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THE PACKAGING SPECIALIST

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

ANNUAL REPORT

2009

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

I N D E X

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

DIRECTORS AND ADVISORS

Mr. Hari Punja OF, OBE, JP - Chairman

Mr. Rohit Punja

Mr. Gary Callaghan

CHIEF EXECUTIVE
Mr. Ram Bajekal

GROUP CFO & COMPANY SECRETARY

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

AUDITORS
PricewaterhouseCoopers ,
Chartered Accountants ,
Suva .

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

BANKERS
Australia and New Zealand Banking Group Limited

REGISTERED OFFICE
Lot 2 , Leonidas street ,
Walu Bay , Suva .
Telephone : 330 0555 Fax : 330 2080
Email : kumars@fmf.com.fj

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of the members of Atlantic & Pacific Packaging Company Limited will be held at 3.15 p.m. on Friday , the **20th November 2009** , in the Training room at Atlantic & Pacific Packaging Company Limited , Leonidas Street , Walu Bay , Suva to transact the following business :

Ordinary business

1. Confirmation of the minutes of the previous Annual General Meeting held on **31st October 2008**

2. Matters arising from the minutes.

3. To receive and adopt the Audited Balance Sheets and Profit and Loss Statements and the reports of the Directors and Auditors for the year ended 30th June 2009 .

4. To elect, Mr. Rohit Punja as a director of the company in place of Mr. Sanjay Punja.

   Mr. Sanjay Punja retires by rotation and has not offered himself for re-election.

5. To appoint Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a fee to be negotiated by the Directors. The retiring Auditors M/s. PricewaterhouseCoopers, Chartered Accountants, being eligible , offer themselves for appointment.

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

By order of the Board of Directors,

Kumar Shankar
Group CFO &
Company Secretary

Dated : 7th October 2009
Suva, Fiji .

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

CHAIRMAN'S REPORT

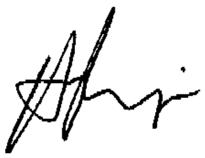
Dear Shareholders,

The financial year ending 30th June 2009 has shown a pleasing improvement over the previous year.

- Turnover increased from $5,788,273 to $7,108,549 which is a record for the company.
- Profit after tax increased from $237,858 to $560,956.
- Dividend totaling $280,000 was paid to shareholders.

The improved result was mostly due to increased sales to our group companies related to exports and very tight control of expenses.

We expect the next year will provide an acceptable performance for shareholders.



Hari Punja OF, OBE, JP
Chairman
7th October 2009
Suva, Fiji Islands

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the balance sheet at 30 June 2009 and the related statements of income, cash flow, and changes in equity for the year then ended, and report as follows:

1 Directors

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

- Hari Punja $_{\text{OF, OBE, JP}}$ - Chairman
- Sanjay Punja
- Gary Callaghan
- Ajai Punja – resigned 25 June 2009
- Rohit Punja – appointed 25 June 2009

2 Principal Activity

The principal business activity of the company is the manufacture of a wide range of packaging materials including corrugated cartons and assorted containers and packets.

3 Trading Results

The net profit after income tax for the financial year was $560,956 (2008: $237,858) after deducting income tax expense of $208,566 (2008: $115,685).

4 Provisions

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

5 Dividends

The directors declared an interim dividend of $280,000 during the year.

6 Bad and Doubtful Debts

The directors took reasonable steps before the financial statements were made out, to ascertain that all known bad debts were written off and adequate provision was made for doubtful debts. At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, inadequate to any substantial extent.

7 Current Assets

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

8 Reserves

The directors recommended that no amounts be transferred to reserves in respect of the year ended 30 June 2009.

DIRECTORS' REPORT - Cont'd

9 Events Subsequent to Balance Date

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

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

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

10 Basis of Accounting

The directors believe that the basis of the preparation of the company's financial statements is appropriate and the company will be able to continue in operation for at least twelve months.

11 Related Party Transaction

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

12 Other Circumstances

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

13 Unusual Transactions

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

14 Directors Benefits

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

Signed in accordance with a resolution of the directors this 7th day of October, 2009.

