Limited	-	-	-	128,611
FMF Investment Company Limited	-	-	3,556	-
Biscuit Company of Fiji Limited	-	-	131	267,752
FMF Snax Limited	-	-	-	59,111
DHF Limited	-	-	-	7,369
Atlantic & Pacific Packaging Co Limited	-	-	168,000	92,317
Pea Industries Limited	-	-	14	37,384
Rice Company of Fiji	-	-	337,500	43,609
	451	4,050	509,626	640,203
Provision for doubtful debts	-	-	-	(128,611)
	$ 451	$ 4,050	$ 509,626	$ 511,592

23 RELATED PARTIES - continued

(d) **Amounts Owing to Related Companies**

	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $
Penultimate Holding Company				
Hari Punja & Sons Limited	523,566	164,433	410,424	-
Related Company				
Petroleum & Gas Co (Fiji) Limited	395,597	248,134	15,891	11,036
Subsidiaries				
The Rice Company of Fiji Limited	-	-	-	190,000
Atlantic & Pacific Packaging Company Limited	-	-	-	-
DHF Limited	-	-	572,195	2,699
Biscuit Company of (Fiji) Ltd	-	-	-	-
Pea Industries Limited	-	-	-	590,000
	$ 919,163	$ 412,567	$ 998,510	$ 793,735

(e) **Related company loans**

CURRENT - PAYABLE

	Group 2010 $	Group 2009 $	Holding Company 2010 $	Holding Company 2009 $
Subsidiaries				
The Rice Company of Fiji Limited	$ -	$ -	$ -	$ 2,335,000

23 RELATED PARTIES - continued

(f) Related Party Transactions

During the year, the group sourced raw materials, packaging materials and spare parts from director-related parties outside Fiji, paid management fees and rent to a related company and obtained insurance covers from a related company.

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with these director-related parties and subsidiaries were as follows:

	Group		Holding Company	
	2010	2009	2010	2009
	$	$	$	$
Income				
Sales	-	-	15,302,656	14,010,085
Administration fees	-	-	975,600	1,275,600
Dividends	-	-	505,500	168,000
Promotion & advertising	-	-	73,000	114,835
Milling & other charges	-	-	162,241	413,311
Rent	-	-	7,500	18,000
Interest	-	-	12,933	56,621
Expenses				
Purchase of raw materials	-	-	961,558	123,566
Purchase of packaging materials	-	-	105,859	86,895
Insurance	-	-	-	589,274
Interest	-	-	105,008	89,223
Milling fees	-	-	28,584	31,692
Rent	-	-	144,000	144,000
Management fees	1,046,109	1,449,794	102,000	102,000

During the year, advances were made among the holding company and subsidiary companies at an interest rate of 2.75% (from July 2009-Decmber 2009) and 2.5% (from January 2010-June 2010).These amounts had been settled in full as at year ended 30 June 2010.

Some of the group's insurance covers are placed by independent insurance brokers Marsh Limited, with a related company Dominion Insurance Limited. Certain subsidiaries' insurance covers are arranged by the holding company for a fee.

Transactions with director-related entities were on normal trading terms and conditions no more favourable than those which would have been adopted if dealing with the director-related entities at arms length in the same circumstances. The management fees paid are approved by the respective companies' Boards.

23 RELATED PARTIES - continued

(g) **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 included the Chief Executive Officer, Chief Financial Officer and Group General Manager.

The aggregate compensation of the key management personnel of the holding company was comprised of only short-term benefits amounting to $ 598,690 (2009: $ 870,969).

24 SHARE REGISTER AND REGISTERED OFFICE

Flour Mills of Fiji Limited
Leonidas Street
PO Box 977
Walu Bay
SUVA

The company is incorporated in the Republic of Fiji Islands with limited liability. 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.

