Contents

Foster's Group Pacific Limited and Subsidiary Company

2008 Annual Report

Foster's Group Pacific Limited & Subsidiary Company

Notice of Meeting

Notice is hereby given that the 51st Annual General Meeting of the Members of Foster's Group Pacific Limited is to be held at the Foster's Group Pacific Limited Board Room, 122-164 Foster Road, Walu Bay, Suva, on Wednesday, 22nd October 2008 at 10:00 am.

ORDINARY BUSINESS:

1. To receive and confirm minutes of the 50th Annual General Meeting of the company held on 23rd October 2007.
2. To receive and consider the Accounts and Balance Sheets for the year ended 30 June 2008 and the Directors' and Auditors' Reports.
3. To declare a final dividend of $2,602,031.25 as recommended by the directors.
4. To elect a director to fill a casual vacancy caused by the resignation during the year, under the company's Articles of Association, of Mr Angus McKay. Mr Stephen Matthews, executive of Foster's Group Limited Australia, was appointed by the Board to fill this casual vacancy, and being eligible, offers himself for re-election in accordance with Article 82 of the company's Articles of Association.
5. To elect a director to fill a casual vacancy caused by the resignation during the year, under the company's Articles of Association, of Mr Trevor O'Hoy. Mr Shaun Brooks, executive of Foster's Group Limited Australia, was appointed by the Board to fill this casual vacancy, and being eligible, offers himself for re-election in accordance with Article 82 of the Company's Articles of Association.
6. To elect a director to fill a vacancy caused by the retirement, by rotation, under the company's Articles of Association, of Mr Anthony Davie, and being eligible, offers himself for re-election.
7. To elect a director to fill a vacancy caused by the retirement, by rotation, under the company's Articles of Association, of Mr Sitiveni Weleilakeba, and being eligible, offers himself for re-election.
8. To appoint auditors and authorise the directors to fix their remuneration. PriceWaterhouseCoopers retire in accordance with the Articles of Association and being eligible, offer themselves for re-election.
9. To transact any other business which may be brought forward in accordance with the company's Articles of Association.

By order of the Board

Alfred Chan
Company Secretary
26th September 2008
Suva, Fiji

PROXIES

1. A member who is unable to attend the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf. The proxy need not be a member of the company.
2. A proxy form is attached to this annual report. To be effective the form must reach the registered office of the company, 122-164 Foster Road, Walu Bay, Suva no less than 48 hours before the time for holding the meeting.

Chairman's Report

The 2008 financial year has been an extremely challenging one in both our Fiji and Samoa businesses. The economies of the Pacific Islands were influenced significantly by rising global fuel prices.

The Fiji economy (GDP) contracted by 6.7% during 2008 fueled by uncertainty and further exacerbated by global fuel price crisis. The Reserve Bank of Fiji outlook for the 2009 fiscal year is marginal growth of 1% on 2008. In these conditions, trading has been very challenging.

Our Samoa operations have also been similarly affected by global fuel prices.

Key Group financial highlights are as follows:

- Operating profit after tax increased by 24.0% to $10.3m from $8.3m last year
- Earnings before Interest & Tax (EBIT) increased by 1.4% to $14.4m from $14.2m last year.
- Return on Equity (ROE) increased to 16.3% from 13.9% last year.
- Earnings per share increased to $0.97 per share from $0.77 per share last year.

Fiji Beer sales volumes decreased for the year by 1.0%, to just over 2.089 million 9 litre cases, compared to 2.116 million 9 litre cases for the same period last year. Spirits, RTD products and imported wine volumes increased by 5.0% to 0.233 million 9 litre cases, compared to 0.223 million 9 litre cases for the same period last year.

Sales revenue increased by 4.3%, from $41.5m to $43.3m for the same period last year driven by beer, packaged spirits and RTD products pricing movements.

Cost of sales increased by 2.0% from $26.6m last year to $27.1m this year, due to increased costs of production driven by imported raw and packaging materials price increases as well as utilities prices. Selling, marketing, distribution and administration expenses decreased by 15.6% from $7.1m last year to $6.0m this year, due to stringent cost management.

Gross margins were up 8.4% from $14.948m last year to $16.201m for the same period this year driven by higher net sales revenue per case and sales mix.

Profit after tax performance for the 12 months decreased by 6.5%, from $10.792m last year to $10.093m for the same period this year. This was primarily due to significant dividends received from our Samoa operations in 2007.

Samoa Breweries Limited recorded a 23.2% decrease in after-tax profit performance (unadjusted) to SAT$5.3m in June 2008 from SAT$6.9m in June 2007. Beer sales volumes decreased by 1.2% from 0.918 million 9 litre cases in 2007 to 0.902 million 9 litre cases in 2008. Soft drink sales volumes also decreased by 4.7% from 0.773 million 9 litre cases in 2007 to 0.736 million 9 litre cases in 2008. Earnings per share decreased from SAT$0.62 last year to SAT$0.47 this year.

Based on this performance your directors recommend a final dividend of $0.25 per share, bringing the annual dividend to $0.50 per share.

On behalf of the Board, I would like to thank the management team and our employees for their efforts.

The road ahead into 2009 is going to be another difficult trading year – however the challenge is to continue to improve efficiencies and returns to our shareholders, and deliver the highest quality service and products to our customers and consumers.

Anthony Davie
CHAIRMAN
19th September 2008

Directors' Report

for the year ended 30 June 2008

In accordance with a resolution of the Board of Directors, the directors herewith submit the balance sheets of the group and of the company as at 30 June 2008, and the related statements of income, changes in equity and cash flows for the year ended on that date 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:

Anthony Davie

Angus McKay (resigned 3 July 2008)

Jaoji Koroi

Hugh Ragg (resigned 23 October 2007)

Ross Douglas Shaw (appointed 23 October 2007)

Shaun Christopher Brooks (appointed 22 July 2008)

Sitiveni Weleilakeba

Stephen Matthews (appointed 3 July 2008)

Trevor Louis O'Hoy (resigned 21 July 2008)

2. PRINCIPAL ACTIVITIES

The principal activities of the group are the manufacture and sale of beer, ready-to-drink alcoholic beverages and soft-drinks, distribution of wines as well as the distillation and sale of potable and industrial alcohol.