For and on behalf of the Board,

……………………………………
Director

……………………………………..
Director

STATEMENT BY DIRECTORS

In the opinion of the directors:

(a) the accompanying income statement is drawn up so as to give a true and fair view of the results of the company for the year ended 30 June 2009,

(b) the accompanying balance sheet is drawn up so as to give a true and fair view of the state of the company's affairs at 30 June 2009,

(c) the accompanying statement of changes in equity for the year ended 30 June 2009 is drawn up so as to give a true and fair view of the movement in shareholder's funds; and

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

Signed in accordance with a resolution of the directors this 7th day of October, 2009.

For and on behalf of the Board,

……………………………..
Director

……………………………..
Director

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITOR'S REPORT

Scope

We have audited the accompanying financial statements of Atlantic & Pacific Packaging Company Limited which comprise the balance sheet as of 30 June 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 24.

Directors' and Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

This report is made solely to the Company's shareholders, as a body, in accordance with Section 165(1) of the Fiji Companies Act 1983. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

PRICEWATERHOUSECOOPERS

Opinion

In our opinion

(a) proper books of account have been kept by the company, so far as it appears from our examination of those books, and

(b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:

(i) are in agreement with the books of account;

(ii) to the best of our information and according to the explanations given to us:

a) give a true and fair view of the state of affairs of the company as at 30 June 2009 and of its financial performance, changes in equity, and its cash flows for the year ended on that date;

b) give the information required by the Fiji Companies Act, 1983 in the manner so required.

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

PricewaterhouseCoopers

16 October 2009
Suva, Fiji

PricewaterhouseCoopers
Chartered Accountants

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

INCOME STATEMENT YEAR ENDED 30 JUNE 2009

	Notes	2009 $	2008 $
Revenue		7,108,549	5,788,273
Other operating income		10,208	35,761
Change in amount of finished goods and work in progress		58,820	52,881
Raw materials and consumables used		(3,924,293)	(2,922,128)
Staff costs		(563,053)	(541,193)
Depreciation		(371,975)	(418,011)
Other operating expenses		(1,501,454)	(1,557,226)
Profit from operations	4	816,802	438,357
Finance costs		(47,280)	(84,814)
Profit before tax		769,522	353,543
Income tax expense	6(a)	(208,566)	(115,685)
Profit for the year		$ 560,956	$ 237,858
Earnings per share	18	$ 0.07	$ 0.03

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

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

BALANCE SHEET 30 JUNE 2009

	Notes	2009 $	2008 $
CURRENT ASSETS			
Cash on hand and at bank	10(a)	500	500
Inventories	5	895,653	1,031,449
Trade receivables	8	793,515	596,542
Other receivables	9	136,098	148,722
Amounts owing by related companies	15(d)	-	11,951
		1,825,766	1,789,164
NON-CURRENT ASSETS			
Deferred tax asset	6(b)	12,699	33,280
Plant and equipment	11	2,077,651	2,278,397
		2,090,350	2,311,677
TOTAL ASSETS		3,916,116	4,100,841
Less:			
CURRENT LIABILITIES			
Bank overdraft	10(a)	46,763	901,834
Trade payables		113,968	94,434
Current tax liability		67,809	(20,849)
Other payables	12	225,737	96,575
Amounts owing to related companies	15(e)	96,166	3,456
		550,443	1,075,450
NON-CURRENT LIABILITIES			
Deferred tax liability	6(c)	219,967	160,641
TOTAL LIABITLIES		770,410	1,236,091
NET ASSETS		$ 3,145,706	$ 2,864,750
		==========	==========
SHAREHOLDERS' EQUITY			
Share capital	7(b)	4,000,000	4,000,000
Accumulated (losses)		(854,294)	(1,135,250)
		$ 3,145,706	$ 2,864,750
		==========	==========

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

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

For and on behalf of the Board

.... **Director**

.... **Director**

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 30 JUNE 2009

	Note	Share Capital $	Accumulated (Losses) $	Total $
Balance at 30 June 2007		4,000,000	(1,173,108)	2,826,892
Profit for the year		-	237,858	237,858
Dividend	19	-	(200,000)	(200,000)
Balance at 30 June 2008		4,000,000	(1,135,250)	2,864,750
Profit for the year		-	560,956	560,956
Dividend	19	-	(280,000)	(280,000)
Balance at 30 June 2009		$ 4,000,000	($ 854,294)	$ 3,145,706
		===========	==========	==========

