ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

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ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

DIRECTORS

Mr. Hari Punja OF, OBE, JP - Chairman

Mr. Sanjay Punja

Mr. Gary Callaghan

Mr. Ajai Punja

CHIEF EXECUTIVE

Mr. Sanjay Punja

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
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ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Tenth Annual General Meeting of the members of Atlantic & Pacific Packaging Company Limited will be held at 3.15 p.m. on Friday, the 31st October 2008, 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 Ninth Annual General Meeting held on 26th October 2007.

2. Matters arising from the minutes.

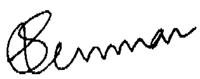
3. To receive and adopt the Audited Balance Sheets and Profit and Loss Statements and the reports of the Directors and Auditors for the year ended 30th June 2008.

4. To elect, in accordance with Article 99 of the Articles of Association of the company, Mr. Hari Punja as a director of the company. He retires by rotation and being eligible, offers himself for re-election.

5. To appoint Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a fee to be negotiated by the Directors. The retiring Auditors M/s. 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 : 26th September 2008
Suva, Fiji

CHAIRMAN'S REPORT

Dear Shareholders,

The financial year ending 30th June 2008 is slightly below the previous year but nevertheless acceptable in the current environment.

Last year I noted that we would face challenges due to the downturn in economic activity and the effect this would have on sales to non group companies.

We have achieved a small increase in turnover but this is directly related to increased activity by FMF and its associated companies.

For the next year we expect an improved result and we are hopeful that this will in turn be reflected in an increase in the dividend.

Hari Punja OF, OBE, JP
Chairman
26th September 2008
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 2008 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 OF, OBE, JP - Chairman
- Sanjay Punja
- Gary Callaghan
- Ajai Punja

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 $237,858 (2007: $287,607) after deducting income tax expense of $115,685 (2007: $126,329).

4 Provisions

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

5 Dividends

The directors declared an interim dividend of $200,000 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 2008.

DIRECTORS' REPORT - Continued

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.

11 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.

12 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 26th day of September 2008.

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 2008,

(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 2008,

(c) the accompanying statement of changes in equity for the year ended 30 June 2008 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 2008.

For and on behalf of the Board of Directors by authority of a resolution of the Directors.

....

Director

....

Director

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDIT REPORT

To the members of Atlantic & Pacific Packaging Company Limited

Scope

We have audited the financial statements of Atlantic & Pacific Packaging Company Limited for the year ended 30 June 2008 as set out on pages 9 to 26. The company's directors and management 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 company.

Our audit has been conducted in accordance with 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 and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, the results of its operations, changes in equity and its cash flows.

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

Audit 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 2008 and of the results, changes in equity and cash flows of the company 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

Suva
26 September 2008

PricewaterhouseCoopers
Chartered Accountants

	Notes	2008 $	2007 $
Revenue		5,788,273	5,683,206
Other operating income		35,761	55,078
Change in amount of finished goods and work in progress		52,881	27,510
Raw materials and consumables used		(2,922,128)	(3,415,898)
Staff costs		(541,193)	(506,145)
Depreciation		(418,011)	(419,179)
Other operating expenses		(1,557,226)	(854,525)
Profit from operations	4	438,357	570,047
Finance costs		(84,814)	(156,111)
Profit before tax		353,543	413,936
Income tax expense	6(a)	(115,685)	(126,329)
Profit for the year		$ 237,858	$ 287,607
Earnings per share	18	$ 0.03	$ 0.03

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

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

BALANCE SHEET 30 JUNE 2008

	Notes	2008 $	2007 $
CURRENT ASSETS			
Cash on hand and at bank	10(a)	500	500
Inventories	5	1,031,449	635,653
Trade receivables	8	596,542	592,234
Other receivables	9	148,722	50,027
Amounts owing by related companies	15(d)	11,951	1,256,285
		1,789,164	2,534,699
NON-CURRENT ASSETS			
Deferred tax asset	6(b)	33,280	29,148
Plant and equipment	11	2,278,397	2,703,691
		2,311,677	2,732,839
TOTAL ASSETS		4,100,841	5,267,538
Less:			
CURRENT LIABILITIES			
Bank overdraft	10(a)	901,834	2,199,813
Trade payables		94,434	19,742
Current tax liability		(20,849)	41,380
Other payables	12	96,575	148,116
Amounts owing to related companies	15(e)	3,456	-
		1,075,450	2,409,051
NON-CURRENT LIABILITIES			
Deferred tax liability	6(c)	160,641	31,595
TOTAL LIABITLIES		1,236,091	2,440,646
NET ASSETS		$ 2,864,750	$ 2,826,892
SHAREHOLDERS' EQUITY			
Share capital	7(b)	4,000,000	4,000,000
Accumulated (losses)		(1,135,250)	(1,173,108)
		$ 2,864,750	$ 2,826,892

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

	Note	Share Capital $	Accumulated (Losses) $	Total $
Balance at 30 June 2006		4,000,000	(1,180,715)	2,819,285
Profit for the year			287,607	287,607
Dividend	19	-	(280,000)	(280,000)
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

