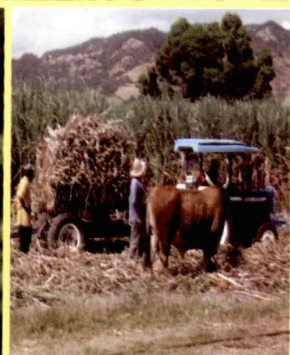
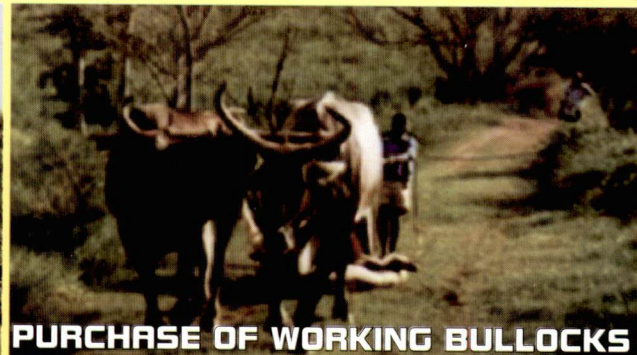


SUGAR CANE - GROWERS FUND

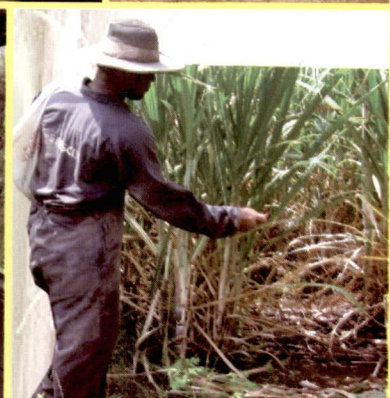
ANNUAL REPORT
FOR THE YEAR ENDED 31ST DECEMBER, 2009



FARMING



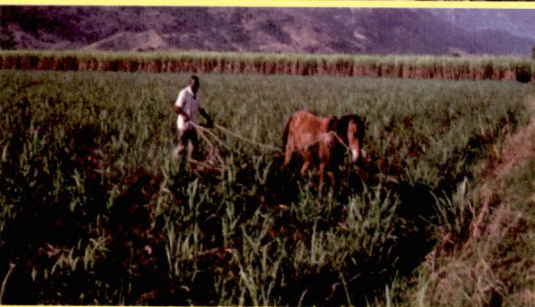
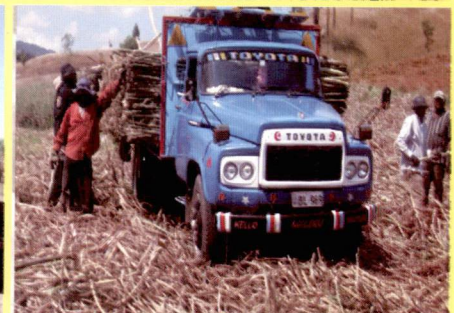
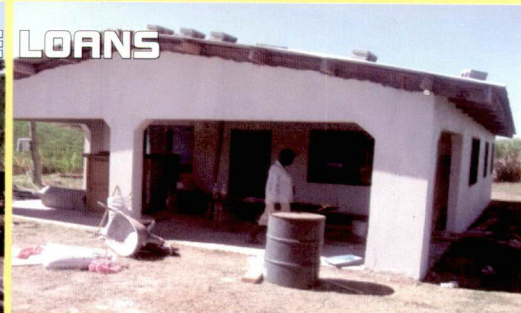
PURCHASE OF WORKING BULLOCKS



FARMING IMPLEMENTS



HOME LOANS



BOREHOLE DRILLING

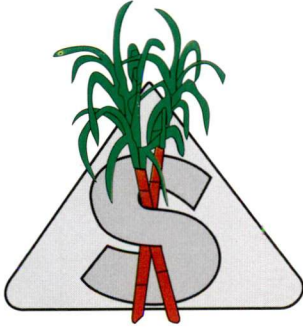


MEDICAL LOANS



EDUCATION

SUGAR CANE GROWERS FUND



2nd Floor,
Sugar Cane Growers Council Building,
75 Drasa Avenue, Lautoka.
P.O. Box 13,
Lautoka.
Phone: 665 0777 665 0280
Fax: 665 0768

Our Ref:

15 February, 2011

Honourable Commodore Josaia Voreqe Bainimarama
Prime Minister & Minister for Finance, Strategic Planning,
National Development & Statistics; Public Service
Peoples Charter for Change & Progress; Minister for Information,
I – Taukei Affairs; Provincial Development and Sugar Industry
Government Buildings
P O Box 2212
SUVA

Dear Prime Minister,

I have much pleasure in forwarding herewith the Annual Report of the Sugar Cane Growers Fund and Audited Accounts for the Sugar Cane Growers Fund and the consolidated financial statements of the Group (the group being the Fund and its subsidiary – South Pacific Fertilizer Ltd) for the year ended 31 December 2009, in accordance with Section 16 of the Act.

Yours faithfully

A handwritten signature in black ink, appearing to read 'John May', written over a large, stylized circular flourish.

JOHN MAY
CHAIRMAN

ANNUAL REPORT

BACKGROUND

The Sugar Cane Growers Fund Authority was established by Act No. 9 of 1984 enacted by the Parliament of Fiji on 26 July 1984. All monies and assets of the Sugar Cane Price Support Fund were transferred to the Growers Fund under the Act. The name has been changed to Sugar Cane Growers Fund by amendment Act 12 of 1996.

MEMBERS OF THE BOARD

CHAIRMAN

Mr. John May, as the Chairman of the Sugar Commission of Fiji is the Chairman of the Board of Management of the Sugar Cane Growers Fund; in accordance with the provision of section 7(3) of the Act.

MEMBERS

1. Mr. Sundresh Chetty the Acting Chief Executive Officer of the SCGC with effect from 12 June 2009. His appointment is in accordance with section 7(d) of the Act as the Chief Executive Officer of the Sugar Cane Growers Council.
2. Mr. Viliame Gucake was appointed with effect from 3 March 2009. His appointment is in accordance with section 7(1) b of the Act as a person appointed by the Minister.

FUNCTIONS

The functions of the Fund are to provide loans to Sugar Cane Growers for the following purposes:-

- (a) Purposes which, in the opinion of the Board, will increase the production of Sugar Cane;
- (b) Purposes which, in the opinion of the Board will improve efficiency in the planting, growing, harvesting and transportation of Sugar Cane;

- (c) The carrying out of work which the Board considers necessary or desirable to rehabilitate farms, buildings and other installations damaged, destroyed or affected by floods, cyclones, droughts or other natural disasters;
- (d) The carrying out of work which the Board considers necessary or desirable to establish sugar cane farms and to construct buildings and other installations on those farms;
- (e) The carrying out of work which the Board considers necessary or desirable for crop diversification;
- (f) The making of provision to such extent as the Board considers necessary, for the personal family needs of Growers during periods of financial distress or hardship;
- (g) To enable cane growers to participate in commercial ventures which, in the opinion of the Board, are intended to benefit the cane growing industry.