3. TRADING RESULTS

The profit after income tax of the group attributable to members of the holding company for the year ended 30 June 2008 was $10,090,463 (2007: $8,033,791) and for the holding company was $10,093,407 (2007: $10,792,203).

4. RESERVES

The directors recommend that no amounts be transferred to reserves in respect of the year ended 30 June 2008.

5. DIVIDENDS

The 2007 final dividend of $2,081,625 was paid during the year. The directors declared and paid an interim dividend of $2,602,031 (2007: $2,081,625) for the year ended 30 June 2008.

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 provisions were 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 non current assets of the company and of the group were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of 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 financial statements misleading.

Directors' Report *continued*

for the year ended 30 June 2008

8. EVENTS SUBSEQUENT TO BALANCE DATE

No charge on the assets of the holding company and its subsidiary 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 end of the financial year which, in the opinion of the directors, will or may affect the ability of the holding company and its subsidiary to meet its obligations when they fall due.

9. BASIS OF ACCOUNTING

The directors believe the basis of the preparation of financial statements is appropriate and the company and its subsidiary will be able to continue in operation for at least 12 months from the date of this statement. Accordingly the directors believe the classification and carrying amounts of assets and liabilities as stated in these financial statements to be appropriate.

10. 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 render any amounts stated in the financial statements misleading.

11. UNUSUAL TRANSACTIONS

The results of the company and its subsidiary'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' INTERESTS

There were no disposals/additions to directors' interest during the year.

13. 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 shown in the company accounts) by reason of a contract made by the company or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

14. GROUP CONTRIBUTION

Contributions to group profit after income tax are as follows:

	Contribution	
	2008	**2007**
	$	**$**
Foster's Group Pacific Limited	6,942,057	3,796,438
Subsidiary Company - Samoa Breweries Limited	3,148,406	4,237,353
	10,090,463	**8,033,791**

For and on behalf of the Board:

Director
Sitiveni Weleilakeba

Director
Ross Shaw

19 September 2008

Statement by Directors

for the year ended 30 June 2008

In accordance with a resolution of the board of directors, we state that in the opinion of the directors:

(a) the accompanying income statements are drawn up so as to give a true and fair view of the results of the company and of the group for the year ended 30 June 2008;

(b) the accompanying balance sheets are drawn up so as to give a true and fair view of the state of affairs of the company and of the group at 30 June 2008;

(c) the accompanying statements of changes in equity are drawn up so as to give a true and fair view of the movement in shareholders' funds for the year ended 30 June 2008;

(d) the accompanying statements of cash flows are drawn up so as to give a true and fair view of the cash flows of the company and of the group for the year ended 30 June 2008;

(e) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and

(f) all related party transactions have been adequately recorded in the books of the company.

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

Director
Sitiveni Weleilakeba
19 September 2008

Director
Ross Shaw

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Independent Audit Report

To the members of Foster's Group Pacific Limited

Scope

We have audited the financial statements of Foster's Group Pacific Limited and subsidiary company for the year ended 30 June 2008 as set out on pages 8 to 30. 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 the financial reporting framework permitted by the Fiji Institute of Accountants and statutory requirements so as to present a view which is consistent with our understanding of the company's and the group's financial position, the results of their operations, movement in shareholders' funds and cash flows.

Audit Opinion

In our opinion:

(a) proper books of account have been kept by the company and by the subsidiary 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 the International Financial Reporting Standards:

- (i) are in agreement with the books of account;
- (ii) to the best of our information and according to the explanations given to us:
  - (a) give a true and fair view of the state of affairs of the company and of the group as at 30 June 2008 and of the results, changes in equity and cash flows of the company and of the group 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 purpose of our audit.

Suva, Fiji
19 September 2008

PricewaterhouseCoopers
Chartered Accountants

Income Statements
for the year ended 30 June 2008

	Notes	Group 2008 $	Group 2007 $	Holding Company 2008 $	Holding Company 2007 $
Sales revenue	3	66,623,348	64,695,410	43,311,707	41,536,991
Cost of sales		(39,693,497)	(37,620,325)	(27,110,463)	(26,588,065)
Gross profit		26,929,851	27,075,085	16,201,244	14,948,926
Other operating revenue		152,269	744,101	2,961,504	7,471,394
Selling, marketing and distribution expenses		(3,362,135)	(4,000,131)	(2,074,051)	(2,799,283)
Administration and other expenses		(9,169,423)	(9,598,350)	(3,959,713)	(4,347,696)
Operating profit		14,550,562	14,220,705	13,128,984	15,273,341
Finance costs - net		(123,274)	12,757	-	(17,861)
Profit before income tax	4	14,427,288	14,233,462	13,128,984	15,255,480
Income tax expense	5	(4,135,069)	(5,931,891)	(3,035,577)	(4,463,277)
Profit for the year		**10,292,219**	**8,301,571**	**10,093,407**	**10,792,203**
Attributable to:					
Equity holders of the company		10,090,463	8,033,791		
Minority interest		201,756	267,780		
		10,292,219	**8,301,571**	**10,093,407**	**10,792,203**
Earnings per share - basic	7	0.97	0.77		