25 OPERATING LEASES

(a) Details of operating leases held by the company are as follows:

(i) On 1 July 2007 the company entered into a Crown lease agreement Ref 17674 with the government of the Republic of the Fiji Islands to lease a piece of land at Walu Bay. The terms of the lease agreement is for a period of 99 years ending on 1 July 2106. The lease as per agreement is with FMF Investment but FMF bears the cost as it is located on the site

Under the agreement, rent is currently payable at the rate of $68,000 per annum.

(ii) On 1 Jan 1999 the company entered into a Crown lease agreement with the Government of the Republic of Fiji Islands to lease a piece of land at Navutu. The terms of the lease agreement is for a period of 99 years ending on 1 Jan 2098.

Under the agreement, rent is currently payable at the rate of $3,500 per annum.

(iii) On 23 January 1992 the company entered into a Crown Lease agreement with the Government of the Republic of Fiji Islands to lease a piece of land at Muanikau. The terms of the lease agreement is for a period of 60 years ending on 31 May 2052.

Under the agreement, rent is payable at the rate of $483 per annum.

25 OPERATING LEASES - continued

(b) Total commitments for future lease rentals, which have not been provided for in the financial statements, are as follows:

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Payable not later than 1 year	3,384,750	3,680,839	37,500	71,500
Payable later than 1 year but not later than 5 years	2,114,200	1,901,956	286,000	286,000
Payable later than 5 years	11,928,950	6,627,374	6,476,750	6,548,250
	$ 17,427,900	$ 12,210,169	$ 6,800,250	$ 6,905,750

26 EVENTS SUBSEQUENT TO BALANCE DATE

No charge on the assets of the company or 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 company and the group to meet its obligations as and when they fall due.

27 SEGMENT INFORMATION

(a) **Secondary Reporting – Geographical Segments**

The group operates only in the geographical segment of Fiji. FMF Samoa Limited was non operational and was derecognised in 2010.

27 SEGMENT INFORMATION

(b) Primary Reporting - Business Segments - 2010

	Flour & Wheat	Biscuit	Rice	Dun Peas	Packaging Materials	Rental	Snax	2010 Inter Segment eliminations	Total
	$	$	$	$	$	$	$	$	$
Sales	79,787,875	71,506,109	8,965,063	3,758,076	7,924,564	1,925,907	9,298,774	(20,620,026)	162,546,342
Other income	5,392,540	3,820,794	265,849	9,509	10,549	-	91,028	(4,524,529)	5,065,740
	$ 85,180,415	$ 75,326,903	$ 9,230,912	$ 3,767,585	$ 7,935,113	$ 1,925,907	$ 9,389,802	($ 25,144,555)	$ 167,612,082
Segment result before income tax and finance costs	8,520,583	5,974,909	682,029	699,248	1,365,804	1,524,044	1,041,697	(771,397)	19,036,917
Finance costs	(1,358,839)	(1,462,809)	(15,245)	(15,249)	(1,840)	(520,084)	(225,246)	202,261	(3,397,051)
Profit before income tax expense	7,161,744	4,512,100	666,784	683,999	1,363,964	1,003,960	816,451	(569,136)	15,639,866
Income tax expense	(2,223,907)	(664,749)	(197,153)	(196,928)	(371,520)	(270,362)	(114,267)	-	(4,038,886)
Net profit	$ 4,937,837	$ 3,847,351	$ 469,631	$ 487,071	$ 992,444	$ 733,598	$ 702,184	($ 569,136)	$ 11,600,980
Segment assets	58,294,321	50,701,370	7,563,312	1,655,051	5,539,119	20,601,022	5,090,447	(15,238,966)	134,205,676
Deferred tax asset	972,428	1,182,695	85,702	2,069	15,675	284,399	209,872	-	2,752,840
Total assets	$ 59,266,749	$ 51,884,065	$ 7,649,014	$ 1,657,120	$ 5,554,794	$ 20,885,421	$ 5,300,319	($ 15,238,966)	$ 136,958,516

