

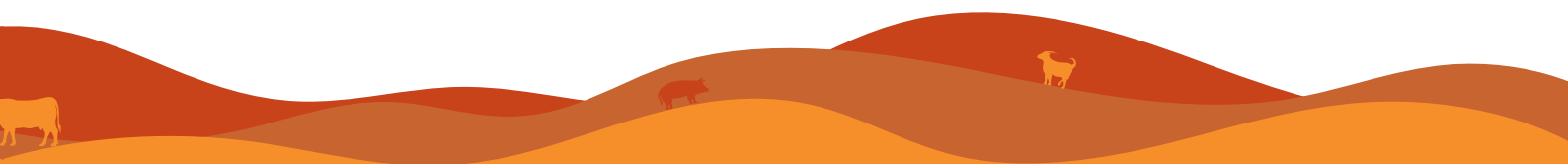


ANNUAL REPORT 2016



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Vision

To be a recognized provider of quality and value-added: meat, protein and their by-products.

Mission

FMIB is committed to providing slaughtering service in facilities that are internationally benchmarked for safety, hygiene and quality. FMIB will respond to the needs of diverse markets through humane practises, technological efficiency and adding value to meat and products.

In doing so, FMIB believes in continuous business success and growth built upon customer satisfaction, high ethical standards good business practices and concern for the welfare of our employees. We are committed to fulfilling our responsibility to the Government, the environment, our suppliers and the community in which we operate.

Values

Customer Focus
Team Work
Honesty
Accountability
Result Oriented
Compliance with
Relevant Meat
Standards
Innovation

Statutory Function

The Fiji Meat Industry Board was established in 1976 under the Meat Act Cap 237 of 1970. In September 2005, the Fiji Meat Industry Board was designated a Commercial Statutory Authority (CSA).

The function of the Fiji Meat Industry Board is to:

- Construct and operate public slaughtering facilities.
- Take steps deemed desirable for the protection, preservation and expansion of the meat industry in Fiji.
- Borrow funds as and when required to effectively discharge its function.
- Purchase, trade or deal in livestock, meat and its by-products.



Chairman's Report

Fiji Meat Industry Board (FMIB), under the Meat Act Cap 237, protects and preserves the Meat Industry in Fiji. We consider this a very important role for the assurance of meat that is safe and fit for consumption by thousands of Fijian families.

2016 was another exciting year for us, as we work towards the fulfillment of our strategic objectives. Over the next few pages we showcase our results which indicates our performance for this year.

Our major challenges continue to be:

- The continued decline in livestock numbers, which is beyond our control, has directly affected our income. We are still unable to slaughter to full capacity due to this.
- The degradation of our abattoir and equipment and the need for investment to modernise our facilities.
- A review of the Meat Act, which, in its current form does not address the issues faced by the Meat Industry.

FMIB continues to provide a market for small holder farmers, providing them premium prices. In encouraging increased production, we do our part in helping to develop the industry. We are still working very closely with the Fijian Government to have our Abattoir and Rendering Plant upgraded.

Good governance in our daily operations is a must, and this is reflected in the number of key internal policies we have been introducing so that we are on par with industry best practices. Our operations continue to be efficient, and amidst various challenges, our core responsibilities continue to be fulfilled.

We look forward to another year of fulfilling our mandate as best we can.

Thank you.



Timothy Brown
Fiji Meat Industry Board Chairman

CEO's Report

Our “Target Performance Improvement” program, analysing the slaughtering and rendering process, allows us to determine high impact areas of productivity. This has led to an improvement in productivity, leading to increases in Meat and Fish meal (690 tonnes) and Tallow production(275 drums).

While we manage our resources well with an outlook to continued sustainability, we continue to encounter challenges with increasing processing costs.

1.0 SLAUGHTERING

Our commitment to quality and food safety is the most important aspect of our operations. We also ensure compliance with the Meat Industry Act 1970.

Government Meat Inspectors and our own Quality Assurance Officers are present during livestock slaughter, inspecting meat and weighting carcasses to ensure that the meat is hygienic and safe for consumption.

As always, we practice humane slaughtering, adhering to the Animal Welfare Act with the use of electrical stunning for pigs and captive bolt stunning for ruminants.

1.1 TOTAL SLAUGHTER

Pigs will continue to be the major and growing commodity because of their ability to reproduce. A total of 14,473 pigs were slaughtered, a decrease of 1708 from 2015. Pigs continue to form the bulk of our slaughter numbers, this year accounting for 62.03% of our total slaughter numbers.

It is important to note that this does not translate proportionately to carcass weight. Despite the high number of pigs being slaughtered, pork weight is only 29.75% of the total weight of carcasses. In contrast, there were 8,327 cattle slaughtered which represents only 35.69% of the total slaughter numbers. However, the beef volume is a majority 70% of the total weight of carcasses. The proportion of goats slaughtered has decreased compared to 2015. Total Sheep and Calves slaughter number is insignificant, representing less than 1% of total slaughter numbers.

