



ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

ANNUAL REPORT 2011

Atlantic & Pacific Packaging Company Limited

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Atlantic & Pacific Packaging Company Limited

DIRECTORS

Mr. Hari Punja OF, OBE, JP - Chairman

Mr. Rohit Punja

Mr. Gary Callaghan

GROUP CHIEF EXECUTIVE OFFICER

Mr. Ram Bajekal

GROUP CFO & COMPANY SECRETARY

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

AUDITORS

PricewaterhouseCoopers ,
Chartered Accountants ,
Suva .

SOLICITORS

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

BANKERS

Australia and New Zealand Banking Group Limited

REGISTERED OFFICE

Lot 2 , Leonidas street ,
Walu Bay , Suva .
Telephone : 330 1188 Fax : 330 0944
Email : kumars@fmf.com.fj

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

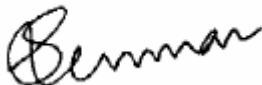
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirteenth Annual General Meeting of the members of Atlantic & Pacific Packaging Company Limited will be held at 3.15 p.m. on Friday , the **28th October 2011** , in the Training room at Atlantic & Pacific Packaging Company Limited , Leonidas Street , Walu Bay , Suva to transact the following business :

Ordinary business

1. Confirmation of the minutes of the previous Annual General Meeting held on **22nd October 2010**
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 2011 .
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 : 28th September 2011

Suva, Fiji .

Atlantic & Pacific Packaging Company Limited

Chairman's Report

Dear Shareholders,

2010-11 has been a difficult year for the Company, both on sales as well as on the profit front. Enhanced competition, combined with a sudden and steep increase in paper prices created a lot of turbulence in the local cardboard carton market. In such environment, while we have been able to maintain sales just below previous year's level, the after tax profit has dropped significantly due to our inability to pass on the increased costs to our customers immediately. Price correction has had to be done in a gradual manner, keeping in mind prevailing competition and the nature of our customers' businesses.

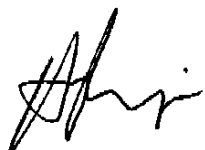
On the positive side:

- The Company has been able to maintain dividends, totaling \$280,000, at the same level as 2010.
- With this year's profit, the Company has fully wiped off all accumulated losses and currently the shareholders' fund is a positive figure at \$4,088,804. The Company now has a stronger balance sheet than before, with little debt.

Effective this year, the Company enjoys a lower tax rate of 20% compared to 28% for unlisted companies. This tax concession is part of the Government's effort to encourage investment and listing of companies on the South Pacific Stock Exchange.

Outlook:

Paper prices remain high, while local competition continues to be strong. However, the Company has put in place cost management and raw material sourcing initiatives which we believe will make it more competitive in the marketplace going forward.



Hari Punja OF, OBE, JP
Chairman
28th September 2011

Corporate Governance Report for the year ended 30th June 2011

In June 2008, the Capital Markets Development Authority (now the capital Markets Unit of Reserve Bank of Fiji) published the corporate Governance Code for the Capital Market (The Code). The Code articulates 10 core principles together with the best practice recommendations. This code is the basis for the ATPACK's corporate governance standards.

This is the second year of reporting on Corporate Governance and as such ATPACK has reviewed its existing policies and has codified new policies in line with its goal to improve the standard of corporate governance on a continuous basis .

Role of the Board

The role of the Board is to assume accountability for the success of the company by taking responsibility for its direction and management in order to meet its objective of enhancing shareholder value.

The Board

Directors are elected by shareholders at the Annual General Meeting. One third of the total strength of the Board , retire by rotation each year and are eligible for re-election. Casual vacancies during the year are filled up by the Board till the conclusion of the next Annual General Meeting .

As at the Balance date , the Directors in Office were Messrs Hari Punja (Chairman), Gary Callaghan and Rohit Punja .

Meetings of the Board

The regular business of the Board during its meetings covers business investments and strategic matters, governance and compliance, the Chief Executive's report, financial report and performance of the company .

Member's attendance at the Board meetings , during the financial year under review :

Director	Number of meetings entitled to attend	Number of meetings attended	Apologies Received
Mr. Hari Punja	3	3	NA
Mr. Gary Callaghan	3	3	NA
Mr. Rohit Punja	3	3	NA

The Board met 3 times during the year under review

Sub-committees of the Board

The Board has formally constituted two sub-committees ; viz

- The Audit and Finance Committee and
- The Share Transfer Committee .