27 SEGMENT INFORMATION - Continued

(b) **Primary Reporting - Business Segments - 2010 continued**

	Flour & Wheat	Biscuit	Rice	Dun Peas	Packaging Materials	Rental	Snax	Inter Segment eliminations	2010 Total
	$	$	$	$	$	$	$	$	$
Segment liabilities	10,159,085	4,561,388	1,438,854	73,809	1,188,437	95,415	811,308	(1,118,481)	17,209,815
Deferred tax liabilities	443,057	2,036,258	-	24,430	294,958	1,019,282	58,820	-	3,876,805
Provision for income tax	155,339	-	110,737	140,267	213,249	(118,750)	(2,260)	-	498,582
Secured loans	17,415,000	25,460,000	-	-	-	11,335,000	2,825,000	-	57,035,000
Bank overdraft	10,959,252	7,373,586	-	212,380	-	43,037	761,336	-	19,349,591
Total liabilities	$ 39,131,733	$ 39,431,232	$ 1,549,591	$ 450,886	$ 1,696,644	$ 12,373,984	$ 4,454,204	($ 1,118,481)	$ 97,969,793
Acquisition of property, plant and equipment, intangibles and other non current segment assets	$ 736,776	$ 1,266,212	$ -	$ -	$ 82,848	$ 305,551	$ 241,028	$ -	$ 2,632,415
Depreciation and amortisation expense	$ 1,939,748	$ 3,157,056	$ -	$ 1,080	$ 287,849	$ -	$ 364,835	$ -	$ 5,750,568
Net cash inflow/ (outflow) from operating activities	($ 1,552,372)	($ 3,782,477)	$ 1,968,520	$ 663,087	$ 745,543	$ 1,226,331	$ 1,135,769	($ 303,239)	$ 101,162

27 SEGMENT INFORMATION

(b) Primary Reporting - Business Segments - 2009

	Flour & Wheat	Biscuit	Rice	Dun Peas	Packaging Materials	Rental	Snax	2009 Inter Segment eliminations	Total
	$	$	$	$	$	$	$	$	$
Sales	82,930,997	53,440,203	18,923,616	3,797,213	7,108,549	1,885,865	7,732,767	(19,872,473)	155,946,737
Other income	2,718,762	1,316,124	418,803	31,528	10,208	-	104,667	(2,347,899)	2,252,193
	$ 85,649,759	$54,756,327	$19,342,419	$ 3,828,741	$ 7,118,757	$ 1,885,865	$ 7,837,434	($ 22,220,372)	$ 158,198,930
Segment result before income tax and finance costs	(5,893,553)	1,830,322	(126,038)	164,620	816,802	1,492,166	(831,755)	(361,182)	(2,908,618)
Finance costs	(1,543,815)	(1,103,363)	(27,899)	(75,411)	(47,280)	(549,726)	(324,892)	145,844	(3,526,542)
(Loss)/ profit before income tax expense	(7,437,368)	726,959	(153,937)	89,209	769,522	942,440	(1,156,647)	(215,338)	(6,435,160)
Income tax (expense)/credit	183,471	(227,096)	40,755	(25,574)	(208,566)	(256,902)	(30,273)	-	(524,185)
Net (loss)/ profit	($ 7,253,897)	$ 499,863	($ 113,182)	$ 63,635	$ 560,956	$ 685,538	($1,186,920)	($ 215,338)	($ 6,959,345)
Segment assets	44,567,198	43,864,867	6,192,255	1,699,793	3,903,417	20,341,896	5,403,081	(15,733,145)	110,239,362
Deferred tax asset	2,928,166	1,735,321	100,994	4,108	12,699	83,208	309,039	-	5,173,535
Total assets	$ 47,495,364	$45,600,188	$ 6,293,249	$ 1,703,901	$ 3,916,116	$ 20,425,104	$5,712,120	($ 15,733,145)	$115,412,897