Figure 1: Slaughter Proportion by Species & Number

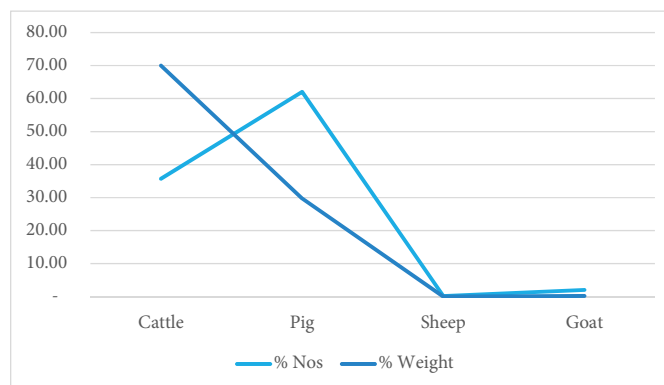


Table 1: FMIB Slaughter Numbers and Weight 2016

Species	Nos	Weight (t)	% Nos	% Weight
Cattle	8327	2240	35.69	70.00
Pig	14473	952	62.03	29.75
Sheep	47	1	0.20	0.03
Goat	486	7.08	2.08	0.22
TOTAL	23333	3200.08	100.00	100.00

2.0 CATTLE

The total number of cattle slaughtered declined in comparison to 2015 numbers by 1.70%. A total of 8327 were slaughtered compared to 8471 in 2015. Total carcass weight has increased by 9.70% to 2240 tonnes.

We are anticipating numbers to continue to increase



in the next few years due to our collaboration with the Ministry of Agriculture.

As part of our incentivisation initiatives, we continue to work with several stakeholders to encourage beef farming as a viable business - providing access to long term leases, low-interest rate on borrowed capital, improved genetics and accessibility to fencing material in conjunction with these stakeholders.

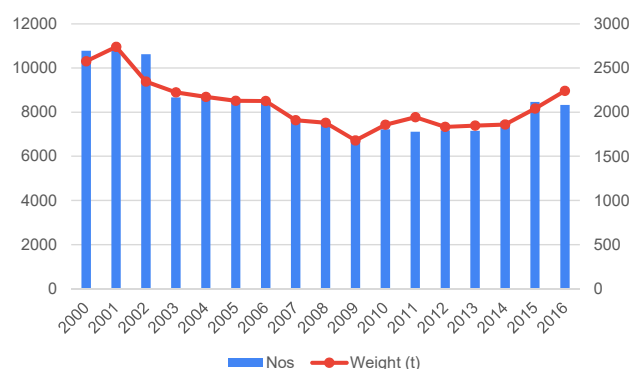
The Board continues to assist the Ministry of Agriculture with the slaughtering of tuberculosis infected cattle to prevent the disease from spreading to other cattle and human beings.

Table: 2 Cattle Slaughter Numbers and Weight.

Year	Nos	Weight (t)
2000	10779	2576
2001	10889	2740
2002	10628	2346
2003	8672	2223
2004	8627	2172
2005	8432	2130
2006	8494	2126
2007	7575	1908
2008	7541	1880
2009	6668	1680
2010	7223	1858
2011	7121	1942
2012	7174	1833
2013	7160	1849
2014	7589	1859
2015	8471	2042
2016	8327	2240



Figure 2 Cattle Slaughter Data 2000 - 2016



2.1 MAGITI TRADE

Our Magiti facilities, which are in compliance with the Fiji Food Safety Act 2009, provide a great opportunity to bolster the image of the company. FMIB provides a “Magiti” market for members of the public who prefer to buy whole carcasses or special functions or occasions.

Our “Magiti” market also provides a readily available market for smallholder farms who are not able to sell the farm gate to other butchers. The Board offers competitive buying prices to encourage farmers to produce more and improve the quality of beef with market preference for lean and tender meat.

Many consumers are more health conscious and would prefer dressed carcasses that are hygienically slaughtered and inspected by Meat Inspectors. There are also varieties of products available such as primal beef cuts, meaty bones, steak and tray packs.

3.0 PIGS

Total number of pigs slaughtered declined by 10.56% with only 14,473 slaughtered compared to 16,181 slaughtered in 2015.

Total carcasses weight was short of 2015 production by 2.56%. A total of 952 tons was produced this year compared to 977 tons in 2015.