ASSISTANCE TO CANE GROWERS

Under section 17(1) of the Act, a loan to a cane grower is a first charge on all cane proceeds due to him provided the loan is for those purposes only, set out in paragraph (a), (b), (c) and (f) of subsection 1 of section 4 of the Act and the loan does not exceed \$5,000-00. Repayment of advances by the Fiji Sugar Corporation Limited, or other payments of whatsoever nature made to the cane growers or on his behalf, Sugar Cane Growers Council Levy and land rent under the Master Award take precedence.

LOANS TO GROWERS

Presently the Fund has the following loan facilities available for cane farmers:-

1. **PRIORITY LOANS** limited to \$5000 for purposes such as farm development, planting new cane, purchase and repair of farm equipment, house repairs, school fees, wedding expenses, drainage, purchase of farm equipment parts, road repairs,

- weedicides, borehole and group medical and life insurance cover.
2. **SPECIALISED LENDING** – Loans of up to \$50,000 for the purchase of farms and farm machinery, construction of houses on farm and medical expenses.
 3. **LOANS TO TENANTS FOR NEW LEASES** – Loans to assist growers, whose leases have expired, to obtain new leases from the Native Land Trust Board, lands Department or other Landlords.
 4. **REFINANCE OF SUGAR CANE GROWERS LOAN** – Loans to refinance sugarcane grower's loans with commercial banks and other lenders. Loans are approved only for the purposes provided in the Sugar Cane Growers Fund Act.

DETAILS OF LOANS

Priority Loans

Application Approved	19,054
Applications Paid	18,908
Value of Loans Approved	\$26,978,295
Value of Loans Paid Out	\$25,634,592

Specialized Lending

Application Approved	1,928
Applications Paid	2,063
Value of Loans Approved	\$19,201,912
Value of Loans Paid Out	\$18,003,301

New Leases

Application Approved	2,142
Applications Paid	1,743
Value of Loans Approved	\$13,774,806
Value of Loans Paid Out	\$12,662,878

Refinance

Application Approved	592
Applications Paid	573
Value of Loans Approved	\$6,394,638
Value of Loans Paid Out	\$6,215,206

DISTRICT OFFICES

The Fund has Offices in Lautoka, Labasa, Rakiraki, Tavua, Ba and Nadi districts to provide services to growers. Growers from the Sigatoka and Seaqaqa districts are provided services by the Nadi and Labasa district staff once a week from the Sugar Cane Growers Council Offices in the respective districts.

Loan applications are received at the District Offices and approvals and payments are processed at the Head Office.

During the year the Fund approved 1,548 loans under Priority Loans to the value of \$1,730,139 210 loans under Specialised Lending to the value of \$2,194,512. 161 loans for New Leases to the value of \$993,507 and 19 loans for Refinance of loans to the value of \$155,481.

The Labasa District Office received 556, Rakiraki 155, Tavua 234, Ba 483, Nadi 217 and Lautoka 328 applications respectively.

LOAN TO SOUTH PACIFIC FERTILIZERS LIMITED

Following submissions by the South Pacific Fertilizers Limited and the stakeholders of the Sugar Industry to government for assistance to support the price of fertilizer supplied to the sugar cane growers.

The Government/Cabinet made the following decision as Way Forward for the SPFL.

- (a) that the Fertilizer price increase of \$26.09 per bag (from \$19.50 to \$45.59 per bag) be effective from 2009 and 2010, for which \$12 per bag (from \$19.50 to \$31.50) is to be met by the growers and the balance of \$14.09 per bag (from \$31.50 to \$45.59 per bag) amounting to \$9.8 million be met by the Government;
- (b) that the SPFL be restructured as follows:
 - i. its loans (\$14.7m) in the Sugar Cane Growers Fund (SCGF) be converted to equity;
 - ii. the Fiji Sugar Corporation (FSC) divests from SPFL and its shares transferred to the other shareholders.
 - iii. that consequential amendments be made to the Sugar Cane Growers Fund Act to allow for the SCGF to make investments in the SPFL and
- (c) that the SCGF be asked to provide necessary financing needs of the SPFL and
- (d) that in view of the SCGF acquiring majority shares (90%), the chairmanship of the SPFL be held by the representative of the SCGF, and that the Fiji Sugar

Corporation have a nominee Director on the SPFL appointed by the SCGF.

LOAN TO SUGAR CANE GROWERS COUNCIL

In January 2009 the Fund advanced \$380,000 to Sugar Cane Growers Council to acquire additional share in the SPFL.

SUMMARY OF LOANS AND INVESTMENTS

Loans to Growers	\$22,696,785
South Pacific Fertilizers Ltd. Shares	\$15,529,501
South Pacific Fertilizers Ltd. Loan	\$14,951,296
Term Deposits	\$6,500,000
South Pacific Fertilizers Ltd. Barge	\$993,284
Sugar Cane Growers Council	\$380,000

FINANCIAL ASSISTANCE FOR CANE GROWERS

In September 1998 following amendment of the Act the Fund paid \$7,786,871 to sugar cane growers affected by the prolonged drought in the sugar belt. This advance at the rate of \$2 per tonne was based on the average of their previous three years production from 1995-1997.

CROP REHABILITATION SCHEME

Following a joint submission by the Sugar Cane Growers Council, the Sugar Commission of Fiji and the Fiji Sugar Corporation Ltd. for a Crop Rehabilitation Scheme the Government approved a grant of \$23.7 million to be supplemented by an advance of \$19 million from the Sugar Cane Growers Fund to finance the \$42.7 million Scheme.

As at 31 December 2000 the Fund has paid \$19 million towards the scheme.

The total amount advanced by the Fund of \$26,786,871 was to be repaid by the Government over a period of 5 years commencing on 1 January 1999 out of the Consolidated Fund.

The Government repaid \$1.6 million in 2000 and the balance of \$25.2 million has been repaid by the Government through the Fiji Development Bank on 1 February 2005.

CROP REHABILITATION PROGRAM

In April 2005, the Fund approved a Program under the Priority Loan Scheme to assist cane growers who were affected by prolonged drought in the Malau and Nanuku Sectors of the Penang Mill and Tavua District sectors and Varavu Sector of the Rarawai mill area under the following terms and conditions: -

- 1) Term of Loan:**
4 years. Recovery of principal and interest to commence from the second year and deducted from delivery payments.
- 2) Interest Rate:**
2% per annum. No interest is to be charged in the first year of the loan.
- 3) Application Fees:**
No application fees is payable.

Applications Approved	848
Applications Paid	824
Value of Loans Approved	1,130,540
Value of Loans Paid Out	951,064

CANE DEVELOPMENT PROJECT

In March 2006 the Board of Management of the Sugar Cane Growers Fund with the aim to assist the Sugar Industry to achieve a National Cane Crop of 4.25 Millions tons within the three year planned period (2006-2009) approved a Loan Scheme under the Priority Loan to provide financial assistance to sugar cane growers to increase their cane production.