As at the Balance date , the Audit and Finance Committee comprised Messrs Hari Punja , Gary Callaghan , Ram Bajekal and Kumar Shankar.

The Audit and Finance Committee is responsible for monitoring ATPACK's financial strategies, monitoring the external audit of the company's affairs, reviewing the half-year and annual financial statements, and monitoring the company's compliance with applicable laws and stock exchange requirements.

The Committee is also responsible for monitoring the Risk Management Policy to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

Though the sub-committee did not have any meeting during the financial year under review, the executive management took decisions in consultation with the members of the sub-committee , where necessary .

As on the Balance date , the Share Transfer Committee comprised Messrs Hari Punja , Gary Callaghan, Ram Bajekal and Kumar Shankar.

The Share Transfer Committee is responsible for approval of share transfers between the shareholders of the company . The Share transfer committee has met 2 times during the year under review.

Responses to the Guidelines on Corporate Governance issued by Reserve Bank of Fiji:

Principle	Company's response
Establish clear responsibilities for Board Oversight	Covered above
Constitute an effective Board	Covered above
Appointment of a Chief Executive Officer (CEO)	The company has appointed a suitably qualified and competent Chief Executive Officer . He is a professionally qualified Chartered Accountant and has also studied Management as a Fulbright Fellow for Management Studies at Carnegie Mellon University, Pittsburgh, U.S.A.
Board and Company Secretary	The company has appointed a suitably qualified and competent Company Secretary . He is a professionally qualified Chartered Accountant and an Associate Member of the Institute of Company Secretaries of India .
Timely and Balanced disclosure	Board meetings are held at least once in every quarter of the year . The Board is apprised of the company's performance and major decisions are deliberated and passed at Board level. Progress on carrying out strategies is reviewed at these meetings. The CEO is also in constant contact with the directors for any issues arising within the company. The Company periodically releases the required information to the public by way of market announcements , as required under the rules of the SPSE.
Promote ethical and responsible decision - making	ATPACK promotes and believes that all directors and employees uphold high standards, honesty, fairness and equity in all aspects of their employment and association with the company .
Register of Interests	The company maintains a Register of Interest wherein the interests of Directors are noted .
Respect the rights of Shareholders	An Annual General Meeting is held every year in accordance with the Articles of Association of the company . The Annual report is also published each year and circulated to the shareholders of the company .
Accountability and Audit	ATPACK is audited externally each year and receives an independent audit report which forms part of the Annual Report . The Audit and Finance Committee is responsible for overseeing the financial reporting and disclosure process, performance and independence of the external auditors, monitoring internal control processes, reviewing adequacy of the internal audit function and discussing risk management policies and practices with management.
Recognize and Manage Risk	The company has in place a Risk Management Policy to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

Directors' report

In accordance with a resolution of the board of directors, the directors herewith submit the balance sheet at 30 June 2011 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
- Gary Callaghan
- Rohit 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 \$510,654 (2010: \$992,444) after deducting income tax expense of \$23,206 (2010: \$371,520).

4 Provisions

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

5 Dividends

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

6 Bad and Doubtful Debts

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

7 Current Assets

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

8 Reserves

The directors recommended that no amounts be transferred to reserves in respect of the year ended 30 June 2011.

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

11 Related Party Transaction

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

12 Other Circumstances

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

13 Unusual Transactions

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

14 Directors Benefits

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

	<u>Beneficially</u>		<u>Non-Beneficially</u>	
	<u>Additions</u>	<u>Holding</u>	<u>Additions</u>	<u>Holding</u>
Hari Punja	-	-	-	4,978,518
Gary Callaghan	-	-	-	4,800,000

Directors' report - continued**15 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.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 28th day of September 2011.



.....
Rohit Punja - Director



.....
Gary Callaghan - Director

**ATLANTIC & PACIFIC PACKAGING
COMPANY LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

Statement by directors

In the opinion of the directors:

- (a) the accompanying statement of comprehensive income is drawn up so as to give a true and fair view of the results of the company for the year ended 30 June 2011,
- (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 2011,
- (c) the accompanying statement of changes in equity for the year ended 30 June 2011 is drawn up so as to give a true and fair view of the movement in shareholder's funds; and
- (d) the accompanying statement of cash flows 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 2011.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 28th day of September 2011.