Figure 5: Pig Slaughter Numbers and Weight 2000 - 2016

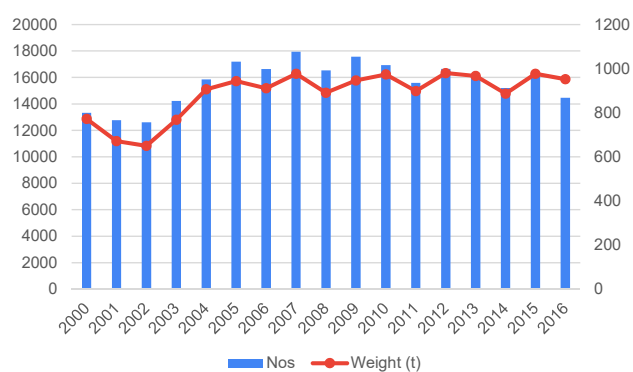
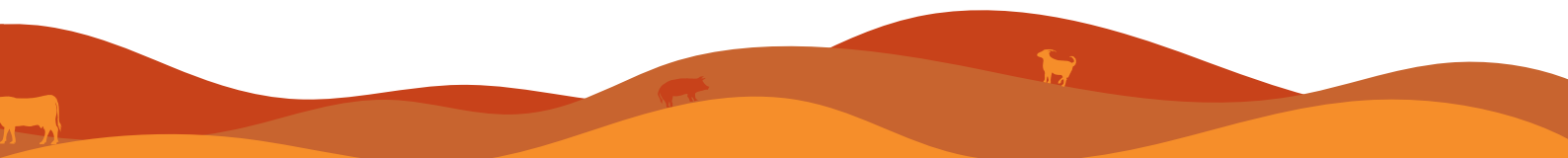


Table 5: Pig Slaughter Data 2000 - 2016

Year	Nos	Weight (t)
2000	13332	772
2001	12767	671
2002	12606	650
2003	14227	768
2004	15858	906
2005	17195	943
2006	16632	911
2007	17936	977
2008	16532	891
2009	17563	946
2010	16934	974
2011	15599	898
2012	16655	980
2013	16109	967
2014	15208	887
2015	16181	977
2016	14473	952

3.1 PIG MAGITI TRADE

The number of pigs slaughtered for Magiti was 1844. FMIB still offers farmers a competitive buying price, incentivising farmers to increase production.



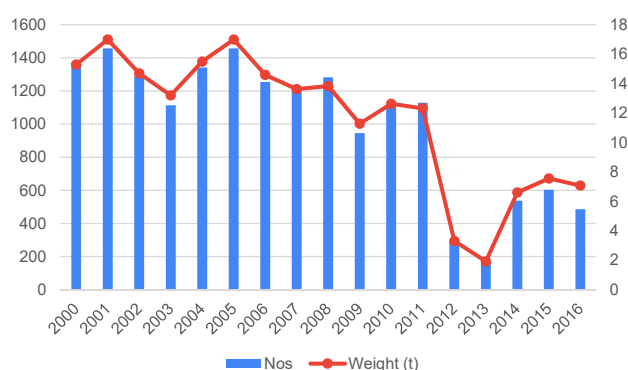
4.0 GOAT

Total number of goats decreased to 486 compared to 603 slaughtered in 2015. Total goat meat produced also decreased to 7.08 tons compared to 7.56 tons produced in 2015.

Table 7: Goat Slaughter Numbers and Weight

Year	Nos	Weight (t)
2000	1373	15.3
2001	1458	17
2002	1288	14.7
2003	1113	13.2
2004	1341	15.5
2005	1458	17
2006	1254	14.6
2007	1207	13.62
2008	1283	13.83
2009	946	11.28
2010	1129	12.63
2011	1129	12.32
2012	293	3.3
2013	169	1.92
2014	538	6.6
2015	603	7.56
2016	486	7.08

Figure 6: Goat Slaughter Data 2000 - 2016



5.0 SHEEP

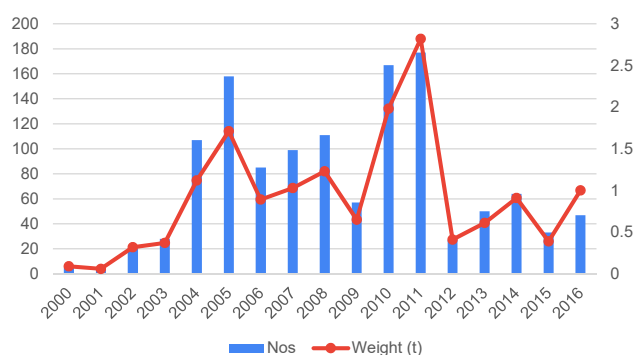
There were 47 sheep slaughtered in 2016 compared to 33 slaughtered in the previous year.

Sheep population is still low due to worm infestations, poor husbandry and theft, however, there is still a high demand for local mutton because of its low fat content as compared to imported mutton.

Table 8: Sheep Production (Nos.)

Year	Nos	Weight (t)
2000	5	0.09
2001	3	0.06
2002	20	0.32
2003	28	0.37
2004	107	1.12
2005	158	1.71
2006	85	0.89
2007	99	1.03
2008	111	1.23
2009	57	0.65
2010	167	1.98
2011	177	2.82
2012	27	0.41
2013	50	0.61
2014	64	0.91
2015	33	0.39
2016	47	1

Figure 7: Sheep Slaughter Data 2000 - 2016



6.0 RENDERING

This Rendering Section produced more than 690 tons of Meat Meal and Fish Meal. This is more than the 2015 total of 647. This was the highest ever produced since the establishment of the Abattoirs and was only achieved through the dedication and the commitment of employees who worked tirelessly operating the Rendering on three shift operations.