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

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

CASH FLOW STATEMENT YEAR ENDED 30 JUNE2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Receipts from customers		6,981,085	6,945,011
Payments to suppliers		(5,590,086)	(5,315,098)
Cash generated from operations		1,390,999	1,629,913
Income taxes paid		(40,000)	(53,000)
Interest paid		(44,699)	(76,052)
Net cash generated from operating activities		1,306,300	1,500,861
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	9,000
Payments for plant & equipment		(171,229)	(11,882)
Net cash used in investing activities		(171,229)	(2,882)
Cash flows from financing activities			
Dividends paid		(280,000)	(200,000)
Net cash used in financing activities		(280,000)	(200,000)
Net increase in cash		855,071	1,297,979
Cash and bank overdraft at the beginning of the year		(901,334)	(2,199,313)
Cash and bank overdraft at the end of the year	10	($ 46,263)	($ 901,334)
		===========	==========

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by Atlantic & Pacific Packaging Company Limited are stated to assist in a general understanding of these financial statements. These policies have been consistently applied by the company except where otherwise indicated.

(a) Basis of Accounting

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

(i) Standards, amendments and interpretations issued but not yet effective
The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2009 or later periods, but the company has not early adopted them. Adoption of these standards and interpretations will not have any significant impact on the company's financial statements.

- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14.
- IAS 1 (Revised and Amendment), 'Presentation of financial statements' (effective from 1 January 2009).
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).
- IAS 36 (Amendment), "Impairment of assets' (effective from 1 January 2009).
- IAS 38 (Amendment), "Intangible assets" (effective from 1 January 2009).

(b) Plant and equipment

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

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

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

Plant & machinery	4% - 10%
Equipment	6.67%
Motor vehicles	20%
Computers	33.33%
Furniture and fitting	10%

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within income statement

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont'd

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(c) **Inventories**

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

(d) **Provisions**

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(e) **Foreign currency translation**

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

(ii) Transactions and balances
Foreign currency transactions are translated into the Fijian currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(f) C**urrent and deferred income tax**

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

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont'd

(g) **Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of corrugated cartons and assorted containers and packets in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

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

(h) **Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating expenses.

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

(i) **Trade and Other Payables**

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

(j) **Segment information**

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

For reporting purposes, the company considers itself to be operating in one business segment as its predominant revenue source is from manufacture of a wide range of packaging materials. Revenue from other sources is not material for the purposes of segment reporting. In addition the company operates in Fiji only and hence one geographical segment.

(k) **Cash and cash equivalents**

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

(l) **Dividend distribution**

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont'd

(m) **Earnings per share**

(i) Basic earnings per share
Basic earnings per share (EPS) is determined by dividing profit after income tax attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

(ii)Diluted earnings per share
Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

(n) **Employee Entitlements**

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

A liability for long service leave is recognised as the present value of estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The estimated future cash outflows are discounted using interest rates on government bonds which have terms to maturity that match, as closely as possible, the estimated future cash outflows. Factors which affect the estimated cash outflows, such as expected future salary increases, experience of employee departures and period of service, are incorporated in the measurement.

(o) **Leases**

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

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

(p) **Comparative Figures**

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont'd

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

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements including the following notes:

Note 1(b) – Property, plant and equipment
Note 1(d) – Provisions

2 FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk
The company is exposed to foreign exchange risk arising from various currency exposures in respect to purchase of inventory, primarily with respect to the Australian and US dollar. Foreign exchange risk arises from future commercial transactions and liabilities.

Management has set up a policy to require the company to manage their foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other then the Fiji Dollar. For significant settlements, the company is required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

At 30 June 2009, if the Fijian dollar had weakened/strengthened by 10% against the NZD with all other variables held constant, post-tax profit for the year would have been $6,199 lower/higher, mainly as a result of foreign exchange gains/losses on translation of NZD denominated trade payables.