.....
Rohit Punja - Director



.....
Gary Callaghan - Director



Independent auditor's report

To the Shareholders of Atlantic & Pacific Packaging Company Limited

We have audited the accompanying financial statements of Atlantic & Pacific Packaging Company Limited (the 'Company'). The financial statements comprise the balance sheet of the Company as at 30 June 2011 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 28.

Directors' and Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

*PricewaterhouseCoopers, Level 8 Civic Tower, 272 Victoria Parade, Suva, Fiji.
GPO Box 200, Suva, Fiji.
T: (679)3313955 / 3315199, F: (679) 3300981 / 3300947*

PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



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 2011 and of its financial performance, changes in equity, and its cash flows for the year ended on that date;
 - b) give the information required by the Fiji Companies Act, 1983 in the manner so required.

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

28 September 2011
Suva, Fiji


PricewaterhouseCoopers
Chartered Accountants

**ATLANTIC & PACIFIC PACKAGING
COMPANY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Revenue		7,723,715	7,924,564
Other operating income	6	-	10,549
Change in amount of finished goods and work in progress		(3,402)	99,913
Raw materials and consumables used		(4,814,257)	(4,352,720)
Staff costs		(644,249)	(558,345)
Depreciation	17	(278,742)	(287,849)
Other operating expenses		<u>(1,429,709)</u>	<u>(1,470,308)</u>
Profit from operations	10	553,356	1,365,804
Finance costs	7	(19,496)	(1,840)
Profit before tax		533,860	1,363,964
Income tax expense	8	(23,206)	(371,520)
Profit for the year from continuing operations		<u>510,654</u>	<u>992,444</u>
Total comprehensive income		510,654 =====	992,444 =====
Earnings per share	20	0.0638 =====	0.1240 =====

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

**ATLANTIC & PACIFIC PACKAGING
COMPANY LIMITED**

**BALANCE SHEET
AS AT 30 JUNE 2011**

	Notes	2011 \$	2010 \$
Current assets			
Cash and cash equivalents	11	685,454	336,433
Inventories	12	998,802	1,452,057
Trade receivables	13	744,436	797,060
Other receivables	14	463,645	1,080,919
Amounts owing by related companies	22(e)	<u>49,282</u>	<u>-</u>
		<u>2,941,619</u>	<u>3,666,469</u>
Non-current assets			
Deferred tax asset	9(b)	10,439	15,675
Plant and equipment	17	<u>1,662,284</u>	<u>1,872,650</u>
		<u>1,672,723</u>	<u>1,888,325</u>
Total assets		<u>4,614,342</u>	<u>5,554,794</u>
Current liabilities			
Trade and other payables	15	225,172	876,052
Current tax liability	8	40,386	213,249
Provisions	16	32,195	26,353
Amounts owing to related companies	22(f)	<u>5,087</u>	<u>286,032</u>
		<u>302,840</u>	<u>1,401,686</u>
Non-current liabilities			
Deferred tax liability	9(a)	<u>222,698</u>	<u>294,958</u>
Total liabilities		<u>525,538</u>	<u>1,696,644</u>
Net assets		4,088,804 =====	3,858,150 =====
Shareholders' equity			
Share capital	18	4,000,000	4,000,000
Retained earnings/(losses)		<u>88,804</u>	<u>(141,850)</u>
		4,088,804 =====	3,858,150 =====

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.

Dated this 28th day of September 2011.

.....
Rohit Punja - Director

.....
Gary Callaghan - Director

**ATLANTIC & PACIFIC PACKAGING
COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	Share Capital \$	Retained earnings/ (losses) \$	Total \$
Balance at 30 June 2009		4,000,000	(854,294)	3,145,706
Profit for the year		<u>-</u>	<u>992,444</u>	<u>992,444</u>
Total comprehensive income		<u>-</u>	<u>992,444</u>	<u>992,444</u>
Transactions with owners				
Dividend	19	<u>-</u>	<u>(280,000)</u>	<u>(280,000)</u>
Balance at 30 June 2010		<u>4,000,000</u>	<u>(141,850)</u>	<u>3,858,150</u>
Comprehensive income				
Profit for the year		<u>-</u>	<u>510,654</u>	<u>510,654</u>
Total comprehensive income		<u>-</u>	<u>510,654</u>	<u>510,654</u>
Transactions with owners				
Dividend	19	<u>-</u>	<u>(280,000)</u>	<u>(280,000)</u>
Balance at 30 June 2011		<u>4,000,000</u> =====	<u>88,804</u> =====	<u>4,088,804</u> =====