The terms and conditions of the loan are as follows: -

- 1) Term of loan:**
4 years.
Recovery of principal and interest to commence from the second year and deducted from delivery payments.
- 2) Interest Rate:**
2% per annum.
No interest is to be charged in the first year of the loan.
- 3) Application Fees:**
No application fees is payable.

Applications Approved	5,304
Applications Paid	5,265
Value of Loans Approved	6,755,855
Value of Loans Paid Out	5,342,422

Amount Approved	327,666
Amount Paid	240,503

FUNDS BANKERS

The above Loan Scheme remains open for growers those who wish to borrow for planting.

Bank of Baroda is the Fund's Bankers.

Since the main function of the Fund is to provide loan to Sugar Cane Growers maximum funds would be made available to the grower for farm development work.

STAFF

The staffs are members of the Fiji Bank & Employees Sector Union and are employed under Terms & Conditions contained in an agreement between the Fund and the Fiji Bank & Employees Sector Union.

ACCELERATED CANE RE-PLANTING PROGRAM UNDER EUROPEAN UNION FUNDING

BOARD MEETINGS

The Sugar Cane Growers Fund has been identified as the implementing agency for the Accelerated Cane Re-Planting Program under the National Adaptation Strategy to support the Sugar Industry.

The Board of Management held five meetings during the year.

The Fund's responsibility is to hold the funds and release to the Fiji Sugar Corporation Ltd in stages under a Memorandum of Agreement between the Fiji Sugar Corporation Ltd and the Sugar Cane Growers Fund to carry out the planned activities of the accelerated cane re-planting program.

ACKNOWLEDGEMENT

The Board wishes to acknowledge the cooperation and assistance given by, the Ministry of Public Enterprises, the Ministry of Agriculture Primary Industry, the Ministry of Finance, National Planning, Sugar & Public Utilities, the Sugar Cane Growers Council, Sugar Industry Tribunal, the Fiji Sugar Corporation Limited and the trading Banks to the Fund during the year.

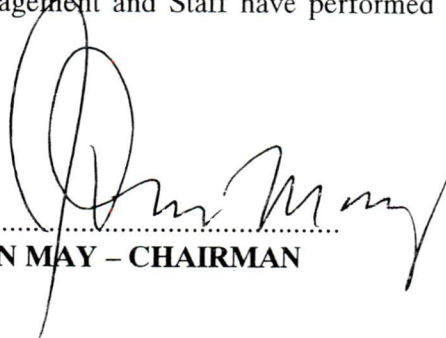
A Grant Contract has been signed between the European Union, the National Authorising Officer – Ministry of Finance, and the Sugar Cane Growers Fund as the beneficiary.

The Board acknowledges the efficient manner in which the Management and Staff have performed their duties.

The European Union will provide sixty-two percent of the total cost of cane replanting and the balance thirty-eight percent the growers can borrow from the Sugar Cane Growers Fund under the following terms and conditions: -

- 1) **Term of Loan:**
4 years. Recovery of principal and interest to commence from the second Year and deducted from delivery payments.
- 2) **Interest Rate:**
2% per annum. No interest to be charged in the first year of the loan.
- 3) **Application Fees:**
No application fees will be payable.

Applications Approved	627
Applications Paid	442


.....
JOHN MAY – CHAIRMAN



Commodore Josia Voreqe Bainimarama
Minister responsible for the Sugar Industry
PO Box 2212
Government Buildings
Suva

Dear Minister,

Report of the independent auditor to the members of Sugar Cane Growers Fund and Subsidiary

Scope

We have audited the financial statements of Sugar Cane Growers Fund (the "Fund") and the consolidated financial statements of the Group (being the Fund and its subsidiary) for the financial year ended 31 December 2009 consisting of statements of financial position, statements of comprehensive income, statement of changes in equity, cash flow statements, and accompanying notes, set out on pages 13 to 38. The Board members are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Fund.

Our audit has been conducted in accordance with Section 16(2) of the Sugar Cane Growers Fund Act 1984 and Fiji Standards on Auditing, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with International Financial Reporting Standards so as to present a view which is consistent with our understanding of the Fund's and the Group's financial position, the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- (a) the financial statements of the Fund and the Group give a true and fair view of the state of affairs of the Fund and the Group as at 31 December 2009 and the results, changes in equity and cash flows of the Fund and the Group for the year then ended, in accordance with International Financial Reporting Standards;
- (b) the financial statements of the Fund and the Group are in general agreement with the accounts and records;
- (c) the receipt, expenditure and investment of moneys, and the acquisition of assets, by the Fund and the Group during the year were in accordance with the Sugar Cane Growers Fund Act 1984.

15 December 2010
Nadi, Fiji Islands


KPMG
Chartered Accountants

Sugar Cane Growers Fund and Subsidiary
Statements of comprehensive income
For the year ended 31 December 2009

	Note	Group 2009 \$	Fund 2009 \$	2008 \$
Revenue				
Sales		17,475,600	-	-
Cost of sales		<u>(23,414,753)</u>	<u>-</u>	<u>-</u>
Gross loss		(5,939,153)	-	-
Interest income	5	1,966,062	2,512,768	2,127,345
Dividend income	6	10,788	3,695	46,064
Other operating income	7	<u>9,979,246</u>	<u>65,641</u>	<u>122,031</u>
Total income		6,016,943	2,582,104	2,295,440
Administrative and other operating expenses	8	(3,204,613)	(470,492)	(729,700)
Personnel expenses	9	(891,017)	(479,739)	(487,702)
Impairment of goodwill	10	<u>(496,320)</u>	<u>-</u>	<u>-</u>
Operating profit		1,424,993	1,631,873	1,078,038
Finance cost	11	(13,905)	(1,126)	(1,240)
Share of loss of equity accounted investee	18	<u>(578,205)</u>	<u>(578,205)</u>	<u>(370,755)</u>
Operating profit before income tax		832,883	1,052,542	706,043
Income tax expense	12	<u>(725,084)</u>	<u>-</u>	<u>-</u>
Profit for the year		<u>107,799</u>	<u>1,052,542</u>	<u>706,043</u>
Other comprehensive income net of income tax				
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		(8,760)	-	-
Net change in fair value of available-for-sale financial assets		(13)	-	-
Total comprehensive income		<u>99,026</u>	<u>1,052,542</u>	<u>706,043</u>

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 13 to 38.

Sugar Cane Growers Fund and Subsidiary
Statements of comprehensive income (continued)
For the year ended 31 December 2009

	Group	Fund	
	2009	2009	2008
	\$	\$	\$
Profit attributable to:			
- Owners	149,860	1,052,542	706,043
- Non-controlling interest	(42,061)	-	-
Profit for the year	<u>107,799</u>	<u>1,052,542</u>	<u>706,043</u>
Total comprehensive income attributed to:			
- Owners	149,848	1,052,542	706,043
- Non-controlling interest	(50,822)	-	-
Total comprehensive income for the year	<u>99,026</u>	<u>1,052,542</u>	<u>706,043</u>

The above statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 13 to 38.