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

Balance Sheets

as at 30 June 2008

	Notes	Group 2008 $	Group 2007 $	Holding Company 2008 $	Holding Company 2007 $
Current assets					
Cash at bank and on hand	8	3,377,123	6,835,404	3,395,516	6,291,579
Held to maturity investments	9	6,000,000	-	6,000,000	-
Receivables	10	11,114,601	11,595,368	11,274,868	10,746,813
Inventories	11	22,459,282	19,206,085	11,232,176	9,830,956
		42,951,006	37,636,857	31,902,560	26,869,348
Non-current assets					
Property, plant and equipment	12	33,585,218	34,927,169	18,731,088	18,268,408
Investments	13	-	-	18,791,678	18,791,678
Brand names	14	520,000	520,000	520,000	520,000
Intangible assets	15	2,025,638	2,019,735	470,730	464,827
Deferred income tax assets		329,088	333,704	218,544	199,307
		36,459,944	37,800,608	38,732,040	38,244,220
Total Assets		79,410,950	75,437,465	70,634,600	65,113,568
Current Liabilities					
Payables	16	7,895,153	7,599,676	4,714,352	3,463,670
Provisions	17	1,670,356	3,111,089	2,509,838	3,549,626
		9,565,509	10,710,765	7,224,190	7,013,296
Non-current liabilities					
Provisions	17	355,236	309,338	355,236	309,338
Deferred income tax liabilities		5,691,411	5,386,908	1,537,994	1,683,505
		6,046,647	5,696,246	1,893,230	1,992,843
Total Liabilities		15,612,156	16,407,011	9,117,420	9,006,139
Net Assets		**63,798,794**	**59,030,454**	**61,517,180**	**56,107,429**
Shareholders' equity					
Share capital	18	2,081,625	2,081,625	2,081,625	2,081,625
Reserves		4,303,919	4,952,903	4,727,625	4,727,625
Retained profits		56,168,926	50,762,119	54,707,930	49,298,179
Shareholders' equity attributable to members of the holding company		62,554,470	57,796,647	61,517,180	56,107,429
Minority shareholders' interest		1,244,324	1,233,807	-	-
Total shareholders' equity		**63,798,794**	**59,030,454**	**61,517,180**	**56,107,429**

The above balance sheets 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
Sitiveni Weleilakeba
19 September 2008

Director
Ross Shaw

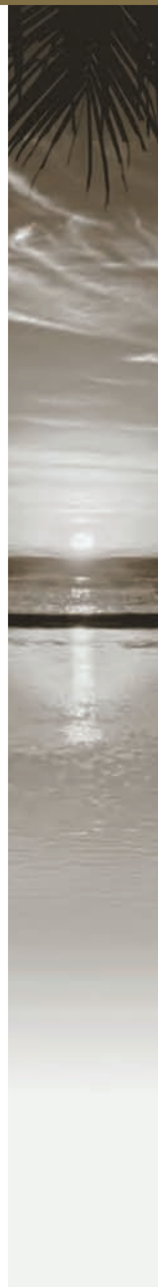
Statements of Changes in Equity

for the year ended 30 June 2008

GROUP	Note	Share Capital	Foreign Currency translation reserve	General reserve	Share premium reserve	Retained profits	Total	Minority interest	Total shareholders' equity
		$	$	$	$	$	$	$	$
Balance at 30 June 2006		2,081,625	104,540	75,000	4,652,625	46,891,578	53,805,368	1,413,069	55,218,437
Movement in foreign currency		-	120,738	-	-	-	120,738	7,912	128,650
Profit		-	-	-	-	8,033,791	8,033,791	267,780	8,301,571
Dividends	6	-	-	-	-	(4,163,250)	(4,163,250)	(454,954)	(4,618,204)
Balance at 30 June 2007		**2,081,625**	**225,278**	**75,000**	**4,652,625**	**50,762,119**	**57,796,647**	**1,233,807**	**59,030,454**
Movement in foreign currency		-	(648,984)	-	-	-	(648,984)	-	(648,984)
Profit		-	-	-	-	10,090,463	10,090,463	201,756	10,292,219
Dividends	6	-	-	-	-	(4,683,656)	(4,683,656)	(191,239)	(4,874,895)
Balance at 30 June 2008		**2,081,625**	**(423,706)**	**75,000**	**4,652,625**	**56,168,926**	**62,554,470**	**1,244,324**	**63,798,794**

HOLDING COMPANY	Note	Share capital	General reserve	Share premium reserve	Retained profits	Total shareholders' equity
		$	$	$	$	$
Balance at 30 June 2006		2,081,625	75,000	4,652,625	42,669,226	49,478,476
Profit		-	-	-	10,792,203	10,792,203
Dividends	6	-	-	-	(4,163,250)	(4,163,250)
Balance at 30 June 2007		**2,081,625**	**75,000**	**4,652,625**	**49,298,179**	**56,107,429**
Profit		-	-	-	10,093,407	10,093,407
Dividends	6	-	-	-	(4,683,656)	(4,683,656)
Balance at 30 June 2008		**2,081,625**	**75,000**	**4,652,625**	**54,707,930**	**61,517,180**