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

	Note	2008 $	2007 $
Cash flows from operating activities			
Receipts from customers		6,945,011	4,935,470
Payments to suppliers		(5,315,098)	(4,777,525)
Cash generated from operations		1,629,913	157,945
Income taxes paid		(53,000)	-
Interest paid		(76,052)	(152,714)
Net cash provided by operating activities		1,500,861	5,231
Cash flows from investing activities			
Proceeds from sale of fixed assets		9,000	-
Payments for plant & equipment		(11,882)	(6,536)
Net cash used in investing activities		(2,882)	(6,536)
Cash flows from financing activities			
Dividends paid		(200,000)	(560,000)
Net cash used in financing activities		(200,000)	(560,000)
Net increase / (decrease) in cash		1,297,979	(561,305)
Cash and bank overdraft at the beginning of the year		(2,199,313)	(1,638,008)
Cash and bank overdraft at the end of the year	10	($ 901,334)	($ 2,199,313)
		==========	==========

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 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 historical cost convention.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

i) Application of IFRS 1 First-time Adoption of International Financial Reporting Standards
These financial statements are the first financial statements for the company to be prepared in accordance with IFRS. IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of the company until 30 June 2007 had been prepared in accordance with Fiji Accounting Standards (FAS). FAS differ in certain respects from IFRS. When preparing the financial statements for the company, management has amended certain accounting, measurement and valuation methods applied in the FAS financial statements to comply with IFRS. The comparative figures in respect of 2007 were restated to reflect these adjustments.

ii) 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 the company's accounting periods beginning on or after 1 January 2008 or later periods, but the company has not early adopted them. No significant impact is expected to arise out of these standards, amendments and interpretations.

● IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).
● IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14.
● IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008).

(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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(b) Plant and equipment - continued

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.

(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). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The company adopted the WAC method during the year. First- In- First- Out basis was used previously.a

(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.

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

(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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(e) Foreign Currency Translation - Continued

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) Current 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.

(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 other operating income in the income statement.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

(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 are 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 investments in properties. Revenue from other sources are 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.

(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.

(m) **Earnings per share**

Basic earnings per share

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

Diluted earnings per share

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

(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.

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

(o) **Comparative Figures**

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

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.

As at year end, assets and liabilities denominated in foreign currencies are minimal and hence changes in the US, Australian and NZ dollars by 10% (increase or decrease) is expected to have minimal impact on the net profit and equity balances currently reflected in the company's financial statements. Because of minimal asset and liability balances in overseas currencies, there has been little sensitivity to movements in the US, Australian and NZ dollars in 2008 and 2007.

(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 - Continued

(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	2008 $	2007 $
1 to 2 months	30,031	20,475

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):

	2008 $	2007 $
Depreciation	418,011	419,179
Interest	76,052	152,714
Auditors' remuneration		
- Audit	12,000	12,000
Doubtful debts	12,000	(6,913)
Exchange gain	(3,627)	(56,787)
Employee entitlements	(1,333)	(6,891)
Gain on disposal of fixed assets	(2,811)	(3,000)

5 INVENTORIES

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

	2008 $	2007 $
Raw materials	745,824	421,218
Finished products	155,021	96,006
Work-in-progress	8,599	14,733
Spare parts	122,005	103,696
	$ 1,031,449	$ 635,653

6 INCOME TAX

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

	2008 $	2007 $
Profit before income tax	$ 353,543	$ 413,936
Prima facie tax expense at 31%	109,598	128,320
Tax effect of permanent differences	-	(2,830)
Prior year adjustment	6,087	839
Income tax expense	115,685	126,329
Temporary differences	(124,914)	(84,949)
	(9,229)	41,380
Add: Current tax liability – 30 June 2007	41,380	-
	32,151	41,380
Less: Tax paid and transferred from VAT	(53,000)	-
Current tax (credit)/liability – 30 June 2008	($ 20,849)	$ 41,380

(b) **Deferred tax asset**

Represented by the tax effect of the following temporary differences:

	2008 $	2007 $
Provisions	33,280	29,148
	$ 33,280	$ 29,148

(c) **Deferred Tax Liability**

Represented by the following tax-effected temporary difference:

	2008 $	2007 $
Depreciation	$ 160,641	$ 31,595

7 SHARE CAPITAL

	2008 $	2007 $
(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

	2008 $	2007 $
Trade debtors	693,742	625,656
Provision for doubtful debts	(97,200)	(33,422)
	$ 596,542	$ 592,234

Trade receivables that are less than one month past due are not considered impaired. As of 30 June 2008, trade receivables of $ 297,355 (2007: 467,087) 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:

	2008 $	2007 $
Over 1 month	247,395	246,455
Over 2 months	49,960	220,632
	$ 297,355	$ 467,087

As of 30 June 2008, trade receivables of $ 97,200 (2007: $ 33,422) were impaired and provided for. The total amount of the provision was $ 97,200 as of 30 June 2008 (2007: $ 33,422). The individually impaired receivables mainly relate to balances that were in dispute and include managements 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:

	2008 $	2007 $
Over 1 month	-	-
Over 2 months	97,200	33,422
	$ 97,200	$ 33,422

8 TRADE RECEIVABLES - Continued

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

	2008 $	2007 $
At 1 July	33,422	52,001
Provision for receivables impaired	63,778	-
Receivables written off during the year as uncollectible	-	(18,579)
At 30 June	$ 97,200	$ 33,422

The provision for impaired receivables have been included in administration costs in the income statement (page 9). 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

	2008 $	2007 $
Other debtors	148,722	101,805
Provision for doubtful debts	-	(51,778)
	$ 148,722	$ 50,027

10 BANK OVERDRAFT

	2008 $	2007 $
Bank Overdraft	$ 901,834	$ 2,199,813

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:

	2008 $	2007 $
Bank overdraft	(901,834)	(2,199,813)
Petty cash	500	500
	($ 901,334)	($ 2,199,313)

(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:

	2008 $	2007 $
Furniture and fittings - at cost	36,403	36,403
Less: Accumulated depreciation	14,014	11,599
	22,389	24,804
Office equipment - at cost	229,204	229,204
Less: Accumulated depreciation	209,029	190,367
	20,175	38,837
Motor vehicles - at cost	114,515	165,671
Less: Accumulated depreciation	106,476	117,758
	8,039	47,913
Plant and machinery - at cost	5,146,675	5,135,817
Less: Accumulated depreciation	2,918,881	2,543,680
	2,227,794	2,592,137
Total - at cost	5,526,797	5,567,095
Less: Accumulated depreciation	3,248,400	2,863,404
	$ 2,278,397	$ 2,703,691

(ii) Reconciliation of Plant and Equipment

	Furniture & Fittings $	Office Equipment $	Motor Vehicles $	Plant & Machinery $	Total $
Carrying amount at 1 July 2007	24,805	38,837	47,913	2,592,137	2,703,691
Additions	-	-	-	11,882	11,882
Depreciation	(2,415)	(18,662)	(21,734)	(375,200)	(418,011)
Disposal	-	-	(18,140)	(1,025)	(19,165)
Carrying amount at 30 June 2008	$ 22,389	$ 20,175	$ 8,039	$ 2,227,794	$ 2,278,397

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

12 OTHER PAYABLES

	2008 $	2007 $
Accruals	$ 96,575	$ 148,116

13 CONTINGENCIES & COMMITMENTS

(a) As at 30 June 2008, there were no capital expenditure commitments (2007: $ Nil)

		2008 $	2007 $
(b)	Indemnity guarantees	34,801	34,801
	Letters of credit	153,360	246,570
		$ 188,161	$ 281,371

14 EMPLOYEE ENTITLEMENTS

	2008	2007
Provision for annual leave	$ 10,160	$ 8,827

Employee numbers

	2008	2007
Average number of employees during the financial year	55	68

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

No directors fees were paid during the year (2007: $ 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 - Continued

(b) Immediate and Ultimate Holding Company-Continued

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 mostly placed with Dominion Insurance Limited through independent brokers Marsh Ltd, and partly self insured within the Group.

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:

	2008 $	2007 $
INCOME		
Sales	2,850,256	2,542,717
Rent charged	30,000	240,000
EXPENSES		
Purchases	-	48,802
Insurance	76,212	80,590
Rent	273,600	198,000
Administration fees	24,000	18,000

(d) Amounts Owing By Related Companies

	2008 $	2007 $
Fellow subsidiaries		
Pea Industries Limited	-	4,036
Biscuit Company of (Fiji) Limited	-	644,017
The Rice Company of Fiji Limited	-	48
FMF Snax Limited	-	77,314
DHF Limited	-	149
Holding Company		
Flour Mills of Fiji Limited	11,951	530,721
	$ 11,951	$ 1,256,285

15 RELATED PARTIES - Continued

(e) Amounts Owing To Related Companies

	2008 $	2007 $
Related company		
Petroleum & Gas Co (Fiji) Limited	3,456	-
	$ 3,456	$ -

16 OPERATING LEASE

(a) The company leases its factory premises from a fellow subsidiary FMF Investment Company Limited. The lease provides for annual reviews. Outgoings on the property are to the account of the company.

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

(c)

	2008 $	2007 $
Payable not later than 1 year	$ 273,600	$ 198,000

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

	2008	2007
Operating profit after income tax	$ 237,858	$ 287,607
Number of ordinary shares	8,000,000	8,000,000
Earnings per share	$ 0.03	$ 0.03

19 DIVIDENDS

	2008	2007
Interim dividend	$ 200,000	$ 280,000

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

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
79	501 to 5,000 shares	2.73
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
1	30,001 to 40,000 shares	0.39
2	40,001 to 50,000 shares	1.11
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
132		100.00

SOUTH PACIFIC STOCK EXCHANGE LISTING REQUIREMENTS

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

(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 **31st October 2008** and at any adjournment thereof.

As witness to my/our hands this……..…day of ………………2008, 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 ________________________________