Sugar Cane Growers Fund and Subsidiary
Statements of changes in equity
For the year ended 31 December 2009

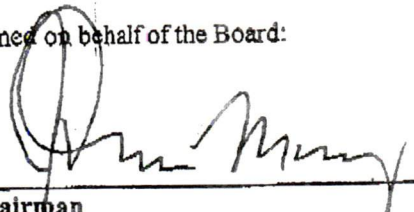
	Funds employed \$	Attributable to the Owners Retained earnings \$	Fair value reserve \$	Total \$	Non- controlling interest \$	Total \$
Group						
Balance at 1 January 2009	56,844,941	-	-	56,844,941	-	56,844,941
Non-controlling interest upon business combination (refer Note 18)				-	1,501,505	1,501,505
Total comprehensive income						
Profit (loss) for the year	-	149,860	-	149,860	(42,061)	107,799
Other comprehensive income						
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	(8,760)	(8,760)
Net change in fair value of available-for-sale financial assets	-	-	(12)	(12)	(1)	(13)
Balance at 31 December 2009	<u>56,844,941</u>	<u>149,860</u>	<u>(12)</u>	<u>56,994,789</u>	<u>1,450,683</u>	<u>58,445,472</u>
Fund						
Balance at 1 January 2008	56,138,898	-	-	56,138,898		
Surplus for the year	<u>706,043</u>	<u>-</u>	<u>-</u>	<u>706,043</u>		
Balance at 31 December 2008	56,844,941	-	-	56,844,941		
Surplus for the year	<u>1,052,542</u>	<u>-</u>	<u>-</u>	<u>1,052,542</u>		
Balance at 31 December 2009	<u>57,897,483</u>	<u>-</u>	<u>-</u>	<u>57,897,483</u>		

The above statements of changes in equity are to be read in conjunction with the notes to the individual financial statements set out on pages 13 to 38.

Sugar Cane Growers Fund and Subsidiary
Statements of financial position
For the year ended 31 December 2009

	Note	Group 2009 \$	Fund 2009 \$	2008 \$
Assets				
Cash on hand and at bank	13	9,772,298	1,436,401	6,924,090
Available for sale financial asset	14	1,655	-	1,699,688
Held to maturity investments	15	6,589,799	6,589,799	2,278,557
Loans to growers	16	21,699,646	21,699,646	21,975,403
Advances to industry related parties	17	380,000	16,680,172	23,282,305
Investment in subsidiaries / equity accounted investee	18	-	14,951,296	829,501
Trade and other receivables	19	2,472,516	26,109	18,813
Inventories	21	19,126,049	-	-
Property, plant and equipment	20	2,540,219	133,671	97,664
Total assets		62,582,182	61,517,094	57,106,021
Liabilities				
Bank overdraft	13	3,157,379	3,157,379	-
Trade and other payables	22	897,809	399,121	201,957
Employee benefits	23	81,522	63,111	59,123
Total liabilities		4,136,710	3,619,611	261,080
Equity				
Funds employed		56,844,941	57,897,483	56,844,941
Retained earnings		149,860	-	-
Fair value reserve	25	(12)	-	-
Minority interest		1,450,683	-	-
Total equity		58,445,472	57,897,483	56,844,941
Total equity and liabilities		62,582,182	61,517,094	57,106,021

Signed on behalf of the Board:



 Chairman



 Board Member

The above statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 13 to 38.

Sugar Cane Growers Fund and Subsidiary
Cash flow statements
For the year ended 31 December 2009

	Note	Group 2009 \$	Fund 2009 \$	2008 \$
Operating activities				
Interest received		877,613	1,275,510	2,001,643
Interest paid		(272,143)	-	-
Application fees received		19,445	19,445	21,870
Receipts from customers		17,975,969	-	-
Cash paid to suppliers and employees		(36,635,277)	(203,017)	(771,398)
Receipt of Government grant		10,000,000	-	-
Loans repaid by growers		7,709,327	7,709,327	6,231,348
Loans to growers		(6,317,525)	(6,317,525)	(8,058,234)
Cash flows (used in) from operating activities		<u>(6,642,591)</u>	<u>2,483,740</u>	<u>(574,771)</u>
Investing activities				
Dividend income		3,695	3,695	46,064
Proceeds from disposal of available for sale financial asset		2,359,437	1,638,105	-
Acquisition of additional shares in associate		-	-	(340,000)
Acquisition of subsidiary, net of cash acquired	18	2,620,719	-	-
Acquisition of plant and equipment		(527,277)	(70,324)	(54,422)
Proceeds from disposal of plant and equipment		-	-	2,435
Loan to Sugar Cane Growers Council		(380,000)	(380,000)	-
Loan repaid by Sugar Research Institute of Fiji		200,000	200,000	200,000
Loan repaid by South Pacific Fertilizers Limited		-	11,928,348	8,703,000
Loan to South Pacific Fertilizers Limited		-	(26,505,478)	(15,531,611)
Loan to The Fiji Sugar Corporation Limited		-	-	(6,556,846)
Loan repaid by The Fiji Sugar Corporation Limited		6,556,846	6,556,846	-
(Transfers to) Proceeds from disposal of held to maturity investments		(4,500,000)	(4,500,000)	5,000,000
Cash flows (used in) / from investing activities		<u>6,333,420</u>	<u>(11,128,808)</u>	<u>(8,531,380)</u>
Net decrease in cash and cash equivalents		(309,171)	(8,645,068)	(9,106,151)
Cash and cash equivalents at 1 January		<u>6,924,090</u>	<u>6,924,090</u>	<u>16,030,241</u>
Cash and cash equivalents at 31 December	13	<u><u>6,614,919</u></u>	<u><u>(1,720,978)</u></u>	<u><u>6,924,090</u></u>
Non-cash investing activities	26			

The above cash flow statements are to be read in conjunction with the notes to the financial statements set out on pages 13 to 38.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

1. Reporting entity

Sugar Cane Growers Fund (the "Fund") is a body corporate established in Fiji on 26 July 1984 under the Sugar Cane Growers Fund Act 1984. The address of the registered office and the principal place of business is located at 2nd floor, Sugar Cane Growers Council (SCGC) Building, 75 Drasa Avenue, Lautoka.

The financial statements of the Fund as at and for the year ended 31 December 2009 comprise the Fund and its subsidiary (together referred to as the "Group").

The principal activity of the Fund as outlined under Sugar Cane Growers Fund Act 1984 Section 4, is to provide loans to sugar cane growers to increase production of sugar cane and improve efficiency in the planting, growing and transportation of sugar cane.

The principal activity of the subsidiary, South Pacific Fertilizers Limited, during the year was importing bulk fertilizer, blending, packing and distributing to local and overseas markets.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board and the requirements of Fiji law.