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



Statements of Cash Flows

for the year ended 30 June 2008

	Notes	Group 2008 $	Group 2007 $	Holding Company 2008 $	Holding Company 2007 $
Cash flows from operating activities					
Receipts from customers		118,285,084	111,274,267	85,950,206	86,231,201
Payments to government - excise duty		(50,983,723)	(49,457,842)	(39,851,985)	(39,506,896)
Payments to suppliers and employees		(50,722,255)	(51,892,944)	(31,224,792)	(34,234,217)
Interest received		-	30,618	141,621	-
Interest paid		(123,274)	(17,861)	-	(17,861)
Income taxes paid		(5,344,113)	(5,968,968)	(4,300,000)	(4,536,615)
Net cash flows from operating activities		11,111,719	3,967,270	10,715,050	7,935,612
Cash flows from investing activities					
Acquisition of property, plant and equipment		(2,896,979)	(1,676,350)	(2,867,629)	(1,211,168)
Acquisition of intangible assets		(77,824)	-	(77,824)	-
Proceeds from disposal of property, plant and equipment		26,572	428,318	17,996	368,667
Acquisition of held to maturity investments		(6,000,000)	-	(6,000,000)	-
Net cash flows used in investing activities		(8,948,231)	(1,248,032)	(8,927,457)	(842,501)
Cash flows from financing activities					
Dividends paid to shareholders		(4,683,656)	(4,163,249)	(4,683,656)	(4,163,249)
Dividends paid to minority shareholders of subsidiary		(191,239)	(167,202)	-	-
Net cash flows used in financing activities		(4,874,895)	(4,330,451)	(4,683,656)	(4,163,249)
Effect of exchange rate changes on cash and cash equivalents		(746,874)	36,922	-	-
Net (decrease) /increase in cash held		(3,458,281)	(1,574,291)	(2,896,063)	2,929,862
Cash and cash equivalents at the beginning of the year		6,835,404	8,409,695	6,291,579	3,361,717
Cash and cash equivalents at the end of the year	8	**3,377,123**	**6,835,404**	**3,395,516**	**6,291,579**

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes To and Forming Part of the Financial Statements

for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

These financial statements have been prepared under the historical cost convention.

1.2 Statement of Compliance

The financial report is a general purpose financial report and has been prepared in accordance with the requirements of the Fiji Companies Act, 1983 and the International Financial Reporting Standards (IFRS).

1.3 Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Foster's Group Pacific Limited (holding company) as at 30 June 2008 and the results of the subsidiary for the year then ended. Foster's Group Pacific Limited and its subsidiary together are referred to in this financial report as the Group or the consolidated entity.

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. It is fully consolidated from the date on which control is fully transferred to the group and deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interest in the results and equity of the subsidiary is shown separately in the consolidated income statement and balance sheet respectively.

Investment in a subsidiary is treated in accordance with note 1.11.

1.4 Income tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the local tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws applicable to the origin of the temporary differences) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assts is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes To and Forming Part of the Financial Statements *continued*
for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.4 Income tax *continued*

Deferred income tax assets and liabilities are measured at the local tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws applicable to the origin of the temporary differences) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Management have determined that deferred tax assets and deferred tax liabilities associated with indefinite life intangibles such as brand names should be measured based on the tax consequences that would follow from the sale of that asset. Deferred tax assets are only booked where recovery of that asset is probable.

1.5 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Fijian dollars, which is the functional and presentation currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions denominated in a foreign currency are initially recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, arising from those transactions, are retranslated at the exchange rates at reporting date. Foreign currency receivables and payables at balance date are translated using the exchange rates current at balance date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end are recognised in the income statement.

Foreign group company

The results and financial position of the foreign group entity that have a functional currency different to Fiji dollars is translated into the presentation currency of the Company (being Fiji dollars) as follows:

- assets and liabilities are translated at the closing rate at the balance sheet date;
- income and expenses of the income statement is translated at the average exchange rates for the year; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in the foreign entity are taken to the foreign currency translation reserve in shareholder's equity.

1.6 Segment information

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

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, and revenue can be reliably measured. Amounts disclosed as operating revenue are net of sales discounts, duties and taxes. Revenue is measured at the fair value for the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer and can be reliably measured and collectability of the related receivables is reasonably assured. Risk and rewards are considered to have passed to buyers when goods are delivered to customers.

Dividends

Revenue is recognised when the right to receive payment is established.

1.8 Inventories

Inventories of finished goods, raw materials, work in progress, base rum and raw alcohol are valued at the lower of cost (using weighted average or first-in-first-out basis) and estimated net realisable value. Cost of manufactured goods is determined on a consistent basis, comprising prime costs and an appropriate proportion of fixed and variable overhead expenses.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs to be incurred in the marketing, selling and distribution. Work in progress is shown at cost.

1.9 Trade receivables

Trade receivables are carried at original invoice amounts less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. This provision is based on a review of all outstanding amounts at year end.

Bad debts are written off during the period in which they are identified.

1.10 Other receivables

Other receivables are initially recorded at fair value of the consideration received or receivable. Other debtors are classified as current assets unless the debtor has an unconditional right to defer settlement of the asset for at least 12 months after the balance sheet date, in which case they are classified as non-current other debtors.

1.11 Investments

Investment in subsidiary

Investments in controlled entities are accounted for using the purchase method. Under this method, the cost of an acquisition is measured at fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Investment in the subsidiary is carried at the lower of cost and recoverable amount (in the holding company).

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.11 Investments *continued*

Held to maturity investments

Held-to-maturity financial investments are those which carry fixed or determinable payments and have fixed maturities and which the company has the intention and the ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Amortisation is included as 'Interest income' in the income statement. The losses arising from impairment of such investment are recognised in the income statement line 'Impairment losses on financial investments'.

1.12 Property, plant and equipment

All property, plant and equipment are shown at cost less accumulated depreciation except for those assets revalued in prior periods. The exemption permitted under IFRS 1 has been adopted for previously revalued assets whose balances are now deemed to be their cost. Costs include expenditure that is directly attributable to acquisition of the items.

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

The cost, or deemed cost of property, plant and equipment, other than freehold land, are depreciated over their estimated useful lives as follows:

	Rate per annum	Method
Leasehold land	Various	Over period of lease
Buildings	1.17%-20%	Straight line
Plant and equipment	2.5%-100%	Straight line and diminishing value
Vehicles	8%-33%	Straight line
Furniture and fittings	1.25%-25%	Straight line and diminishing value

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

1.13 Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists or when annual impairment testing for an asset is required, the Group makes a formal assessment of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.13 Impairment of assets *continued*

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the current year's income statement.

An assessment is made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Impairment losses recognised for goodwill are prohibited from being reversed.