The processing of fish waste enables FMIB to sustain its rendering operations profitably and to provide extra days of work for its employees.

On the other hand, our meal assists pig farmers who supply FMIB for a much quicker turnover as it boosts the pig's growth rate.

7.0 HIDE PRODUCTION

The hide quality has improved with minimal damages incurred during skinning. A total of 7,946 hides were salted and prepared for export, compared to 10,520 in 2015.

8.0 LIVESTOCK UNIT

The Livestock unit focuses on cattle raised in its farm. Good husbandry practices such as drenching, dehorning and castration are carried out by the unit. The unit also liaises with livestock farmers who want to sell their livestock to the Abattoir to ensure that there is consistency in supply.

We also purchase pregnant and underweight cattle on live weight basis. These are at Nasinu Abattoir until calving or when they reach the required weight for slaughter.

9.0 QUALITY ASSURANCE

The Quality Assurance Team controls food safety hazards for our operation, ensuring that the meat is safe for human consumption. The team also handles customer complaints, queries and customer feedback. It also establishes, documents and maintains procedures to ensure that quality records are used to demonstrate achievement of the required quality system. A lot of monitoring work is done on chiller temperature and carcass condition which all contribute to the quality of

our finished product.

Slaughtering, delivery and cleaning procedures are always closely monitored with data collected for Audit purposes and analysis for FMIB.

9.1 COMPLIANCE

Deliveries for both beef and pork carcasses are compliant with Food Safety Act 2009 with carcass temperature from the Abattoir maintained right to the doorstep of the butchers.

The Board and the Ministry of Agriculture continue to monitor and impose a strict ban on slaughtering of female cattle. Only female cattle that are unsuitable for breeding are slaughtered with approval from the Ministry, as is the practice.

FMIB continues to slaughter brucellosis and tuberculosis infected cattle strictly following standard operating procedures to ensure the health and safety of workers.

There needs to be improvements carried out on the Abattoir. This is due to the fact that there are now new legislations and requirements on food handling, security and hygiene.

This affects the company's ability to enter and penetrate new markets like the tourism industry and large restaurants. The demand for high quality beef is still being met by importation from producers overseas.

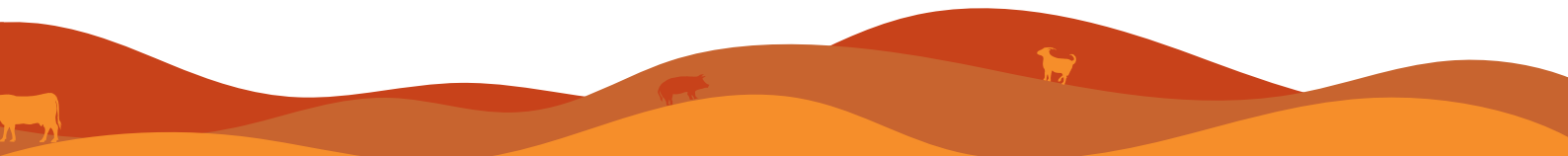
10.0 FINANCIAL PERFORMANCE

FMIB earned a total of \$3,355,282 in 2016 compared to \$3,487,415 in 2015. The 3.8% drop in revenue was attributed to lower throughput from slaughter numbers in 2016.

Total operating expenditure for 2016 was \$3,414,521 compared to \$3,384,659 in 2015. The increase in expenses was due to high cost of operations particularly in raw materials. Year 2016 recorded a loss of \$127,226 compared to a profit of \$24,152 in 2015.

10.1 FINANCIAL POSITION

The total current assets of FMIB was \$731,293 in 2016



and non current assets was \$1,873,805. Total assets as at 31st December 2016 was \$2,605,098.

The current liability in 2016 was \$387,864 and non current liability was \$1,084,002. This long term liability is the loan taken from FDB in 2004 for Tannery.

Total equity for FMIB stood at \$1,133,232 in 2016 compared to \$1,260,458 in 2015.

11. HUMAN RESOURCES

The total workforce stood at 91 as at end of December 2016. This included a pool of 18 contract workers on a part time basis.

Five students were on practical attachment training with the Livestock Section and Abattoir Operations.

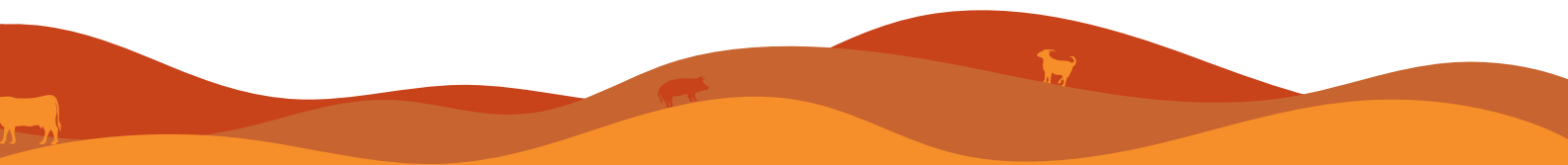
The implementation of Job Evaluation Exercise was put on hold following a directive from the Ministry of Public Enterprise. Management was advised to write to the Minister and obtain approval. Staffs were paid unutilized sick leave at year end.