The financial statements were authorised for issue by the Board on 15 December 2010.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except where stated. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars, which is the Group's functional currency.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

2. Basis of preparation (continued)

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount 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 estimate is revised and in any future period 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 amount recognised in the financial statements are described in the following notes:

Note 14	- Available for sale financial asset
Note 16	- Loans to growers
Note 18	- Investment in subsidiaries / equity accounted investee
Note 20	- Property, plant and equipment

(e) Changes in accounting policies

(i) Overview

Starting as of 1 January 2009, the Group has changed its accounting policies in the following areas:

- accounting for business combinations and
- presentation of financial statements.

(ii) Accounting for business combinations

The Group has adopted early *IFRS 3 Business Combinations* (2008) and *IAS 27 Consolidated and Separate Financial Statements* (2008) for all business combinations occurring in the financial year starting 1 January 2009. All business combinations occurring on or after 1 January 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively.

The Group has applied the acquisition method for the business combination disclosed in note 18.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

2. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

(ii) Accounting for business combinations (continued)

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

(iii) Presentation of financial statements

The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

3. Significant accounting policies

(a) Basis of consolidation

(i) Subsidiary

A subsidiary is an entity controlled by the Group. The financial statements of the subsidiary are included in the Group's financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiary have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ii) Equity accounted investees

Associates are those entities in which the Fund has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The financial statements include the Fund's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Fund. When the Fund's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Fund has an obligation or has made payments on behalf of the investee.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

3. Significant accounting policies (continued)

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to Fiji dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on translation are recognised in profit or loss.

(c) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" in profit or loss.

(ii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation rates are as follows:

Asset	Rate
Barge	12%
Building	5%
Furniture and fittings	7% - 20%
Motor vehicles	25%
Office equipment	25%
Plant and equipment	10% - 25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

3. Significant accounting policies (continued)

(d) Loans to growers

(i) Measurement

Loans to growers are measured at their cost less impairment losses.

(ii) Allowance for uncollectibility

A specific allowance for uncollectibility is brought to account where it is assessed that a particular loan is non-performing and the value of related security is insufficient to cover the loan outstanding. The determination of the amount of the provision is based on many factors including credit evaluation of the borrowers, value of security and collateral held, current economic conditions and past loss experience. Additions to the allowance for uncollectibility are made by charging profit or loss for the current year.

(iii) Bad debts written off / recovered

Bad debts are written off against the allowance in the year in which the debt is recognised as being irrecoverable. Where not previously included in the allowance, bad debts are written off directly against profit or loss. Debts previously written off and subsequently recovered are written back to profit or loss in the year in which they are recovered.

(e) Financial instruments

(i) Non-derivative financial instruments

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

3. Significant accounting policies (continued)

(e) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Held-to-maturity investment

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash on hand, cash at bank, trade receivables, other receivables, receivable from industry related parties and loans to growers.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

3. Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

(f) Intangible assets

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 2(e)(ii).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

3. Significant accounting policies (continued)

(g) Inventories

Raw materials are valued at cost which is determined on the basis of individual shipments on a first-in-first-out basis. Finished products are valued at the lower of cost and net realisable value. Cost includes manufacturing expense and an appropriate portion of overhead expenditure and is determined on a first-in-first-out basis. Packaging materials are valued at lower of cost and net realisable value determined on a first-in-first-out basis.

(h) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities on specific asset basis. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

3. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Non-derivative financial assets (continued)

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

(i) Defined contribution plan

Obligations for contributions to the Fiji National Provident Fund (FNPF) are recognised as an expense in profit or loss when they are due.

(ii) Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in profit or loss as the related service is provided.

Sugar Cane Growers Fund and Subsidiary

Notes to the financial statements

For the year ended 31 December 2009

3. Significant accounting policies (continued)

(j) Provisions

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Revenue recognition

(i) Interest income

Interest income is derived from loans issued to growers and industry related parties, term deposits and the operating accounts of the Group and is recognised on an accrual basis.

(ii) Other income

Revenue from dividends and other operating activities are recognised in profit or loss on an accrual basis.

(iii) Sale of goods

A sale is recognised when products leave the warehouse for delivery to the customer. Sales are shown net of returns and trade allowances.

(l) Income tax

(i) The Fund

The Fund is exempt from income tax under Section 15 of the Sugar Cane Growers Fund Act, 1984.

(ii) Subsidiary

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

3. Significant accounting policies (continued)

(l) Income tax (continued)

(ii) Subsidiary (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Grants

Grants from the industry and Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the entity will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(n) Comparative information

Where necessary, comparative figures have been reclassified to achieve consistency in disclosure with current year.

4. Financial risk management

Overview

The Group has exposure to the following risks that includes:

1. Credit risk;
2. Liquidity risk;
3. Interest rate risk; and
4. Operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

4. Financial risk management (continued)

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a grower or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from growers, receivable from customers and loan advances to industry related entities.

The Board has established a credit policy under which each new grower is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group's review process includes production history, farm area and yield, when available, and in some cases bank references. Loan limits are established for each grower, which represents the maximum amount without requiring approval from the Board.

Under Section 17 of the Sugar Cane Growers Fund Act, 1984, loans to cane growers are secured by a first charge over cane proceeds except that such charge shall not take precedence over the repayment of any advances of whatsoever nature made to the cane grower or on his behalf by the Fiji Sugar Corporation Limited (FSC) pursuant to the Master Award under the Sugar Industry Act 1984.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of these receivables and investments.

The maximum exposure to credit risk at reporting date is as follows:

	Group	Fund	
	2009	2009	2008
	\$	\$	\$
Cash at bank	9,772,028	1,436,231	6,923,920
Term deposits	6,589,799	6,589,799	2,278,557
Loans to growers	22,696,785	22,696,785	22,892,329
Trade receivables	953,845	-	-
Other receivables	1,507,688	15,126	10,376
Advances to industry related entities	380,000	16,680,172	23,282,305
	<u>41,900,145</u>	<u>47,418,113</u>	<u>55,387,487</u>

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

4. Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table provides an analysis of the financial assets and liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment.