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

**ATLANTIC & PACIFIC PACKAGING
COMPANY LIMITED**
**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from customers		8,323,978	6,986,749
Payments to suppliers		(7,343,992)	(6,085,299)
Cash generated from operations		979,986	901,450
Income taxes paid		(263,093)	(154,066)
Interest paid		(19,496)	(1,840)
Net cash generated from operating activities		<u>697,397</u>	<u>745,544</u>
Cash flows from investing activities			
Payments for plant & equipment		(68,376)	(82,848)
Net cash used in investing activities		<u>(68,376)</u>	<u>(82,848)</u>
Cash flows from financing activities			
Dividends paid		(280,000)	(280,000)
Net cash used in financing activities		<u>(280,000)</u>	<u>(280,000)</u>
Net increase in cash		349,021	382,696
Cash and cash equivalents at the beginning of the year		<u>336,433</u>	(46,263)
Cash and cash equivalents at the end of the year	11	<u>685,454</u> =====	336,433 =====

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

1 General information

Atlantic & Pacific Packaging Company Limited ("the company") operates as a manufacturer of a wide range of packaging materials including corrugated cartons and assorted containers and packets. The company operates predominantly in the geographical segment of Fiji and is listed on the South Pacific Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 28th September 2011 .

2 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.

2.1 Basis of preparation

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

Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 July 2011 or later periods, but the company has not early adopted them. Adoption of these standards and interpretations will not have any significant impact on the company's financial statements.

- IFRS1 Amendment – Hyperinflation and fixed dates (effective 1 July 2011)
- IFRS7 Amendment – Financial instruments: Disclosures (effective 1 July 2011)
- IAS 1 Amendment – 'Presentation of financial statements on Other Comprehensive Income' (effective 1 July 2012)
- IAS 12 Amendment – 'Income taxes' on deferred tax (effective 1 January 2012)
- IAS 19 Amendment – 'Employee benefits' (effective 1 January 2013)
- IAS 27 Amendment – 'Separate financial statements' (effective 1 January 2013)
- IAS 28 Amendment – 'Associates and joint ventures' (effective 1 January 2013)
- IFRS9 Amendment – 'Financial instruments' (effective 1 July 2013)
- IFRS10 Amendment – 'Consolidated financial statements' (effective 1 January 2013)
- IFRS11 Amendment – 'Joint arrangements' (effective 1 January 2013)
- IFRS12 Amendment – 'Disclosures of interests in other entities' (effective 1 January 2013)
- IFRS13 Amendment – 'Fair value measurement' (effective 1 January 2013)

2.2 Segment Reporting

A business segment is a company of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. For reporting purposes, the company considers itself to be operating in one business segment as its predominant revenue source is from manufacture of a wide range of packaging materials. Revenue from other sources is not material for the purposes of segment reporting. In addition the company operates in Fiji only and hence one geographical segment.

2 Summary of significant accounting policies – continued

2.3 Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Fijian Dollars, which is the company's functional and presentation currency.

ii) Transactions and balances

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

2.4 Plant and equipment

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

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

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

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

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

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

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

2 Summary of significant accounting policies – continued**2.5 Financial assets**

The company only has receivables under its financial assets category. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or that it has designated as at fair value through income or available for sale. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.11 and 2.12 respectively).

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Impairment of financial assets

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2 Summary of significant accounting policies – continued**2.9 Inventories**

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

Manufacturing and packaging materials are valued at the lower of cost and net realisable value, less provision for obsolescence.

2.10 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.

Provision 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.

2.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating expenses.

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

2.12 Cash and cash equivalents

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

2 Summary of significant accounting policies – continued**2.13 Share capital**

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables and other accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 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 in Fiji, where the company's subsidiaries and associates operate and generate taxable income. 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 consolidated 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of temporary difference will not reverse in the foreseeable future.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or recoverable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and when specific criteria have been met for each of the company's activities as described below. 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.

2 Summary of significant accounting policies – continued**2.16 Revenue recognition- continued****(a) *Sale of goods***

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

2.17 Leases

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

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

2.18 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.