1.14 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets for the company are assessed to be finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is renewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption in future economic benefits embodied in the asset is accounted by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.14 Intangible assets *continued*

Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of the cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Brand names

Acquired brand names are initially included in the financial statements at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. The cost of acquired brand names is determined by reference to independent valuations performed on the acquisition of businesses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Brand names used in the normal course of business have indefinite lives and are not amortised.

Brand names are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived brand names annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Expenditure incurred in developing, maintaining or enhancing brand names is written-off in the income statement in the year in which it is incurred.

1.15 Employee entitlements

Liabilities for employees' entitlements to wages and salaries, annual leave and other current employee entitlements (that are expected to be paid within twelve months) are accrued at undiscounted amounts, calculated at amounts expected to be paid as at reporting 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.

1.16 Trade and other creditors

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid.

1.17 Dividends

Dividends declared by the directors on or before the end of the financial year are recorded in the group's financial statements.

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

Notes To and Forming Part of the Financial Statements *continued*
for the year ended 30 June 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.18 Earnings per share

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

1.19 Leased assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Where an asset is acquired by means of a finance lease, which effectively transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item, costs are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

1.20 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term liquid investments and bank overdrafts.

1.21 Provisions

Provisions are recognised when a present obligation (legal, equitable or constructive) to make a future sacrifice of economic benefits to other entities arises as a result of past transactions or other past events, and it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

1.22 Comparative figures

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

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

2. SEGMENT INFORMATION

(a) Primary Reporting – Geographical Segments

	Total Assets		Total Liabilities		Acquisition of Property, Plant and Equipment & Intangibles		Depreciation & Amortisation Expense	
	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$
Fiji	66,506,075	62,283,230	9,117,422	9,005,879	2,945,452	1,211,168	2,470,813	2,464,353
Samoa	12,904,875	13,154,235	6,494,734	7,401,132	28,685	465,182	1,293,334	1,367,577
GROUP TOTAL	**79,410,950**	**75,437,465**	**15,612,156**	**16,407,011**	**2,974,137**	**1,676,350**	**3,764,147**	**3,831,930**

	Total Operating Revenue		Inter Segment Sales		Net External Operating Revenue		Operating Profit Before Income Tax	
	2008	2007	2008	2007	2008	2007	2008	2007
	$	$	$	$	$	$	$	$
Fiji	43,311,707	41,536,991	(220,898)	(43,236)	43,090,809	41,493,755	10,179,390	8,259,715
Samoa	23,311,641	23,158,419	-	-	23,311,641	23,158,419	4,345,789	5,973,747
GROUP TOTAL	**66,623,348**	**64,695,410**	**(220,898)**	**(42,236)**	**66,402,450**	**64,652,174**	**14,525,179**	**14,233,462**

The group has operations in Fiji and Samoa.

(b) Secondary Reporting – Business Segments

	Net External Operating Revenue	
	2008	2007
	$	$
Beer	46,476,790	45,195,870
Spirits	6,402,596	6,500,998
Soft drinks	9,108,856	9,016,844
Other	4,414,208	3,938,462
GROUP TOTAL	**66,402,450**	**64,652,174**

The group operates predominantly in the beverage industry which includes the production and marketing of alcoholic and non-alcoholic beverages.

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

3. REVENUE

	Group 2008 $	Group 2007 $	Holding Company 2008 $	Holding Company 2007 $
Sales revenue				
Sale of goods	117,607,071	114,574,289	84,431,420	81,140,474
Excise and other duties and taxes	(50,983,723)	(49,878,879)	(41,119,713)	(39,603,483)
	66,623,348	64,695,410	43,311,707	41,536,991

4. PROFIT BEFORE INCOME TAX

Profit before income tax has been determined after:

	Group 2008 $	Group 2007 $	Holding Company 2008 $	Holding Company 2007 $
Crediting as revenue				
Dividends	-	-	2,949,594	6,725,604
Exchange gain – realised	42,096	-	42,096	98,826
Exchange (loss)/gain – unrealised	(130,343)	35,984	(1,836)	3,625
Profit on disposals of fixed assets	15,922	441,604	11,909	314,510
Charging as expense				
Remuneration for auditors				
- PricewaterhouseCoopers	66,499	65,853	41,829	41,829
Amortisation of intangible assets	71,921	64,139	71,921	64,139
Depreciation				
- land, buildings and improvements	395,490	419,332	287,967	291,196
- plant, motor vehicles and equipment	3,296,736	3,348,459	2,110,925	2,109,018
Directors' emoluments:				
- fees	10,771	25,578	10,000	24,792
- other services	-	64,103	-	64,103
Staff costs	6,927,158	8,613,077	5,036,815	6,722,682
Provision for:				
- stock loss/(gain)	101,768	(415,216)	(47,403)	49,517
- employee benefits	97,777	150,269	105,784	194,488
- doubtful debts	(231,534)	(26,956)	(2,025)	(64,699)

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

5. INCOME TAX EXPENSE

Income Tax Expense

The major components of income tax expense for the years ended 30 June 2007 and 30 June 2008 are:

	Group		Holding Company	
	2008 $	2007 $	2008 $	2007 $
Accounting profit before income tax	14,427,288	14,233,462	13,128,982	15,255,480
At Fiji's statutory income tax rate 31%	4,472,459	4,412,374	4,069,984	4,729,199
Tax effect of permanent differences	(264,214)	1,867,536	(1,037,052)	(261,558)
Effect of lower tax rate on overseas income	(75,821)	(101,284)	-	-
Effect of change in tax rate	-	(279,101)	-	-
Under/(over) provision in prior years	2,645	32,366	2,645	(4,364)
Income tax expense reported in the income statement	**4,135,069**	**5,931,891**	**3,035,577**	**4,463,277**

The income tax expense in the income statement is determined in accordance with the policy set out in note 1.4.