31 December 2009

Group	Carrying amount \$	Less than 1 year \$	1 - 2 years \$	More than 2 years \$
Financial assets				
Cash on hand	270	270	-	-
Cash at bank	9,772,028	9,772,028	-	-
Term deposits	6,589,799	6,589,799	-	-
Loans to growers	21,699,646	8,829,603	8,829,603	4,040,440
Trade receivables	953,845	953,845	-	-
Other receivables	1,507,688	1,507,688	-	-
Advances to industry related entities	380,000	380,000	-	-
	<u>40,903,276</u>	<u>28,033,233</u>	<u>8,829,603</u>	<u>4,040,440</u>
Financial liabilities				
Bank overdraft	3,157,379	3,157,379	-	-
Trade payables	89,693	89,693	-	-
Other payables and accruals	808,116	808,116	-	-
	<u>4,055,188</u>	<u>4,055,188</u>	<u>-</u>	<u>-</u>
Fund				
Financial assets				
Cash on hand	170	170	-	-
Cash at bank	1,436,231	1,436,231	-	-
Term deposits	6,589,799	6,589,799	-	-
Loans to growers	21,699,646	8,829,603	8,829,603	4,040,440
Other receivables	15,126	15,126	-	-
Advances to industry related entities	16,680,172	-	16,070,414	380,000
	<u>46,421,144</u>	<u>16,870,929</u>	<u>24,900,017</u>	<u>4,420,440</u>

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

4. Financial risk management (continued)

Fund	Carrying amount	Less than 1 year	1 - 2 years	More than 2 years
	\$	\$	\$	\$
(ii) Liquidity risk (continued)				
<u>Financial liabilities</u>				
Bank overdraft	3,157,379	3,157,379	-	-
Other payables and accruals	399,121	399,121	-	-
	<u>3,556,500</u>	<u>3,556,500</u>	<u>-</u>	<u>-</u>

31 December 2008

Fund

Financial assets

Cash on hand	170	170	-	-
Cash at bank	6,923,920	6,923,920	-	-
Term deposits	2,278,557	2,278,557	-	-
Loans to growers	21,975,403	8,934,453	8,934,453	4,106,497
Other receivables	10,376	10,376	-	-
Advances to industry related entities	23,282,305	-	23,282,305	-
	<u>54,470,731</u>	<u>18,147,476</u>	<u>32,216,758</u>	<u>4,106,497</u>

Financial liabilities

Other payables and accruals	<u>201,957</u>	<u>201,957</u>	<u>-</u>	<u>-</u>
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(iii) Interest rate risk

Cash flow interest rate risk is the potential for a change in interest rates to change net interest earnings, in the current reporting period and in future years. Fair value interest rate risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. The objective is to manage the interest rate risk to achieve stable and sustainable net interest earnings in the long term. In managing this risk, the Fund seeks to achieve a balance between reducing risk to earnings and market value from adverse interest rate movements, and enhancing net interest income through correct anticipation of the direction and extent of interest rate changes.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

4. Financial risk management (continued)

(iii) Interest rate risk (continued)

At the reporting date the interest rate profile of the Group's interest bearing financial instruments were:

	Group	Fund	
	2009	2009	2008
	\$	\$	\$
Term deposits	6,589,799	6,589,799	2,278,557
Loans to growers	22,696,785	22,696,785	22,892,329
Advances to industry related entities	380,000	16,680,172	23,282,305
Bank overdraft	<u>(3,157,379)</u>	<u>(3,157,379)</u>	-
	<u>26,509,205</u>	<u>42,809,377</u>	<u>48,453,191</u>

Sensitivity analysis

The approximate impact of a 1% change in the interest rate is:

	<u>265,092</u>	<u>428,094</u>	<u>484,532</u>
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(iv) Operational risk

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall business standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

	Group 2009 \$	Fund 2009 \$	2008 \$
5. Interest income			
Interest on priority loans	226,850	226,850	201,614
Interest on specialised loans	1,234,051	1,234,051	1,112,364
Interest on term deposits	325,929	325,929	86,958
Interest on South Pacific Fertilizers Limited loans	-	574,438	671,458
Interest on Sugar Cane Growers Council loan	7,121	7,121	-
Interest on Fiji Sugar Corporation Limited loan	144,379	144,379	54,951
Interest on letter of credit	27,732	-	-
	<u>1,966,062</u>	<u>2,512,768</u>	<u>2,127,345</u>
6. Dividend income			
Unit Trust of Fiji	<u>10,788</u>	<u>3,695</u>	<u>46,064</u>
7. Other operating income			
Application fees	19,445	19,445	21,870
Bad debts recovered	1,953	1,953	9,373
Gain on re-measurement of investment to fair value	-	-	73,899
Gain on disposal of plant and equipment	26,030	26,030	2,435
Gain on disposal of investment	8,760	-	-
Government grant	9,800,000	-	-
Sundry income	<u>123,058</u>	<u>18,213</u>	<u>14,454</u>
	<u>9,979,246</u>	<u>65,641</u>	<u>122,031</u>
8. Administrative and other operating expenses			
Included in the administrative and other operating expenses are the following items:			
Allowance for uncollectibility	80,213	80,213	366,657
Auditor's remuneration - audit	12,612	4,112	7,250
- other services	8,312	7,312	12,989
Barge expenses	854,974	-	-
Board members allowance	3,750	3,750	3,000
Board members expenses	2,405	2,405	1,497
Depreciation	120,278	60,347	76,341
Distribution expenses	744,557	-	-
Impairment - barge	979,359	-	-
Insurance	124,274	45,239	40,360
Legal fees	5,430	1,348	1,436
Loss on re-measurement of investment to fair value	<u>61,596</u>	<u>61,583</u>	<u>-</u>

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

	Group	Fund	
	2009	2009	2008
	\$	\$	\$
9. Personnel expenses			
Wages and salaries	637,474	375,938	376,551
Fiji National Provident Fund contributions	70,052	32,813	37,611
Key management compensation - short term benefits	167,667	60,000	60,000
Training and Productivity Authority of Fiji levy	9,114	4,278	4,190
Staff training	6,710	6,710	9,350
	<u>891,017</u>	<u>479,739</u>	<u>487,702</u>
 Average number of employees during the year was:	<u>58</u>	<u>27</u>	<u>27</u>
10. Impairment of goodwill			
Impairment of goodwill on acquisition of subsidiary	<u>496,320</u>	<u>-</u>	<u>-</u>
For details, refer note 18.			
11. Finance cost			
Bank charges	<u>13,905</u>	<u>1,126</u>	<u>1,240</u>
12. Income tax expense			
(a) The amount of income tax expense attributable to operating profit as shown in the statement of comprehensive income differs from prima facie income tax expense attributable to operating profit. The differences are reconciled as follows:			
Prima facie income tax expense on operating profit at 29% (2008: 31%)	241,536	305,237	218,873
<u>Tax effect of:</u>			
- exempt income	(3,004,943)	(305,237)	(218,873)
- tax losses not brought to account	2,392,062	-	-
- tax effect of timing difference not brought to account	371,345	-	-
- deferred tax expense relating to the reversal of temporary differences	<u>725,084</u>	<u>-</u>	<u>-</u>
	<u>725,084</u>	<u>-</u>	<u>-</u>
(b) Deferred tax asset in respect of tax losses not brought to account	<u>29,504,416</u>	<u>-</u>	<u>-</u>

Sugar Cane Growers Fund and Subsidiary
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12. Income tax expense (continued)

Potential deferred tax asset attributable to tax losses carried forward by the subsidiary have not been brought to account at balance date because the Board of Management do not believe it is appropriate to regard realisation of the deferred tax asset as beyond reasonable doubt.

These assets will only be realised if:

- (i) the subsidiary derives future assessable income of a nature and an amount sufficient to enable the asset from the deductions for the losses to be realised;
- (ii) the subsidiary continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in the tax legislation adversely affect the subsidiary in realising the asset from the deductions for losses.