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

2.19 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.

2 Summary of significant accounting policies – continued**2.20 Comparative figures**

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

2.21 Rounding

Amounts have been rounded to the nearest dollar except where otherwise noted.

3 Critical accounting estimates and judgements

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

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

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

Note 2.4 – Property, plant and equipment

Note 2.10 – Provisions

4 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.

4 Financial risk management - continued**(a) Market risk - continued***(i) Foreign exchange risk - continued*

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 than 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 and Australian 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 and Australian dollars.

(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.

(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.

**ATLANTIC & PACIFIC PACKAGING
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**NOTES TO AND FORMING PART OF THE
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FOR THE YEAR ENDED 30 JUNE 2011**

4 Financial risk management - continued

(c) Liquidity risk - continued

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

	Less than 1 year \$
At 30 June 2011	
Trade and other payables	225,172 =====
At 30 June 2010	
Trade and other payables	876,052 =====

5 Capital risk management

The company's objectives when managing capital is 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.

6 Other operating income

	2011 \$	2010 \$
Exchange gain	-	5,037
Sundry receipts	-	5,512
	-----	-----
	-	10,549
	=====	=====

7 Finance costs

	2011 \$	2010 \$
Bank charges	9,414	8,527
Interest	10,082	(6,687)
	-----	-----
	19,496	1,840
	=====	=====

**ATLANTIC & PACIFIC PACKAGING
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**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS – Cont'd
FOR THE YEAR ENDED 30 JUNE 2011**

8 Income tax expense

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

	2011 \$	2010 \$
Profit before tax	533,860	1,363,964
	=====	=====
Prima facie tax payable at 20% (2010: 29%)	106,772	395,550
Tax effect of export incentive	(3,615)	(14,899)
Change in tax rates	(79,796)	(9,974)
Prior year adjustments	(155)	843
Income tax expense	23,206	371,520
Temporary differences	67,025	(72,014)
	90,231	299,506
<u>Add:</u> Opening current tax liability – 1 July 2010	213,249	67,809
	303,480	367,315
<u>Less:</u> Tax paid and transferred from VAT	(263,094)	(154,066)
Current tax liability – 30 June 2011	40,386	213,249
	=====	=====

The income tax for companies was reduced from 29% to 20% effective for the 2010 tax year. The Government announced in its November 2009 Budget that companies listed on the South Pacific Stock Exchange (SPSE) for a minimum of 3 years and has a minimum of 40% shareholding would have a reduced Fiji corporate tax rate of 20 percent, as opposed to the 28 percent paid by unlisted companies. As per the Table C6 of the Fiji Income Tax, any company listed with the Stock Market Exchange for a minimum period of 3 years or over and has a minimum of 40% resident shareholding is subject to an income tax rate of 20%.

9 Deferred tax

Represented by the tax effect of the following temporary differences:

	2011 \$	2010 \$
(a) Deferred tax liability		
Property, plant and equipment	222,698	294,958
	=====	=====
(b) Deferred tax asset		
Provisions	10,439	15,675
	=====	=====

**ATLANTIC & PACIFIC PACKAGING
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**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS – Cont'd
FOR THE YEAR ENDED 30 JUNE 2011**

10 Profit from operations

Included in profit before tax are the following items of expenses:

	2011	2010
	\$	\$
Expenses		
Depreciation	278,742	287,849
Interest	10,082	(6,687)
Auditors' remuneration		
- Audit	12,665	12,250
Doubtful debts	(9,626)	9,214
Exchange gain	20,863	(5,037)
Employee entitlements	5,843	2,975

11 Cash and cash equivalents

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

	2011	2010
	\$	\$
Cash at bank	684,954	335,933
Cash in hand	500	500
	<u>685,454</u>	<u>336,433</u>
	=====	=====

(b) **Financing facilities**

The company's overdraft is drawn from the credit facilities extended to the Flour Mills of Fiji Limited group.

12 Inventories

The valuation policy adopted in respect of inventories is set out in note 2.9.