27 SEGMENT INFORMATION - Continued

(b) Primary Reporting - Business Segments – 2009 continued

	Flour & Wheat	Biscuit	Rice	Dun Peas	Packaging Materials	Rental	Snax	Inter Segment eliminations	2009 Total
	$	$	$	$	$	$	$	$	$
Segment liabilities	7,996,118	7,490,660	204,087	87,205	435,871	116,028	1,045,810	(3,635,961)	13,739,818
Deferred tax liabilities	398,924	1,924,135	-	25,625	219,967	547,729	43,720	-	3,160,100
Provision for income tax	(144,027)	(204,686)	(11,124)	(3,559)	67,809	(68,750)	(2,419)	-	(366,756)
Secured loans	20,919,934	16,928,382	-	-	-	7,344,115	2,695,854	-	47,888,285
Bank overdraft	2,486,903	10,856,215	20,494	875,467	46,763	4,708,143	3,785,222	-	22,779,207
Total liabilities	$ 31,657,852	$36,994,706	$ 213,457	$ 984,738	$ 770,410	$ 12,647,265	$ 7,568,187	($ 3,635,961)	$ 87,200,654
	==========	=========	==========	===========	===========	===========	==========	==========	==========
Acquisition of property, plant and equipment, intangibles and other non current segment assets	$ 940,761	$ 9,779,922	$ -	$ -	$ 171,229	$ 1,359,539	$ 229,627	$ -	$ 12,481,078
	==========	==========	==========	===========	===========	===========	==========	==========	===========
Depreciation and amortisation expense	$ 2,095,939	$ 2,356,437	$ -	$ 1,080	$ 371,975	$ 348,829	$ 347,126	$ -	$ 5,521,386
	==========	==========	==========	===========	===========	===========	==========	==========	===========
Net cash inflow/ (outflow) from operating activities	$ 4,581,243	$ 5,134,360	($ 1,047,083)	$ 625,524	$ 1,306,300	$ 1,323,434	($ 322,641)	($ 22,156)	$ 11,578,981
	==========	==========	==========	===========	===========	===========	==========	==========	==========

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	SHARES
1	HARI PUNJA & SONS LTD	102,605,988
2	UNIT TRUST OF FIJI (TRUSTEE CO)	12,932,000
3	FIJI NATIONAL PROVIDENT FUND	6,717,975
4	REDDYS' ENTERPRISES LIMITED	2,113,050
5	GARY CALLAGHAN	1,500,225
6	COLONIAL FIJI LIFE LIMITED	1,488,840
7	FIJIAN HOLDINGS LIMITED	1,298,200
8	THAKURLAL JIWAN NARSEY	1,108,175
9	JITENDRA KUMAR M NARSEY	1,090,450
10	VENILAL MAGANLAL NARSEY	675,950
11	JAYANTILAL RATANJI NARSEY	582,825
12	LAKSHMIKANT DHARAMSI SAMPAT	500,000
13	BECHARBHAI HOLDINGS LTD	499,950
14	KONTIKI FUNDS LIMITED	427,410
15	KANTI LAL PUNJA	375,000
16	JAGMOHANLAL JIWAN NARSEY	358,275
17	DAYABHAI NATHUBHAI PATEL	318,700
18	SHANTILAL PATEL	279,900
19	SURESH CHANDRA	274,950
20	VIJAY KUMAR	274,950

(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	Total % Holding
3	less than 500 shares	0.00
93	500 to 5,000 shares	0.24
75	5,001 to 10,000 shares	0.42
75	10,001 to 20,000 shares	0.83
40	20,001 to 30,000 shares	0.68
15	30,001 to 40,000 shares	0.39
23	40,001 to 50,000 shares	0.75
47	50,001 to 100,000 shares	2.46
48	100,001 to 1,000,000 shares	6.99
9	Over 1,000,000 shares	87.24
428	Total	**100.00**