	Group	Fund	
	2009	2009	2008
	\$	\$	\$
13. Cash and cash equivalents			
Cash on hand	270	170	170
Cash at bank	9,772,028	1,436,231	6,923,920
	<u>9,772,298</u>	<u>1,436,401</u>	<u>6,924,090</u>
Bank overdraft	(3,157,379)	(3,157,379)	-
Cash and cash equivalents	<u>6,614,919</u>	<u>(1,720,978)</u>	<u>6,924,090</u>
14. Available for sale financial asset			
<u>Unit Trust of Fiji</u>			
1,217 (2008: 1,231,658) units at \$1.36 (2008: \$1.38)	1,655	-	1,699,688
	<u>1,655</u>	<u>-</u>	<u>1,699,688</u>
<u>Reconciliation of financial asset in Unit Trust of Fiji:</u>			
Balance at 1 January	1,699,688	1,699,688	1,625,789
Acquisitions through business combination (refer Note 18)	715,907	-	-
Acquisition of units during the year	1,668	-	-
(Loss) / gain on re-measurement to fair value	(61,596)	(61,583)	73,899
Disposal	(2,354,012)	(1,638,105)	-
Balance at 31 December	<u>1,655</u>	<u>-</u>	<u>1,699,688</u>
15. Held to maturity investments			
Term deposits	6,589,799	6,589,799	2,278,557
	<u>6,589,799</u>	<u>6,589,799</u>	<u>2,278,557</u>

The average interest rate on term deposits is 5.85% (2008: 3.30%). The deposits have an average maturity of 365 days (2008: 365 days).

Sugar Cane Growers Fund and Subsidiary
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	Group	Fund	
	2009	2009	2008
	\$	\$	\$
16. Loans to growers			
Secured loans to growers	22,696,785	22,696,785	22,892,329
Allowance for uncollectibility	<u>(997,139)</u>	<u>(997,139)</u>	<u>(916,926)</u>
	<u>21,699,646</u>	<u>21,699,646</u>	<u>21,975,403</u>
<u>Allowance for uncollectibility</u>			
Balance at 1 January	916,926	916,926	550,269
Additional allowances made during the year	<u>80,213</u>	<u>80,213</u>	<u>366,657</u>
Balance at 31 December	<u>997,139</u>	<u>997,139</u>	<u>916,926</u>

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

	Group	Fund	
	2009	2009	2008
	\$	\$	\$
17. Advances to industry related entities			
(i) Receivable from Sugar Research Institute of Fiji	-	-	200,000
(ii) Receivable from Fiji Sugar Corporation Limited	-	-	6,556,846
(iii) Receivable from South Pacific Fertilizers Limited	-	16,300,172	16,525,459
(iv) Receivable from Sugar Cane Growers Council	380,000	380,000	-
	<u>380,000</u>	<u>16,680,172</u>	<u>23,282,305</u>

(i) Receivable from Sugar Research Institute of Fiji

Amounts receivable from Sugar Research Institute of Fiji was unsecured, interest free and repayable by the Fiji Government under the Sugar Industry support programme.

(ii) Receivable from Fiji sugar Corporation Limited (FSC)

Amounts receivable from FSC was unsecured, interest free and repayable by March 2009.

(iii) Receivable from South Pacific Fertilizers Limited (SPFL)

Amounts receivable from South Pacific Fertilizers Limited (SPFL) is secured, repayable on demand and interest is charged at the rate of 5.4% (2008 : 5.25%) per annum.

(iv) Receivable from Sugar Cane Growers Council (SCGC)

Amounts receivable from SCGC is over a period of 5 years. Interest is charged at the rate of 2% per annum for first three years and 3% for the remaining term. It is secured by Registered First Mortgage over CT7926 with improvements thereon.

	Fund	
	2009	2008
	\$	\$
18. Investment in subsidiary / equity accounted investee		
<u>Associate - South Pacific Fertilizers Limited (SPFL)</u>		
Balance at 1 January	829,501	860,256
Acquisition of shares	14,700,000	340,000
Equity share of loss during the year 20.00% (2008: 20.00%)	<u>(578,205)</u>	<u>(370,755)</u>
Balance at 31 December	<u>14,951,296</u>	<u>829,501</u>

Acquisition of subsidiary

On 21 April 2009, loans from the Fund to SPFL of \$14.7m was converted into equity following a Cabinet decision. As a result, the Group's interest in SPFL increased from 20% to 90.59%.

Sugar Cane Growers Fund and Subsidiary
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18. Investment in subsidiary / equity accounted investee (continued)

The following summarises the major classes of consideration and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2009
	\$
<u>(i) Consideration</u>	
Conversion of \$14.7m loan receivable from SPFL into shares of SPFL	<u>14,700,000</u>

The fair value of the ordinary shares issued was based a Cabinet decision dated 21 April 2009.

<u>(ii) Identifiable assets acquired and liabilities assumed</u>	
Property, plant and equipment (refer Note 20)	3,593,009
Available for sale financial asset (refer Note 14)	715,907
Deferred tax assets	725,084
Inventories	8,687,946
Trade and other receivables	1,787,414
Cash and cash equivalents	2,620,719
Trade and other payables	(456,657)
Borrowings	(1,693,713)
Provisions - employee benefits (refer Note 23)	(23,228)
	<u>15,956,481</u>

<u>(iii) Goodwill</u>	
Total consideration	14,700,000
Non-controlling interest, based on their proportionate interest in the recognised amounts of the asset and liabilities of the acquiree	1,501,505
Fair value of existing interest in the acquiree	251,296
Fair value of identifiable net assets	<u>(15,956,481)</u>
Goodwill	<u>496,320</u>

The re-measurement to fair value of the Group's 20% interest in the acquiree did not result in any gain or loss.

The Group does not anticipate any synergies to be obtained from integrating the company into the Group's existing business and consequently the Board of Management believes that the goodwill is impaired.