	2011	2010
	\$	\$
Raw materials	619,048	1,117,196
Finished products	232,612	229,428
Work-in-progress	52,009	11,875
Spare parts	100,089	93,558
Provision for finished goods	(4,956)	-
	<u>998,802</u>	<u>1,452,057</u>
	=====	=====

**ATLANTIC & PACIFIC PACKAGING
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**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS – Cont'd
FOR THE YEAR ENDED 30 JUNE 2011**

13 Trade receivables

	2011	2010
	\$	\$
Trade receivables	764,436	826,686
Less: provision for impairment of trade receivables	(20,000)	(29,626)
	<u>744,436</u>	<u>797,060</u>
	=====	=====

Trade receivables that are less than one month past due are not considered impaired.

As of 30 June 2011, trade receivables of \$353,281 (2010: \$441,857) 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:

	2011	2010
	\$	\$
Over 1 month	220,399	275,571
Over 2 months	<u>132,882</u>	<u>166,286</u>
	<u>\$ 353,281</u>	<u>441,857</u>
	=====	=====

As of 30 June 2011, trade receivables of \$20,000 (2010: \$ 29,626) were impaired and provided for.

The total amount of the provision was \$20,000 as of 30 June 2011 (2010: \$ 29,626). The individually impaired receivables mainly relate to balances that were in dispute and include management's assessment of the likely loss from the impact of the adverse economic conditions on trade receivables. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2011	2010
	\$	\$
Over 1 month	-	-
Over 2 months	<u>20,000</u>	<u>29,626</u>
	<u>20,000</u>	<u>29,626</u>
	=====	=====

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

	2011	2010
	\$	\$
At 1 July 2010	29,626	20,412
Provision for impaired receivables	9,214	9,214
Unused amounts reversed	(9,626)	-
At 30 June 2011	<u>20,000</u>	<u>29,626</u>
	=====	=====

The provision for impaired receivables has been included in administration costs in the statement of comprehensive income. 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.

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**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS – Cont'd
FOR THE YEAR ENDED 30 JUNE 2011**

	2011 \$	2010 \$
14 Other receivables		
Other debtors	463,645	1,080,919
	=====	=====
15 Trade and other payables		
	2011 \$	2010 \$
Trade payables	185,682	427,391
Other payables and accruals	39,490	448,661
	=====	=====
	225,172	876,052
	=====	=====
16 Provisions		
	2011 \$	2010 \$
Provision for annual leave	32,195	26,353
	=====	=====

**ATLANTIC & PACIFIC PACKAGING
COMPANY LIMITED**

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS – Cont'd
FOR THE YEAR ENDED 30 JUNE 2011**

17 Plant and equipment

	Furniture & Fittings \$	Office Equipment \$	Motor Vehicles \$	Plant & Machinery \$	Total \$
As at 1 July 2009					
Cost	173,739	92,147	102,242	5,317,625	5,685,753
Accumulated depreciation	(170,937)	(71,994)	(102,242)	(3,262,929)	(3,608,102)
Net book amount	<u>2,802</u>	<u>20,153</u>	<u>-</u>	<u>2,054,696</u>	<u>2,077,651</u>
For year ended 30 June 2010					
Opening net book amount	2,802	20,153	-	2,054,696	2,077,651
Additions	-	4,638	-	78,210	82,848
Disposals	-	-	-	-	-
Depreciation charge	(1,534)	(2,687)	-	(283,628)	(287,849)
Closing net book value	<u>1,268</u>	<u>22,104</u>	<u>-</u>	<u>1,849,278</u>	<u>1,872,650</u>
At 30 June 2010					
Cost	173,739	96,784	102,242	5,395,836	5,768,601
Accumulated depreciation	(172,471)	(74,680)	(102,242)	(3,546,558)	(3,895,951)
Net book amount	<u>1,268</u>	<u>22,104</u>	<u>-</u>	<u>1,849,278</u>	<u>1,872,650</u>
For year ended 30 June 2011					
Opening net book amount	1,268	22,104	-	1,849,278	1,872,650
Additions	-	5,134	18,696	44,546	68,376
Disposals	-	-	-	-	-
Depreciation charge	(916)	(4,074)	(1,562)	(272,190)	(278,742)
Closing net book value	<u>352</u>	<u>23,164</u>	<u>17,134</u>	<u>1,621,634</u>	<u>1,662,284</u>
At 30 June 2011					
Cost	173,739	101,918	120,938	5,440,382	5,836,977
Accumulated depreciation	(173,387)	(78,754)	(103,804)	(3,818,748)	(4,174,693)
Net book amount	<u>352</u>	<u>23,164</u>	<u>17,134</u>	<u>1,621,634</u>	<u>1,662,284</u>
	=====	=====	=====	=====	=====

The depreciation policies adopted are set out in Note 2.4.