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

(c) Disclosure under Section 6.31 (viii):

	FMF Samoa Limited	Pea Industries Limited	Biscuit Company of (Fiji) Limited	DHF Limited	The Rice Company of Fiji Limited	Atlantic & Pacific Packaging Company Limited	FMF Investment Company Limited	FMF Snax Limited
	$	$	$	$	$	$	$	$
Turnover	-	3,758,076	71,506,109	10,348,618	8,965,063	7,924,564	1,925,907	9,298,774
Other Income	-	9,509	3,820,794	77,168	265,849	10,549	-	91,028
	-	3,767,585	75,326,903	10,425,786	9,230,912	7,935,113	1,925,907	9,389,802
Depreciation	-	1,080	3,157,056	-	-	287,849	-	364,835
Other expenses	-	3,082,506	67,657,747	9,649,102	8,564,128	6,283,300	921,947	8,208,516
Income tax expense	-	196,928	664,749	225,280	197,153	371,520	270,362	114,267
	-	3,280,514	71,479,552	9,874,382	8,761,281	6,942,669	1,192,309	8,687,618
Net profit after tax	$ -	$ 487,071	$ 3,847,351	$ 551,404	$ 469,631	$ 992,444	$ 733,598	$ 702,184
Total Assets	-	1,657,120	51,884,065	8,714,841	7,649,014	5,554,794	21,004,171	5,302,579
Total Liabilities	-	450,886	39,431,232	7,239,600	1,549,591	1,696,644	12,492,734	4,456,464
Shareholders Equity	-	1,206,234	12,452,833	1,475,241	6,099,423	3,858,150	8,511,437	846,115

(d) Disclosure under Section 6.31 (xii):

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

	2010	2009	2008	2007	2006	2005
Net Profit after Tax	**11,600,980**	**(6,959,345)**	**4,509,994**	**(1,180,558)**	**2,168,149**	**6,682,297**
Current Assets	71,560,661	46,487,101	57,544,964	38,580,503	39,269,600	34,468,412
Non - Current Assets	65,397,855	68,925,796	63,436,838	67,357,304	56,044,352	47,867,938
Total Assets	**136,958,516**	**115,412,897**	**120,981,802**	**105,937,807**	**95,313,952**	**82,336,350**
Current Liabilities	41,696,307	44,634,327	42,692,406	47,689,671	32,830,590	24,042,324
Non - Current Liabilities	56,273,486	42,566,327	43,005,808	24,139,542	24,943,064	20,807,377
Total Liabilities	**97,969,793**	**87,200,654**	**85,698,214**	**71,829,213**	**57,773,654**	**44,849,701**
Shareholders Equity	**38,988,723**	**28,212,243**	**35,283,588**	**34,108,594**	**37,540,298**	**37,486,649**

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

	2010	2009	2008	2007	2006	2005
Net Profit after Tax	**4,386,433**	**(7,259,153)**	**4,450,932**	**(2,447,001)**	**2,545,912**	**1,827,839**
Current Assets	19,028,993	14,854,238	20,790,580	22,662,369	20,420,603	13,464,618
Non - Current Assets	31,522,914	30,549,059	32,515,457	35,496,849	32,659,109	30,380,229
Total Assets	**50,551,907**	**45,403,297**	**53,306,037**	**58,159,218**	**53,079,712**	**43,844,847**
Current Liabilities	17,232,394	13,297,045	11,323,708	28,074,229	16,831,449	9,763,852
Non - Current Liabilities	14,659,738	17,232,910	19,849,834	9,403,426	11,180,644	9,759,288
Total Liabilities	**31,892,132**	**30,529,955**	**31,173,542**	**37,477,655**	**28,012,093**	**19,523,140**
Shareholders Equity	**18,659,775**	**14,873,342**	**22,132,495**	**20,681,563**	**25,067,619**	**24,321,707**

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

Dividend declared per share :