The Workmen's Compensation case of former CEO, Mr. Naca Yalimaitoga was scheduled for hearing in the Tribunal on 9th January, 2017.

FMIB did not qualify for a staff bonus payout under its Performance Management System due to its loss situation at the end of 2016.



AUDITOR GENERAL'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements of Fiji Meat Industry Board

Opinion

I have audited the financial statements of Fiji Meat Industry Board ("Board"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs").

Basis for Opinion

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

Other Matter

The Board recorded fully depreciated property, plant and equipment with cost totaling \$1,436,036 that were still held for use. The useful life of these property, plant and equipment have not been reviewed annually. As a result, depreciation expense has not been charged for the assets during the year.

My opinion is not qualified in respect of this matter.

Responsibilities of the Management and Directors for the Financial Statements

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

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

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

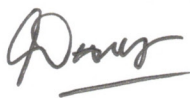
Auditor's Responsibilities for the Audit of the Financial Statements

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

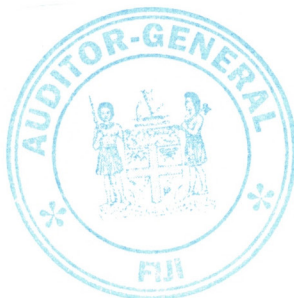
As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

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



Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
7 March 2018

FIJI MEAT INDUSTRY BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Revenue			
Operating Income	4	3,235,586	3,337,475
Release of deferred income		73,600	73,600
Other Income	5(a)	46,096	76,340
Total Revenue		3,355,282	3,487,415
Less:			
Changes in inventories - finished goods		(853,035)	(800,752)
Raw materials and consumables used		(221,753)	(165,847)
Staff costs		(974,330)	(990,899)
Depreciation expense		(299,776)	(309,248)
Other operating expenses	5(b)	(1,065,627)	(1,117,913)
Profit from operations		(59,239)	102,756
Finance Cost	5(c)	(67,987)	(78,604)
Profit before tax		(127,226)	24,152
Income tax expense		-	-
Profit after tax		(127,226)	24,152
Total comprehensive (loss)/income for the year		(127,226)	24,152

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements.

FIJI MEAT INDUSTRY BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash & cash equivalents	6	39,099	111,223
Held - to - maturity investment	7	201,957	249,950
Receivables	8	423,063	440,985
Inventories	9	67,174	85,658
		<u>731,293</u>	<u>887,816</u>
Non-current assets			
Property, plant and equipment	10	1,873,805	2,049,228
		<u>1,873,805</u>	<u>2,049,228</u>
Total Assets		<u>2,605,098</u>	<u>2,937,044</u>
Current liabilities			
Trade creditors and payables	11	197,424	226,960
Interest bearings borrowings	12 (a)	190,440	190,440
		<u>387,864</u>	<u>417,400</u>
Non Current Liabilities			
Interest bearing borrowings	12 (b)	722,902	824,486
Deferred income	13	361,100	434,700
		<u>1,084,002</u>	<u>1,259,186</u>
Total Liabilities		<u>1,471,866</u>	<u>1,676,586</u>
NET ASSETS		<u>1,133,232</u>	<u>1,260,458</u>
Equity			
Retained earnings		1,133,232	1,260,458
TOTAL EQUITY		<u>1,133,232</u>	<u>1,260,458</u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements.

For and on behalf of the Board.


Chairman


Director

FIJI MEAT INDUSTRY BOARD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Retained Earnings \$	Total \$
Balance as at 31 December 2014	1,236,306	1,236,306
Profits for the year	24,152	24,152
Balance as at 31 december 2015	1,260,458	1,260,458
Profit for the year	(127,226)	(127,226)
Balance as at 31 December 2016	1,133,232	1,133,232

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements.

**FIJI MEAT INDUSTRY BOARD
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		3,347,597	3,568,703
Payments to suppliers, creditors and employees		(3,088,671)	(3,200,488)
Interest and Finance costs paid		(67,987)	(78,604)
Net cash used by operating activities		<u>190,939</u>	<u>289,611</u>
Cash flows from investing activities			
Payments for plant and equipment		(124,354)	(290,254)
Proceeds from sale of plant and equipment		-	-
Net cash used by investing activities		<u>(124,354)</u>	<u>(290,254)</u>
Cash flows from financing activities			
Net (repayments) of long term loan		(138,709)	23,842
Net Cash provided by financing activities		<u>(138,709)</u>	<u>23,842</u>
Net increase/(decrease) in cash		(72,124)	23,199
Cash and cash equivalents at the beginning of the year		111,223	88,024
Cash and cash equivalents at the end of the financial year	12	<u><u>39,099</u></u>	<u><u>111,223</u></u>

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements.