**ATLANTIC & PACIFIC PACKAGING
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**NOTES TO AND FORMING PART OF THE
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FOR THE YEAR ENDED 30 JUNE 2011**
18 Share capital

	2011 \$	2010 \$
(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 =====

19 Dividends

The dividends paid in 2011 and 2010 were \$280,000 (\$0.04 per share) and \$280,000 (\$0.04 per share) respectively.

	2011 \$	2010 \$
Interim dividend	280,000 =====	280,000 =====

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

20 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2011 \$	2010 \$
Operating profit after income tax	510,654	992,444
Weighted average number of ordinary shares issued	8,000,000	8,000,000
Earnings per share	0.0638 =====	0.1240 =====

21 Contingencies & commitments

(a) As at 30 June 2011, there were no capital expenditure commitments (2010: \$ Nil)

	2011 \$	2010 \$
(b) Letters of credit	176,540	-
(c) Indemnity guarantees	34,801 =====	34,801 =====

(d) The holding company and its Fiji subsidiaries have given cross guarantees for the group's borrowings to ANZ Bank

**ATLANTIC & PACIFIC PACKAGING
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**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS – Cont'd
FOR THE YEAR ENDED 30 JUNE 2011**

22 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 ^{OF, OBE, JP} - Chairman
- Gary Callaghan
- Rohit Punja

No directors fees were paid during the year (2010: \$ Nil).

(b) Immediate holding company

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

(c) Ultimate holding company

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

(d) Penultimate holding company

The company has 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.

(e) Amounts owing by related companies

	2011	2010
	\$	\$
<u>Holding Company</u>		
Flour Mills of Fiji Limited	7,073	-
<u>Related Company</u>		
Biscuit Company of Fiji Limited	<u>42,209</u>	<u>-</u>
	49,282	-
	=====	=====

(f) Amounts owing to related companies

	2011	2010
	\$	\$
<u>Holding Company</u>		
Flour Mills of Fiji Limited	1,781	168,000
<u>Related Company</u>		
Petroleum & Gas Co (Fiji) Limited	-	4,915
Biscuit Company of Fiji Limited	329	
<u>Penultimate Holding Company</u>		
Hari Punja & Sons Limited	<u>2,977</u>	<u>113,117</u>
	<u>\$ 5,087</u>	<u>\$ 286,032</u>
	=====	=====

**ATLANTIC & PACIFIC PACKAGING
COMPANY LIMITED**

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS – Cont'd
FOR THE YEAR ENDED 30 JUNE 2011**

22 Related parties – continued

(g) Related party transactions

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

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

	2011	2010
	\$	\$
INCOME		
Sales	3,915,560	4,146,890
Interest	11,164	17,621
Milling and other charges	60,000	-
EXPENSES		
Insurance	124,663	119,247
Rent	349,200	349,200
Administration fees	12,000	130,868
Promotion and advertising	609	-

During the year, advances were made among the holding company and subsidiary companies at an interest rate of 2.5%. These amounts had been settled in full as at year ended 30 June 2011.

Transactions with director related entities and fellow subsidiaries were on normal trading terms and conditions no more favourable than those which would have been adopted if dealing with the director related entities and fellow subsidiaries at arms length in the same circumstances.

(h) Key management compensation

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

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

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

	2011	2010
	\$	\$
Salaries and other short term benefits	77,589	83,397
	=====	=====

**ATLANTIC & PACIFIC PACKAGING
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**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS – Cont'd
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23 Operating lease

- (a) The company leases its factory premises from a fellow subsidiary FMF Investment Company Limited. The lease provides for annual reviews.
- (b) Total commitments for future rentals, which have not been provided for in the financial statements are as follows

	2011 \$	2010 \$
Payable not later than 1 year	32,250	32,250
Payable later than 1 year but not later than 5 years	129,000	129,000
Payable later than 5 years	<u>2,904,532</u>	<u>2,936,782</u>
	3,065,782	3,098,032
	=====	=====

24 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. In 2011, 92% of the sales were done in Fiji (2010: 92%)

25 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 end of the financial year which, in the opinion of the directors, will or may affect the ability of the company to meet its obligations when they fall due.