Deferred tax assets

Represented by the following tax-effected timing differences:

Provision for stock obsolescence	99,025	73,444	655	15,350
Provision for doubtful debts	47,074	109,848	44,596	45,403
Provision for employment entitlements	182,420	150,412	172,724	138,555
Unrealised forex losses	569	-	569	-
	329,088	**333,704**	**218,544**	**198,184**

Deferred tax liabilities

Represented by the following tax-effected timing differences:

Depreciation	(4,708,835)	(4,741,697)	(1,537,994)	(1,683,505)
Unamortised value of used bottles	(982,576)	(632,313)	-	-
Others	-	(12,898)	-	-
	(5,691,411)	**(5,386,908)**	**(1,537,994)**	**(1,683,505)**

6. DIVIDENDS

Final dividend – 2006/2005		2,449,921		2,081,625
Interim dividend – 2007/2006		2,168,283		2,081,625
Final dividend – 2007/2006	2,166,620		2,081,625	
Interim dividend – 2008/2007	2,708,275		2,602,031	
Total dividends provided for or paid	**4,874,895**	**4,618,204**	**4,683,656**	**4,163,250**

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

7. EARNINGS PER SHARE - BASIC

	2008	2007
Profit after tax attributable to members of the holding company	10,090,463	8,033,791
Weighted average number of ordinary shares issued	10,408,125	10,408,125
Basic earnings per share	0.97	0.77

	Group		Holding Company	
	2008 $	2007 $	2008 $	2007 $

8. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	3,377,123	6,835,404	3,395,516	6,291,579

Financing Facilities

Firmly committed bank overdraft facilities of $3,000,000 were available to the group at the reporting date. At year end none (2007: nil) of these facilities were in use.

9. HELD TO MATURITY INVESTMENTS

Term deposits	6,000,000	-	6,000,000	-

The interest rates for held to maturity investments vary from 0.5% to 2.0%.

10. RECEIVABLES

Trade receivables	10,229,536	10,270,423	6,765,879	7,156,941
Provision for doubtful debts	(153,615)	(385,149)	(144,437)	(146,462)
	10,075,921	9,885,274	6,621,442	7,010,479
Other receivables				
- Subsidiary	-	-	4,128,524	2,830,337
- related parties	47,808	67,095	47,808	67,095
- other	990,872	1,642,999	477,094	838,902
	11,114,601	**11,595,368**	**11,274,868**	**10,746,813**

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms.
Movement in the provision for impairment of receivables were as follows:

Opening balance	385,149	410,485	146,462	211,160
Increase in provisions	384,392	70,186	241,955	31,970
Provision write backs	(22,582)	-	(22,582)	-
Bad debts written off	(585,841)	(96,668)	(221,398)	(96,668)
Translation difference	(7,503)	1,446	-	-
Closing balance	**153,615**	**385,149**	**144,437**	**146,462**

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

10. RECEIVABLES *continued*

	Group $	Holding company $
At 30 June, the ageing analysis of trade receivables is as follows:		
Current	6,005,282	4,361,515
0 – 15 days	2,772,475	1,568,721
16 – 30 days	289,922	100,214
31 – 45 days	444,296	17,868
Over 45 days	717,561	717,561
Closing balance	**10,229,536**	**6,756,879**

11. INVENTORIES

	Group		Holding Company	
	2008 $	2007 $	2008 $	2007 $
Raw materials and promotional stock	16,482,893	14,674,973	5,563,722	5,610,593
Work in progress	4,059,523	3,318,509	3,989,334	3,251,059
Finished goods	2,283,315	1,477,284	1,681,234	1,018,821
	22,825,731	19,470,766	11,234,290	9,880,473
Provision for inventory obsolescence	(366,449)	(264,681)	(2,114)	(49,517)
	22,459,282	**19,206,085**	**11,232,176**	**9,830,956**

12. PROPERTY, PLANT AND EQUIPMENT

(a) Property, plant & equipment is stated in the financial statements on the following bases:

Land				
At cost	2,729,840	2,777,380	1,300,000	1,300,000
Leasehold land, buildings and improvements				
At cost	4,948,280	4,957,248	4,678,544	4,678,544
Provision for depreciation and amortisation	(2,100,899)	(1,896,597)	(1,992,175)	(1,792,552)
	2,847,381	**3,060,651**	**2,686,369**	**2,885,992**
Freehold land, buildings and improvements				
At cost	5,066,683	5,163,472	2,155,599	2,155,599
Provision for depreciation	(1,071,830)	(907,320)	(272,323)	(183,979)
	3,994,853	**4,256,152**	**1,883,276**	**1,971,620**
Plant, motor vehicles, furniture and equipment				
At cost	51,561,566	51,008,030	23,991,187	22,629,337
Provision for depreciation	(29,019,310)	(26,299,502)	(12,600,632)	(10,528,896)
	22,542,256	**24,708,528**	**11,390,555**	**12,100,441**
Capital works in progress	1,470,888	124,458	1,470,888	10,355
Closing Net Book Amount	**33,585,218**	**34,927,169**	**18,731,088**	**18,268,408**

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

12. PROPERTY, PLANT AND EQUIPMENT *continued*

Property, plant and equipment is stated in the accounts in accordance with Note 1.12.