(ii) Price risk
The company does not have investments in equity securities and hence is not exposed to equity securities price risk. The company is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk
As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk is managed by management with board oversight. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. As part of its risk control procedures, an assessment of the credit quality of a new customer, taking into account its financial position, past experience and other factors is carried out prior to the board approval. Individual credit risk limits are then set based on the assessments done. Individual risk limits are set based assessments done. The utilisation of credit limits is regularly monitored. Sales to credit retail customers are settled in either cash or bank cheques.

2 FINANCIAL RISK MANAGEMENT – Cont'd

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet its present obligations.

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

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

Trade and other payables	2009 $	2008 $
1 to 2 months	339,705	191,009

3 CAPITAL RISK MANAGEMENT

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

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

4 PROFIT FROM OPERATIONS

Operating profit is stated after charging/(crediting):

	2009 $	2008 $
Depreciation	371,975	418,011
Interest	37,404	76,052
Auditors' remuneration		
- Audit	12,250	12,250
Doubtful debts	(71,974)	12,000
Exchange gain	(896)	(3,627)
Employee entitlements	13,218	(1,333)
Gain on disposal of fixed assets	-	(2,811)

5 INVENTORIES

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

	2009 $	2008 $
Raw materials	523,850	745,824
Finished products	201,744	155,021
Work-in-progress	20,696	8,599
Spare parts	96,728	122,005
Goods in transit	52,635	-
	$ 895,653	$ 1,031,449
	==========	===========

6 INCOME TAX

(a) Income tax expense

The prima facie income tax expense on pre-tax accounting profit is reconciled to the income tax expense in the income statement as follows:

	2009 $	2008 $
Profit before tax	$ 769,522	$ 353,543
Prima facie tax payable at 31%	238,552	109,598
Tax effect of export incentive	(7,884)	-
Change in tax rates	(14,294)	-
Prior year adjustments	(7,808)	6,087
Income tax expense	208,566	115,685
Temporary differences	(79,908)	(124,914)
	128,658	(9,229)
Add: Opening current tax liability	(20,849)	41,380
	107,809	32,151
Less: Tax paid and transferred from VAT	(40,000)	(53,000)
Current tax liability	$ 67,809	($ 20,849)

The income tax for companies was reduced from 31% to 29% effective 1 January 2009 but will be applicable to the company in the next financial year. Deferred tax balances however have been adjusted accordingly.

(b) Deferred tax asset

Represented by the following tax-effected temporary differences:

	2009 $	2008 $
Provisions	$ 12,699	$ 33,280

(c) Deferred tax liability

Represented by the following tax-effected temporary difference:

	2009 $	2008 $
Property, plant and equipment	$ 219,967	$ 160,641

7 SHARE CAPITAL

	2009 $	2008 $
(a) Authorised:		
10,000,000 ordinary shares of $0.50 each	$ 5,000,000	$ 5,000,000
	===========	===========
(b) Issued and fully paid:		
8,000,000 ordinary shares of $0.50 each	$ 4,000,000	$ 4,000,000
	===========	===========

8 TRADE RECEIVABLES

	2009 $	2008 $
Trade debtors	813,927	693,742
Provision for doubtful debts	(20,412)	(97,200)
	$ 793,515	$ 596,542
	===========	===========

Trade receivables that are less than one month past due are not considered impaired. As of 30 June 2009, trade receivables of $ 451,969 (2008: 297,355) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009 $	2008 $
Over 1 month	243,838	247,395
Over 2 months	208,131	49,960
	$ 451,969	$ 297,355
	===========	==========

As of 30 June 2009, trade receivables of $20,412 (2008: $ 97,200) were impaired and provided for. The total amount of the provision was $20,412 as of 30 June 2009 (2008: $ 97,200). The individually impaired receivables mainly relate to balances that were in dispute and include management's assessment of the likely loss from the impact of the adverse economic conditions on trade receivables. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2009 $	2008 $
Over 1 month	-	-
Over 2 months	20,412	97,200
	$ 20,412	$ 97,200
	===========	==========

8 TRADE RECEIVABLES – Cont'd

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

	2009 $	2008 $
At 1 July	97,200	33,422
Provision for receivables impaired	(49,784)	63,778
Receivables written off during the year as uncollectible	(27,004)	-
At 30 June	$ 20,412	$ 97,200

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

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

9 OTHER RECEIVABLES

	2009 $	2008 $
Other debtors	$ 136,098	$ 148,722

10 BANK OVERDRAFT

	2009 $	2008 $
Bank Overdraft	$ 46,763	$ 901,834

The bank overdraft is secured by a first registered mortgage debenture over all the assets of the company, a negative pledge not to lend or grant security to any other party and cross guarantees by related companies.