FIJI MEAT INDUSTRY BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The Fiji Meat Industry Board (Board) was established in 1976 under the Meat Act Cap 237 of 1970.

The function of the board is to:

- Construct and operate public slaughtering facilities;
- Take steps deemed desirable for the protection, preservation and expansion of the meat industry in Fiji;
- Borrow funds as and when required to effectively discharge its function; and
- Purchase, trade or deal in livestock, meat and its by-product.

2. BASIS OF PREPARATION

The principal accounting policies adopted by Fiji Meat Industry Board are stated to assist in the general understanding of these financial statements. These policies have been consistently applied except as otherwise indicated.

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SME's") issued by the International Accounting Standards Board. FMIB adopted IFRS in year 2013. The financial statements are presented in Fiji dollars and all values are rounded to the nearest dollar.

The financial report has been prepared on the basis of historical costs and except where specifically stated do not take into account current valuations of non-current assets.

Judgements, estimates and assumptions

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation has been calculated using straight line method based on an assessment of the economic life of the assets. The economic life of assets has been estimated as follows:

Leasehold land	Over the lease period.
Land, yard and roadmaps	55, 75 years
Buildings and improvement	10,20,40,60 and 80 years
Plant, furniture and equipment	1-7, 10 and 20 years
Motor vehicles	5 and 10 years

FIJI MEAT INDUSTRY BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Property, Plant and Equipment (continued)

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the results for the year.

3.2 Capital Grants

The cost of assets acquired by the Board which are funded by way of a Government or similar grant is recognised as deferred income on receipt of the grant and released to income when all attached conditions have been complied with.

3.3 Inventory

Inventories are valued at the lower of cost and net realisable value. The cost of raw materials and spare parts include all costs of acquisition, calculated on the weighted average basis. Finished goods are determined on a consistent basis, comprising prime costs and an appropriate proportion of fixed and variable overhead expenses. Livestock valuation is based on market value less estimated point of sale costs.

3.4 Trade and Other Receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of receivables. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

3.5 Trade and Other Payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. These amounts represent liabilities for goods and services provided to Board prior to end of financial year and which are unpaid.

3.6 Income Tax

The Board is exempt from income tax under section 13 of the Meat Industry Act and section 17 (4) of the Income Tax Act.

3.7 Foreign Currency

Assets and liabilities in foreign currencies are translated into Fiji currency at exchange rates prevalent at balance date. Foreign currency transactions during the year are translated into Fiji currency at the rate of exchange prevailing on the date of the transactions. All differences are taken to profit or loss.

3.8 Employee Benefits

Liabilities for wages and salaries are recognized and are measured as the amount unpaid at the reporting date at current pay rates in respect of employee services up to that date.

3.9 Cash and Cash Equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank and short term deposits with a maturity of three months or less. Term deposits with a maturity of more than three months are classified as held-to-maturity investments.

FIJI MEAT INDUSTRY BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Revenue Recognition

Operating revenue represents revenue earned from the sale of the board's products, net of returns, trade allowances and taxes.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and revenue can be reliably measured.

3.11 Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Board. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognized as assets of the Board at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Rental payable under operating leases are charged to profit or loss on straight-line basis over the term of the relevant lease.

3.12 Borrowing Cost

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.13 Impairment of Assets

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.14 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

FIJI MEAT INDUSTRY BOARD

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

3. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (continued)

3.15 Segment Information

The business segments identified in the primary reporting disclosures are Abattoir, Magiti and Others. Other operations of the company comprise of beef cattle fattening operation. The Board only operates in Fiji where it has two sites - Nakasi and Vuda.

Tannery operations was discontinued in 2006. Machines relating to Tannery were sold and realised as a gain in 2012.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of cash, receivables, inventories and property, plant and equipment, net of related provisions. Segment liabilities consist primarily of trade and other creditors and provisions.

While revenue can be directly attributable to the business and segments, expenses, assets and liabilities could not be reasonably allocated.

4. SEGMENT INFORMATION

a) Primary reporting - Business Segments

	2016	2015
	\$	\$
Revenue		
Abattoir	2,021,328	2,236,712
Magiti	1,194,371	1,087,416
Other	19,887	13,347
	3,235,586	3,337,475
Results		
Abattoir	2,025,528	2,223,887
Magiti	342,715	309,806
Other	14,308	3,031
	2,382,551	2,536,724
Unallocated Revenue	119,696	223,540
Unallocated Expenses	(2,561,485)	(2,583,908)
Unallocated Finance costs	(67,987)	(78,604)
	(127,225)	97,752
Net (Loss)/Profit		
	(127,225)	97,752
Segment Assets		
Abattoir	1,873,806	2,049,228
	1,873,806	2,049,228