	2010	2009	2008	2007	2006	2005
Cents per share	**0.40**	**-**	**2.00**	**1.20**	**1.20**	**6.00**

(Note : On 29th November 2005 , one share of 20 cents was split into five shares of 4 cents each . Thus the total number of shares are 150 million (2005 : 30 million))

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

Earnings per share (Group):

	2010	2009	2008	2007	2006	2005
Cents per share	**7.39**	**(4.77)**	**2.58**	**(1.11)**	**1.30**	**20.86**

Earnings per share (Holding Company):

	2010	2009	2008	2007	2006	2005
Cents per share	**2.92**	**(4.84)**	**2.96**	**(1.63)**	**1.70**	**6.09**

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

Net tangible assets per share (Group):

	2010	2009	2008	2007	2006	2005
Cents per share	**25.64**	**18.45**	**23.14**	**22.73**	**25.02**	**124.96**

Net tangible assets per share (Holding company) :

	2010	2009	2008	2007	2006	2005
Cents per share	**12.08**	**9.56**	**14.40**	**13.79**	**16.71**	**81.07**

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

Share price during the year (Cents per share)	2010	2009
Highest	0.69	0.90
Lowest	0.69	0.72
On 30th June	0.69	0.72

FLOUR MILLS OF FIJI LIMITED

Minutes of the Thirty-Seventh Annual General Meeting , held at 3.00 p.m. on Friday , the 20th November 2009 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. Wiliki Takiveikata	..	Representing the Auditors, M/s PricewaterhouseCoopers

Eleven other shareholders / proxy holders were present in person.

APOLOGIES

Mr. Radike Qereqeretabua

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 to be open .

CONFIRMATION OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING HELD ON 31st October 2008 .

Proposed by : Mr. Fonua Kotobalavu

Seconded by : Mr. Pravin Chandra

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 **31st October 2008**.

MATTERS ARISING OUT OF EARLIER MINUTES:

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 2009.

Proposed by : Mr. Mahendra Pal Singh

Seconded by : Mr. Fonua Kotobalavu

The motion as proposed and seconded by the above named persons was put for discussion.

Minutes (Contd..)

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 2009.

TO ELECT, IN ACCORDANCE WITH ARTICLE 86 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY, MR. GARY CALLAGHAN , AS A DIRECTOR OF THE COMPANY, WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-ELECTION.

Proposed by : Mr. Pravin Chandra

Seconded by : Mr. Fonua Kotobalavu

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 re-elected Mr. Gary Callaghan as a Director of the company.

TO APPOINT MR. AJAI PUNJA , AS A DIRECTOR OF THE COMPANY IN PLACE OF MR. SANJAY PUNJA.

Proposed by : Mr. Mahendra Pal Singh

Seconded by : Mr. Pravin Chandra

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. Ajai Punja as a Director of the company.

TO APPOINT THE RETIRING AUDITORS, M/S PRICEWATERHOUSECOOPERS, 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: Ms. Ayesha Chand

Seconded by: Mr. Fonua Kotobalavu

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 the Retiring Auditors, M/s PricewaterhouseCoopers as 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

The Chairman read out sections form the Chairman’s Report.

Vote of Thanks to the Chair:

Proposed by: Mr. Mahendra Pal Singh

Thereafter the Chairman declared the meeting as closed.

Chairman

FLOUR MILLS OF FIJI LIMITED

PROXY FORM

Share Folio No. ……….……..……………

No. of shares held ……….…….……………..

The Company Secretary,
Flour Mills Of Fiji Limited,
P O Box 977,
Suva, Fiji Islands

I/WE………..……………………………………………………………………………………….….

Of ………………..……………….……………………………………………………………………….

Being a member / members of **FLOUR MILLS 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 3.00 p.m. on Friday , the **19th November 2010** and at any adjournment thereof.

As witness to my/our hands this……….day of ………………2010, 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 70 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 __________________________________