(a) For the purpose of the cash flow statement, cash includes cash on hand and bank overdraft. Cash at the end of the period as shown in the cash flow statement is reconciled to the balance sheet as follows:

	2009 $	2008 $
Bank overdraft	(46,763)	(901,834)
Petty cash	500	500
	($ 46,263)	($ 901,334)

(b) **FINANCING FACILITIES**

The company's overdraft is drawn from the facilities available to companies within the Flour Mills of Fiji Limited group.

11(a) PLANT AND EQUIPMENT

(i) Plant and equipment have been included in the financial statements on the following bases:

	2009 $	2008 $
Furniture and fittings - at cost	36,403	36,403
Less: Accumulated depreciation	16,436	14,014
	19,967	22,389
Office equipment - at cost	229,482	229,204
Less: Accumulated depreciation	226,495	209,029
	2,987	20,175
Motor vehicles - at cost	114,515	114,515
Less: Accumulated depreciation	114,515	106,476
	-	8,039
Plant and machinery - at cost	5,317,626	5,146,675
Less: Accumulated depreciation	3,262,929	2,918,881
	2,054,697	2,227,794
Total - at cost	5,698,026	5,526,797
Less: Accumulated depreciation	3,620,375	3,248,400
	$ 2,077,651	$ 2,278,397

(ii) **Reconciliation of Plant and Equipment**

	Furniture & Fittings $	Office Equipment $	Motor Vehicles $	Plant & Machinery $	Total $
Carrying amount at 1 July 2008	22,389	20,175	8,039	2,227,794	2,278,397
Additions	-	278	-	170,951	171,229
Depreciation	(2,422)	(17,466)	(8,039)	(344,048)	(371,975)
Carrying amount at 30 June 2009	$ 19,967	$ 2,987	$ -	$ 2,054,697	$ 2,077,651

(b) The depreciation policies adopted are set out in Note 1(b).

		2009	2008
		$	$
12	**OTHER PAYABLES**		
	Accruals	$ 225,737	$ 96,575
		===========	===========

13 CONTINGENCIES & COMMITMENTS

(a) As at 30 June 2009, there were no capital expenditure commitments (2008: $ Nil)

		2009	2008
		$	$
(b)	Indemnity guarantees	34,801	34,801
	Letters of credit	-	153,360
		$ 34,801	$ 188,161
		===========	==========

		2009	2008
14	**EMPLOYEE ENTITLEMENTS**		
	Provision for annual leave	$ 23,378	$ 10,160
		===========	==========
	Employee numbers		
	Average number of employees during the financial year	47	55
		===========	==========

15 RELATED PARTIES

(a) **Directors**

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

- Hari Punja - Chairman
- Sanjay Punja
- Gary Callaghan
- Ajai Punja
- Rohit Punja

No directors fees were paid during the year (2008: $ Nil).

(b) **Immediate and ultimate holding company**

The immediate holding company is Flour Mills of Fiji Limited, a company incorporated in Fiji.

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

15 RELATED PARTIES – Cont'd

(b) **Immediate and ultimate holding company – Cont'd**

The company has entered into a management agreement with the penultimate holding company, Hari Punja & Sons Limited. Under the agreement, a management fee of 2.5% of turnover per annum is payable. The agreement is effective for an initial period of 5 years and thereafter shall continue without the need for express renewal unless terminated in accordance with the terms of the agreement. The related company has agreed to waive the management fee for this year.

(c) **Related party transactions**

During the year the company traded with director related entities, Dominion Insurance Limited and Petroleum & Gas Co (Fiji) Limited and fellow subsidiaries. Insurance was placed with independent brokers Marsh Limited. All transactions with related parties are made on normal commercial terms and conditions.