FIJI MEAT INDUSTRY BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
5. OTHER REVENUE AND EXPENSES		
(a) Other Income		
Gain on Sale of Plant and Equipment	1,150	-
Interest	8,725	4,805
Rent	-	1,099
Miscellaneous Revenue	36,221	70,436
	<u>46,096</u>	<u>76,340</u>
(b) Other operating expenses		
Professional Fees	2,477	-
Honorarium Board Allowance	31,500	30,499
Rates	41,639	41,639
Chemicals	60,463	41,846
Insurance	49,984	56,481
Slaughtering Fees	61,579	58,568
Utility Charges	423,828	395,948
Operation and Maintenance	233,225	200,347
Other Operating Costs	160,932	250,740
	<u>1,065,627</u>	<u>1,076,068</u>
(c) Finance Cost		
Interest on Bank Loan	58,732	67,907
Bank Charges	9,255	10,697
	<u>67,987</u>	<u>78,604</u>
6. CASH AND CASH EQUIVALENTS		
For the purposes of Statement of Cash Flows, cash includes cash on hand, cash at bank and short term deposits. Cash at the end of the reporting period as shown in the statement of cash flows comprises:		
Cash on Hand and at Bank	<u>39,099</u>	<u>111,223</u>
7. HELD-TO-MATURITY INVESTMENTS		
Term deposits - Merchant Finance Ltd	<u>201,957</u>	<u>249,950</u>
Term deposits are placed with licensed commercial banks and financial institutions and typically have terms more than 3 months and less than one year.		
8. RECEIVABLES		
Trade Debtors	424,007	440,645
Less: Provision for Doubtful Debts	(25,000)	(25,000)
	<u>399,007</u>	<u>415,645</u>
Other receivables	24,056	25,340
	<u>423,063</u>	<u>440,985</u>

FIJI MEAT INDUSTRY BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
9. INVENTORY		
Raw Materials	27,474	35,685
Finished Goods	29,795	32,276
Livestock	9,905	17,697
Other	-	-
	<u>67,174</u>	<u>85,658</u>
10. PROPERTY, PLANT AND EQUIPMENT		
(a) Property, plant and equipment are included in the accounts on the following basis:		
Leasehold improvements	678,661	678,661
Less: Accumulated Depreciation	325,959	316,027
	<u>352,702</u>	<u>362,634</u>
Building	1,401,148	1,394,892
Less: Accumulated Depreciation	898,796	873,671
	<u>502,352</u>	<u>521,221</u>
Plant, Furniture and Equipment	3,068,198	2,950,101
Less: Accumulated Depreciation	2,535,033	2,382,875
	<u>533,165</u>	<u>567,226</u>
Motor Vehicles	1,179,594	1,179,594
Less: Accumulated Depreciation	694,008	581,447
	<u>485,586</u>	<u>598,147</u>
Total Written Down Value	<u>1,873,805</u>	<u>2,049,228</u>

FUJI MEAT INDUSTRY BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

10 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Movements in Carrying Amounts:

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

Cost	Land, yard and roadways \$	Building \$	Plant, furniture and equipment \$	Motor vehicles \$	Total \$
At 1 January 2016	678,661	1,394,892	2,950,101	1,179,594	6,203,248
Additions	-	6,256	118,097	-	124,353
At 31 December 2016	678,661	1,401,148	3,068,198	1,179,594	6,327,601
Accumulated depreciation					
At 1 January 2016	316,027	873,671	2,382,875	581,447	4,154,020
Depreciation	9,932	25,125	152,158	112,561	299,776
At 31 December 2016	325,959	898,796	2,535,033	694,008	4,453,796
Carrying amount					
At 31 December 2016	352,702	502,352	533,165	485,586	1,873,805
At 31 December 2015	362,634	521,221	567,226	598,147	2,049,228

FIJI MEAT INDUSTRY BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
11. TRADE CREDITORS & PAYABLES		
Trade Creditors	87,285	138,706
Other Creditors and Accruals	110,139	88,254
	<u>197,424</u>	<u>226,960</u>
12. INTEREST BEARING BORROWING		
(a) Current		
Term loan - Bred Bank	144,000	144,000
Merchant Finance loan	46,440	46,440
	<u>190,440</u>	<u>190,440</u>
(b) Non Current		
Term Loan - Bred Bank	672,591	764,860
Merchant Finance Loan	50,310	59,626
	<u>722,901</u>	<u>824,486</u>

In November 2013, the Board refinanced its term loan with Fiji Development Bank to Bred Bank. Security given to Bred Bank comprises of first mortgage over CL 167924 (Lot 5 on DP 6566, Lot 1 & 2 on DP 7723) with improvements thereon. Interest on the loan with Bred Bank is charged at a rate of 5.75% per annum.

Merchant Finance loan related to loan taken by the Board in 2015 to purchase 2 brand new ford ranger. The payment for one year is \$46,440 and the remaining amount in term liability is \$50,310.

13. DEFERRED CAPITAL GRANTS

Opening Balance	434,700	508,300
Additions	-	-
Released to Income	(73,600)	(73,600)
Closing Balance	<u>361,100</u>	<u>434,700</u>

The Board received two fully refrigerated trucks at a cost of \$333,500 in the form of government grants from the Ministry of Agriculture during the year 2013. Two fully refrigerated trucks at a cost of \$402,500 were also received from the same Ministry in 2012.