(b) Reconciliation of the carrying amounts of each class of property, plant & equipment at the beginning and end of the current financial year is set out as follows:

	Land	Leasehold land, buildings & improvements	Freehold land, buildings & improvements	Plant, furniture, motor vehicles & CWIP	Total
	$	$	$	$	$
Group					
Opening net book amount	2,777,380	3,060,651	4,256,152	24,832,986	34,927,169
Foreign currency movement	(47,540)	(5,616)	(73,463)	(408,797)	(535,416)
Additions	-	-	-	2,896,313	2,896,313
Disposals	-	-	-	(10,622)	(10,622)
Depreciation	-	(207,654)	(187,836)	(3,296,736)	(3,692,226)
Closing net book amount	**2,729,840**	**2,847,381**	**3,994,853**	**24,013,144**	**33,585,218**
Holding Company					
Opening net book amount	1,300,000	2,885,992	1,971,620	12,110,796	18,268,408
Additions	-	-	-	2,867,628	2,867,628
Disposals	-	-	-	(6,056)	(6,056)
Depreciation	-	(199,623)	(88,344)	(2,110,925)	(2,398,892)
Closing net book amount	**1,300,000**	**2,686,369**	**1,883,276**	**12,861,443**	**18,731,088**

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

(i) On 1 July 1966 the company entered into a crown lease agreement with the Government of the Republic of Fiji Islands to lease lots 1 and 2 on DP 2384 at Walu Bay, Suva. The term of the lease agreement is for a period of 87 years and 10 months ending on 30 April 2054. Under the agreement, rent is payable at the rate of $10,000 per annum.

(ii) On 1 July 1958 the company entered into a crown lease agreement with the Government of the Republic of Fiji Islands to lease lot 2 and 3 on DP 2311 at Walu Bay, Suva. The term of the lease agreement is for a period of 95 years ending on 30 July 2053. Under the agreement, rent is payable at the rate of $5,125 per annum.

(iii) On 1 January 1948 the company entered into a crown lease agreement with the Government of the Republic of Fiji Islands to lease Allotment 20, Muanikau, Suva. The term of the lease agreement is for a period of 75 years ending on 1 January 2023. Under the agreement, rent is payable at the rate of $1,244 per annum.

(iv) On 1 January 1953 the company entered into a crown lease agreement with the Government of the Republic of Fiji Islands to lease Lot 84, Muanikau, Suva. The term of the lease agreement is for a period of 99 years ending on 1 January 2052. Under the agreement, rent is payable at the rate of $516 per annum.

(v) On 1 May 1968 the company entered into a crown lease agreement with the Government of the Republic of Fiji Islands to lease Lot 11 on Plan S.1264, Walu Bay, and Suva. The term of the lease agreement is for a period of 99 years ending on 1 May 2067. Under the agreement, rent is payable at the rate of $8,000 per annum.

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

12. PROPERTY, PLANT AND EQUIPMENT *continued*

(vi) On 1 July 1971 the company entered into a crown lease agreement with the Government of the Republic of Fiji Islands to lease Lot 1 on Plan ND 4904 Vitogo, Lautoka. The term of the lease agreement is for a period of 97 years 4 months and 9 days ending on 10 November 2068. Under the agreement, rent is payable at the rate of $2,000 per annum.

(vii) Motor vehicle lease are held with ANZ for terms of up to 36 months with monthly repayments ranging from $662 to $2,601.

Total commitments for future lease rentals, which have not been provided for in the accounts are as follows:

	Group		Holding Company	
	2008 $	2007 $	2008 $	2007 $
Payable not later than 1 year	513,817	382,760	336,895	346,618
Payable later than 1 year but not later than 5 years	536,385	601,901	308,657	477,517
Payable later than 5 years	1,179,552	1,206,437	1,179,552	1,206,437
	2,229,754	**2,191,098**	**1,825,104**	**2,030,572**

The present value of future lease rentals are as follows:

Payable not later than 1 year	485,025	499,400	317,798	326,761
Payable later than 1 year but not later than 5 years	385,076	657,404	236,604	363,898
Payable later than 5 years	101,062	101,246	101,062	101,246
	971,163	**1,258,050**	**655,464**	**791,905**

13. INVESTMENTS

Shares in subsidiary at cost	-	-	18,791,678	18,791,678

Investment in subsidiary

Name of Company	Place of incorporation	Contribution to Group Results		Book value of holding company investment (Ordinary shares)		Equity of holding company	
		2008 $	2007 $	2008 $	2007 $	2008 %	2007 %
Unlisted							
Samoa Breweries Limited	Samoa	3,148,406	4,237,353	18,791,678	18,791,678	93.85	93.85

14. BRAND NAMES

	Group		Holding Company	
	2008 $	2007 $	2008 $	2007 $
Brand names – at cost	520,000	520,000	520,000	520,000

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

15. INTANGIBLES

	Group 2008 $	Group 2007 $	Holding Company 2008 $	Holding Company 2007 $
Goodwill on consolidation	1,885,975	1,885,975	-	-
Accumulated amortisation	(331,067)	(331,067)	-	-
	1,554,908	1,554,908	-	-
Computer software				
Cost				
Opening balance	641,385	-	641,385	-
Transfer from property, plant & equipment	-	641,385	-	641,385
Additions	77,824	-	77,824	-
Closing balance	719,209	641,385	719,209	641,385
Accumulated amortisation				
Opening balance	176,558	-	176,558	-
Transfer from property, plant & equipment	-	112,419	-	112,419
Amortisation expense	71,921	64,139	71,921	64,139
Closing balance	248,479	176,558	248,479	176,558
Net book value	470,730	464,827	470,730	464,827
	2,025,638	2,019,735	470,730	464,827

On transition to IFRS computer software not forming an integral part of the computer hardware has been reclassified to intangible assets from property, plant and equipment. The accounting policy adopted is set out on Note 1.14.