The amount included in the determination of operating profits that resulted from transactions with the holding company, director related entities and fellow subsidiaries are as follows:

	2009 $	2008 $
INCOME		
Sales	3,449,672	2,850,256
Rent charged	-	30,000
EXPENSES		
Insurance	92,317	76,212
Rent	349,200	273,600
Administration fees	24,000	24,000

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

	2009 $	2008 $
Holding Company		
Flour Mills of Fiji Limited	-	11,951
	$ -	$ 11,951

(e) **Amounts owing to related companies**

	2009 $	2008 $
Related company		
Flour Mills of Fiji Limited	92,317	-
Petroleum & Gas Co (Fiji) Limited	3,849	3,456
	$ 96,166	$ 3,456

15 RELATED PARTIES – Cont'd

(f) **Key management compensation**

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

During the year the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the company included the General Manager, Factory Manager, Projects Manager and also the Group Chief Executive Officer and Chief Financial Officer who are compensated in the holding company.

The compensation paid or payable to key management for employee services is shown below:

	2009 $	2008 $
Salaries and other short term benefits	$ 60,004	$ 62,912
	=========	==========

16 OPERATING LEASE

(a) The company leases its factory premises from a fellow subsidiary FMF Investment Company Limited. The lease provides for annual reviews.

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

(c)

	2009 $	2008 $
Payable not later than 1 year	$ 349,200	$ 273,600
	=========	==========

17 SEGMENT REPORTING

(a) **Industry Segment**

The company operates as a manufacturer of a wide range of packaging materials including corrugated cartons and assorted containers and packets.

(b) **Geographical Segment**

The company operates predominantly in the geographical segment of Fiji.

18 EARNINGS PER SHARE

	2009 $	2008 $
Operating profit after income tax	$ 560,956	$ 237,858
Number of ordinary shares	8,000,000	8,000,000
Earnings per share	$ 0.07	$ 0.03
	===========	==========

19 DIVIDENDS

	2009	2008
Interim dividend	$ 280,000	$ 200,000
	===========	==========

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

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

SOUTH PACIFIC STOCK EXCHANGE LISTING REQUIREMENTS

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

(a) Schedule of each class of equity security in compliance with listing requirements 3.3(c):

Distribution of ordinary shareholders:

No. of Holders	Holding	Total % Holding
9	Up to 500 shares	0.04
81	501 to 5,000 shares	2.82
20	5,001 to 10,000 shares	2.21
12	10,001 to 20,000 shares	2.79
2	20,001 to 30,000 shares	0.64
2	30,001 to 40,000 shares	0.84
1	40,001 to 50,000 shares	0.57
1	50,001 to 100,000 shares	1.25
5	100,001 to 1,000,000 shares	28.84
1	Over 1,000,000 shares	60.00
134		100.00

SOUTH PACIFIC STOCK EXCHANGE LISTING REQUIREMENTS

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

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

	Beneficially		Non-Beneficially	
	Additions	Holding	Additions	Holding
Hari Punja	-	-	-	4,959,500
Sanjay Punja	-	-	-	as above
Gary Callaghan	-	-	-	as above

(c) Share Register and Registered Office:

Flour Mills of Fiji Limited
Leonidas Street
Walu Bay
Suva
Republic of the Fiji Islands

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

The company's shares are listed on the South Pacific Stock Exchange.

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

PROXY FORM

Share Folio No . ……….……..……………

No. of shares held …………….……………..

The Company Secretary
Atlantic & Pacific Packaging Company Limited
P O Box 977 ,
Suva , Fiji Islands .

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

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

Being a member / members of **ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED** hereby

appoint ……………………..………………………………………………………………………………

of……………………..………………………………………….……………………………………………..

or failing him …………………………………………………………………………………………………

of………………………………………………………………………………………..……….

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the company, to be held at 3.15 p.m. on Friday , the 20th November 2009 and at any adjournment thereof.

As witness to my/our hands this……….day of ………………2009 , at …………………………………

Signed by the said member (s) ………………………………………...……………………………..…….

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

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

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

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

For office use only :

Proxy received on ______________ at ______am / pm by __________________________________