	Group	Fund	
	2009	2009	2008
	\$	\$	\$
19. Trade and other receivables			
Trade receivables	953,845	-	-
Prepayments	10,983	10,983	8,437
Other receivables	1,507,688	15,126	10,376
	<u>2,472,516</u>	<u>26,109</u>	<u>18,813</u>

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
For the year ended 31 December 2009

20. Property, plant and equipment

Group	Land & Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Office equipment	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance at 1 January 2009	-	-	127,235	226,800	214,993	-	569,028
Acquisitions through business combination (refer Note 18)	1,571,650	1,846,488	23,921	-	-	150,950	3,593,009
Acquisitions during the year	-	316,541	13,765	176,222	6,354	40,425	553,307
Transfers	-	150,950	-	-	-	(150,950)	-
Disposal	-	(6,441)	-	(48,900)	-	-	(55,341)
Balance at 31 December 2009	<u>1,571,650</u>	<u>2,307,538</u>	<u>164,921</u>	<u>354,122</u>	<u>221,347</u>	<u>40,425</u>	<u>4,660,003</u>
Depreciation							
Balance at 1 January 2009	-	-	114,164	175,963	181,237	-	471,364
Depreciation charge for the year	348,911	296,753	9,885	50,674	18,179	-	724,402
Impairment charge	-	979,359	-	-	-	-	979,359
Disposal	-	(6,441)	-	(48,900)	-	-	(55,341)
Balance at 31 December 2009	<u>348,911</u>	<u>1,269,671</u>	<u>124,049</u>	<u>177,737</u>	<u>199,416</u>	<u>-</u>	<u>2,119,784</u>
Carrying amount							
At 1 January 2009	<u>-</u>	<u>-</u>	<u>13,071</u>	<u>50,837</u>	<u>33,756</u>	<u>-</u>	<u>97,664</u>
At 31 December 2009	<u>1,222,739</u>	<u>1,037,867</u>	<u>40,872</u>	<u>176,385</u>	<u>21,931</u>	<u>40,425</u>	<u>2,540,219</u>

Included in cost of sales is depreciation totaling \$604,124 (2008: \$Nil).

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
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20. Property, plant and equipment (continued)

Fund	Furniture & fittings \$	Office equipment \$	Motor vehicles \$	Total \$
Cost				
Balance at 1 January 2009	127,235	214,993	226,800	569,028
Acquisitions during the year	-	6,354	90,000	96,354
Disposal	-	-	(48,900)	(48,900)
Balance at 31 December 2009	<u>127,235</u>	<u>221,347</u>	<u>267,900</u>	<u>616,482</u>
Depreciation				
Balance at 1 January 2009	114,164	181,237	175,963	471,364
Depreciation for the year	4,068	18,179	38,100	60,347
Disposal	-	-	(48,900)	(48,900)
Balance at 31 December 2009	<u>118,232</u>	<u>199,416</u>	<u>165,163</u>	<u>482,811</u>
Carrying amount				
At 1 January 2009	<u>13,071</u>	<u>33,756</u>	<u>50,837</u>	<u>97,664</u>
At 31 December 2009	<u>9,003</u>	<u>21,931</u>	<u>102,737</u>	<u>133,671</u>

Sugar Cane Growers Fund and Subsidiary
Notes to the financial statements
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	Group	Fund	
	2009	2009	2008
	\$	\$	\$
21. Inventories			
Raw materials	14,938,516	-	-
Packaging materials	895,221	-	-
Finished goods	3,181,930	-	-
Weedicide	110,382	-	-
	<u>19,126,049</u>	<u>-</u>	<u>-</u>
22. Trade and other payables			
Trade payables	89,693	-	-
Other payables	808,116	387,495	193,803
Accruals	-	11,626	8,154
	<u>897,809</u>	<u>399,121</u>	<u>201,957</u>
23. Employee benefits			
Balance at 1 January	59,123	59,123	43,917
Acquisitions through business combination (refer Note 18)	23,228	-	-
Net movement during the year	(829)	3,988	15,206
Balance at 31 December	<u>81,522</u>	<u>63,111</u>	<u>59,123</u>

24. Related parties

(a) Members of the Board of management

The following were the members of the Board of management during the year:

Mr. John May - Chairman

Mr. Viliame Gucake (appointed 26 March 2009)

Mr. Sundresh Chetty - Ex-officio (appointed 12 June 2009)

Board expenses are disclosed under Note 8.

(b) Key management personnel

Key management personnel includes the Chief Executive Officer of the Fund and the General Manager and Chairman of the subsidiary.

Key management compensation is disclosed under Note 9.

Transactions with key management are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

Sugar Cane Growers Fund and Subsidiary
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24. Related parties (continued)

(c) Identity of related parties

SPFL is a subsidiary of the fund (refer to Note 18).

Other related parties of the Fund include key stakeholders in the Fiji Sugar Industry, namely, the Government of Fiji, the FSC, Sugar Research Institute of Fiji and SCGC.

	Group	Fund	
	2009	2009	2008
	\$	\$	\$
(d) Advances to industry related entities			
(i) Receivable from Sugar Research Institute of Fiji	-	-	200,000
(ii) Receivable from Fiji Sugar Corporation Limited	-	-	6,556,846
(iii) Receivable from South Pacific Fertilizers Limited	-	16,300,172	16,525,459
(iv) Receivable from Sugar Cane Growers Council	380,000	380,000	-
	<u>380,000</u>	<u>16,680,172</u>	<u>23,282,305</u>

(e) Transactions with related parties

During the year, the Fund entered into various transactions with related parties which were at normal commercial terms and conditions. The aggregate value of major transactions with related parties during the year is as follows:

<u>Receivable from Sugar Research Institute of Fiji (SRIF)</u>			
Repayment of advance by SRIF	200,000	200,000	200,000
<u>Receivable from Fiji Sugar Corporation Limited (FSC)</u>			
Advance to FSC	-	-	6,556,846
Repayment of advance by FSC	6,556,846	6,556,846	-
<u>Receivable from South Pacific Fertilizers Limited (SPFL)</u>			
Additional advances to SPFL	-	26,505,478	7,700,000
Repayment by SPFL	-	11,928,348	923,300
Conversion of loan to equity in SPFL (Refer to Note 18)	-	14,700,000	-
Interest	-	332,175	115,289
<u>Receivable from Sugar Cane Growers Council (SCGC)</u>			
Advance to SCGC	380,000	380,000	-

Sugar Cane Growers Fund and Subsidiary
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	Group	Fund	
	2009	2009	2008
	\$	\$	\$
25. Reserve			
Fair value reserve	(12)	-	-
	<u>(12)</u>	<u>-</u>	<u>-</u>
Fair value reserve represents loss on re-measurement of available-for-sale financial assets to fair value.			
26. Non-cash investing activities			
Acquisition of property, plant and equipment via trade-in	26,030	26,030	-
Reinvestment of dividends	7,093	-	-
	<u>7,093</u>	<u>-</u>	<u>-</u>
27. Capital commitments and contingencies			
Capital commitments	1,845,000	-	-
Capital contingencies	-	-	-
	<u>1,845,000</u>	<u>-</u>	<u>-</u>

28. Events subsequent to balance date

The following significant events have occurred subsequent to year end:

(i) On 26 January 2010, the Cabinet approved a loan of \$5,009,000 from the Fund to SPFL. The loan is unsecured, repayable on demand and interest is charged at the rate of 5% per annum. This is a bridging finance arrangement between the Fund and SPFL.

(ii) On 15 May 2010, the Minister for Sugar directed the Fund to provide a loan of \$8,403,000 to Fiji Sugar Corporation (FSC) to co-fund the 4th cane payment for the 2009 season. The Government through the Ministry for Sugar will meet the interest component at the agreed rate of 8% per annum. The principal repayment will be paid from the sugar proceeds during 2011 and 2012 seasons.

(iii) On 21 July 2010, the subsidiary sold its barge for \$500,000.

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