16. PAYABLES

	Group 2008 $	Group 2007 $	Holding Company 2008 $	Holding Company 2007 $
Trade creditors	2,413,511	2,905,314	1,474,011	1,161,504
Related parties	-	-	650,147	385,873
Accruals and other creditors	5,481,642	4,694,362	2,590,194	1,916,293
	7,895,153	**7,599,676**	**4,714,352**	**3,463,670**

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

17. PROVISIONS

	Group 2008 $	Group 2007 $	Holding Company 2008 $	Holding Company 2007 $
Employee entitlements				
Opening balance	663,832	513,478	619,914	425,426
Arising during the year	448,767	633,706	432,833	623,879
Utilised/ reversals	(349,588)	(483,315)	(327,049)	(429,391)
Translation difference	(1,402)	(37)	-	-
Closing balance	761,609	663,832	725,698	619,914
Provision for income tax				
Opening balance	2,597,493	2,952,400	3,239,050	3,015,849
Arising during the year	3,592,877	5,653,941	3,200,326	4,759,815
Paid during the year	(5,344,113)	(5,968,968)	(4,300,000)	(4,536,614)
Translation difference	233,074	(39,880)	-	-
Closing balance	1,079,331	2,597,493	2,139,376	3,239,050
Provision for dividend	184,652	159,102	-	-
Total	2,025,592	3,420,427	2,865,074	3,858,964
Current	1,670,356	3,111,089	2,509,838	3,549,626
Non current	355,236	309,338	355,236	309,338
	2,025,592	3,420,427	2,865,074	3,858,964
Employee numbers				
Number of employees at the end of the financial year	393	466	291	348

18. SHARE CAPITAL

Authorised				
20,000,000 ordinary shares of $0.20 each	4,000,000	4,000,000	4,000,000	4,000,000
Issued				
10,408,125 ordinary shares of $0.20 each fully paid	2,081,625	2,081,625	2,081,625	2,081,625

19. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure approved and contracted for but not provided for in the accounts	-	159,109	-	77,859

20. CONTINGENT LIABILITIES

Non performance guarantees	405,761	405,761	405,761	405,761

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

21. RELATED PARTIES

(a) Directors

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

Anthony Davie

Angus McKay (resigned 3 July 2008)

Jaoji Koroi

Hugh Ragg (resigned 23 October 2007)

Ross Douglas Shaw (appointed 23 October 2007)

Shaun Christopher Brooks (appointed 22 July 2008)

Sitiveni Weleilakeba

Stephen Matthews (appointed 3 July 2008)

Trevor Louis O'Hoy (resigned 21 July 2008)

(b) Directors' fees and emoluments

Amounts paid for directors' fees and emoluments are disclosed in Note 4.

(c) Controlling entity

The immediate holding company is Carlton and United Breweries Limited (CUB) of Australia. At balance date, CUB held 6,307,500 ordinary shares of $0.20 each in Foster's Group Pacific Limited, representing 60.6% (2007: 60.6%) of the issued share capital. CUB is a subsidiary of Foster's Group Limited.

(d) Ownership interests in related parties

All material ownership interests in related parties are disclosed in Note 13 to the financial statements.

(e) Related party transactions

All transactions with related parties are made on normal commercial terms and conditions. During the year supervision fees of $145,891 were paid to the immediate holding company.

Other related party transactions include:

	2008 **$**	**2007** **$**
Subsidiary – Samoa Breweries Limited		
Dividend income	2,949,594	6,725,604
Other related parties		
Sales	67,337	67,095
Purchases and other recharges	(1,915,754)	(1,801,801)
Management fees to CUB	(311,428)	(296,589)
Key management personnel compensation package		
Short term benefits	(1,633,566)	(957,826)

Amounts receivable from and payable to related parties are disclosed in Note 10 and 16 to the financial statements.

Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

22. PRINCIPAL ACTIVITIES

Holding Company

Manufacture and sale of beer and ready-to-drink alcohol beverages, distribution of wines and the distillation and sale of potable and industrial alcohol.

Subsidiary Company

Samoa Breweries Limited - manufacture and sale of beer and soft drinks.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the group's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. This process of risk management is critical to the group's profitability and each individual within the group is accountable for the risk exposures relating to his or her responsibilities.

The group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar and the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

(ii) Credit risk

It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group 's exposure to bad debts is not significant. Credit risk is managed by a risk committee with board oversight. Credit risk arises from cash and cash equivalents,-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. The utilisation of credit limits is regularly monitored.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet present obligations. Management monitors rolling forecasts of the group's liquidity reserve, comprising of cash and cash equivalents (note 8) on the basis of expected cash flow.

The table below summarises the maturity profile of the group's financial liabilities at 30 June based on contractual undiscounted payments.

	Group 2008 $	Holding company 2008 $
Trade and other payables		
Current	1,335,796	636,918
31 to 60 days	388,854	155,844
61to 90 days	15,423	11,675
91 to 120 days	317,038	316,661
Over 120 days	356,400	352,913
	2,413,511	**1,474,011**

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Notes To and Forming Part of the Financial Statements *continued*

for the year ended 30 June 2008

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(iv) Capital risk management

The group's objectives when managing capital are to safeguard the group'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 group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

South Pacific Stock Exchange Listing Requirements
for the year ended 30 June 2008

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in this Annual Report).

(a) Statement of interest of each Director in the share capital of the Company or in a related Corporation as at 30 June 2008:

No director holds shares in the company or in a related corporation. (2007:nil)

(b) Distribution of Shareholding

Holding	No. of Holders	% Holding
Less than 500 shares	221	0.36%
501 to 5,000 shares	395	5.21%
5,001 to 10,000 shares	16	1.08%
10,001 to 20,000 shares	9	1.29%
20,001 to 30,000 shares	1	0.28%
30,001 to 40,000 shares	-	-
40,001 to 50,000 shares	-	-
50,001 to 100,000 shares	1	0.93%
100,001 to 1,000,000 shares	1	1.25%
Over 1,000,000 shares	2	89.6%

(c) Share register and registered office

Foster's Group Pacific Limited
122 - 164 Foster Road
Walu Bay
Suva
Fiji

The company is incorporated in Fiji with limited liability.
The company is listed on the South Pacific Stock Exchange.

(d) Disclosure under section 7(4)

	Samoa Breweries Limited
Turnover	23,311,641
Other income	140,359
	23,452,000
Depreciation	1,263,013
Other expenses	17,808,912
Income tax	1,099,492
	20,171,417
Profit after tax	**3,280,583**