14. RELATED PARTY TRANSACTIONS

(a) Directors

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

Timothy Brown (Chairman)
Sevuloni Debalevu
Simon Cole
Elizabeth Talica
Martin Compain
Permanent Secretary for Agriculture
Permanent Secretary for Health
Permanent Secretary for Public Enterprises
Permanent Secretary for Finance

FIJI MEAT INDUSTRY BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

14. RELATED PARTY TRANSACTIONS (continued)

The names of persons who were key management personnel at any time during the financial year are as follows:

Steven Ting	-	Chief Executive Officer
Vimal Chand	-	General Manager Finance and Corporate Services
Armogam Mudliar	-	Manager Vuda Abattoir
Salesh Chandra	-	Manager Suva Abattoir

(b) Transactions with related parties

Transactions with related parties during the year ended 31 December 2016 with approximate transaction values are summarized below.

	2016	2015
	\$	\$
Directors Fees	31,500	30,499

(c) Key management personnel

Remuneration of key personnel	193,592	193,274
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15. OPERATING LEASE COMMITMENTS

The Board has a lease agreement with the Government of the Republic of Fiji to lease Lot 1 on plan DP4788 Wainibuka, Naitasiri. The terms of the lease agreement is for a period of 99 years ending on 1 July 2075. Under the agreement, rent is payable at the rate of \$6,095 per annum.

The Board has a lease agreement with the i-Taukei Land Trust Board to lease Lot 2 of Plan S. 0132 at Naciriyawa, Vuda, Ba. The terms of the lease agreement is for a period of 75 years ending on 1 January 2057. Under the agreement, rent is payable at the rate of \$16,349 per annum.

Analysis of lease commitments

Future minimum lease payable under non-cancellable operating leases as at 31 December are, as follows:

	2016	2015
	\$	\$
Minimum lease payments under operations leases recognized as an expense during the year	22,444	22,444
Payable not later than 1 year	22,444	22,444
Payable later than 1 year but not latter that 5 years	112,220	67,332
Payable later than 5 years	872,806	940,138
	1,007,470	1,029,914

16. CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2016 (2015: Nil).

FIJI MEAT INDUSTRY BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

17. CONTINGENT LIABILITIES/GUARANTEES

- (a) An employment grievance matter is with the Employment Tribunal. The Board is represented by O'Driscoll & Co. The relevant employee was terminated following suspension from service on 11 March 2010. He was alleged for consuming alcohol on the premises during his shift and discharged duties before the end of his shift without following proper procedures. The relevant employee reported the matter to Ministry of Labour and a mediation session was attended by both parties. The matter was referred to Employment Relations Tribunal. This case has not been finalized yet. The contingent liability which may arise is \$12,000.
- (b) Bank guarantee (ANZ) of \$13,000 as security deposit with the Fiji Electricity Authority.

18. SUBSEQUENT EVENTS

The Board has approved the sale of one acre of land to the National Fire Authority for \$400,000 and three acres to the Fiji Police Force for \$900,000. Apart from this, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event or material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Board, the results of those operations or the state of affairs of the Board in the subsequent financial period.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board of directors and authorized for issue on 2 March 2018.

20. REGISTERED OFFICE

The registered office for the Fiji Meat Industry Board is:

Adi Lady Davila road
9 1/2 Miles
Nasinu, Fiji

The Board is a statutory body established by an Act of Parliament and is governed under the Ministry of Public Enterprise.

At balance date, the Board had a total of 91 employees (2015: 95 employees).

NOTES



DIRECTORS

Timothy Brown - Chairman
Sevuloni Debalevu
Simon Cole
Martin Compain
Elizabeth Talica
PS Ministry of Agriculture
PS Ministry of Public Enterprises
PS Ministry of Health
PS Ministry of Finance

BANK

ANZ Bank
GPO Box 179, Suva
25 Victoria Parade, Suva

AUDITOR

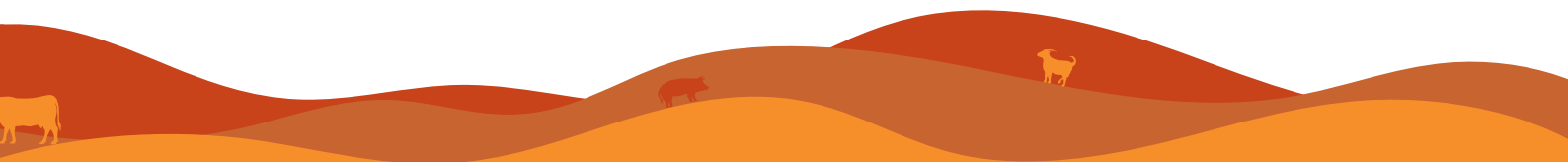
Auditor General of Fiji
8th Floor, Ratu Sukuna House,
Suva

LAWYER

O'Driscoll Lawyers
22 Carnavon Street, Suva

REGISTERED OFFICE

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