26 Company Details

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

Share Register and Registered Office:

Leonidas Street
Walu Bay
Suva
Republic of Fiji

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

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 under section 6.31 (iv):

Shareholdings of those persons holding twenty (20) largest blocks of shares:

	NAME	# of Shares
1	FLOUR MILLS OF FIJI LIMITED	4,800,000
2	COLONIAL FIJI LIFE LIMITED	851,069
3	UNIT TRUST OF FIJI (TRUSTEE) COMPANY LIMITED	811,530
4	GUARDIAN TRUSTEES LIMITED- (FHUT)	342,430
5	HARI PUNJA & SONS LIMITED	178,518
6	DOMINION INSURANCE LTD	159,500
7	MARELA HOLDINGS LTD	100,000
8	KONTIKI FUND LIMITED	45,991
9	PRAFUL & ANITA PATEL SUPER ANNUATION FUND	31,013
10	FIJIAN INVESTMENT CO-OP LTD	25,850
11	KEN KUNG	25,000
12	AMARSEE BHAGWANJEE LTD	20,000
13	J K S HOLDINGS LTD	20,000
14	KUNDAN SINGH & SONS HOLDINGS	20,000
15	CICIA PLANTATION CO-OPERATIVE SOCIETY LTD	20,000
16	JOSEPHINE AND GIRISH MAHARAJ	20,000
17	DINESH CHAUHAN	20,000
18	ETA & RADIKE QEREQERE TABUA	20,000
19	LEO BARRY SMITH	20,000
20	TIMOTHY RAJU FONG	20,000

(b) Schedule of each class of equity security, in compliance with listing requirements under section 6.31 (v):

Distribution of ordinary shareholders:

NO. OF HOLDERS	HOLDING	%
6	less than 500 shares	0.02
86	500 to 5,000 shares	2.93
19	5,001 to 10,000 shares	2.13
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
1	40,001 to 50,000 shares	0.57
1	50,001 to 100,000 shares	1.25
5	100,001 to 1,000,000 shares	29.29
1	Over 1,000,000 shares	60.00
134		100.00

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

(c) Disclosure under Section 6.31 (xii):

Summary of key financial results for the previous five years for the Company:

	2011	2010	2009	2008	2007	2006
Net Profit after Tax	510,654	992,444	560,956	237,858	287,607	148,924
Current Assets	2,941,619	3,666,469	1,825,766	1,789,164	2,534,699	2,009,400
Non - Current Assets	1,672,723	1,888,325	2,090,350	2,311,677	2,732,839	3,198,837
Total Assets	4,614,342	5,554,794	3,916,116	4,100,841	5,267,538	5,208,237
Current Liabilities	302,840	1,401,686	550,443	1,075,450	2,409,051	2,388,952
Non - Current Liabilities	222,698	294,958	219,967	160,641	31,595	-
Total Liabilities	525,538	1,696,644	770,410	1,236,091	2,440,646	2,388,952
Shareholders Equity	4,088,804	3,858,150	3,145,706	2,864,750	2,826,892	2,819,285

(d) Disclosure under Section 6.31 (xiii) (a):

Dividend declared per share:

	2011	2010	2009	2008	2007	2006
Cents per share	3.50	3.50	3.50	2.50	3.50	3.50

(e) Disclosure under Section 6.31 (xiii) (b):

Earnings per share:

	2011	2010	2009	2008	2007	2006
Cents per share	6.38	12.41	7.01	2.97	3.50	1.86

(f) Disclosure under Section 6.31 (xiii) (c):

Net tangible assets per share:

	2011	2010	2009	2008	2007	2006
Cents per share	51.11	48.23	39.32	35.81	35.34	35.24

(g) Disclosure under Section 6.31 (xiii) (d):

Share price during the year (Cents per share)	2011	2010
Highest	0.77	0.84
Lowest	0.77	0.50
On 30th June	0.77	0.50

Minutes of the Twelfth Annual General Meeting of the members of the company, held at 3.15 pm on Thursday, the 22nd October 2010 in the Training Room at Atlantic & Pacific Packaging Company Limited, Leonidas Street, Walu Bay, Suva.

PRESENT

- | | | |
|---------------------------|----|---|
| 1. Mr. Hari Punja | .. | Chairman |
| 2. Mr. Gary Callaghan | .. | Director |
| 3. Mr. Ram Bajekal | .. | CEO |
| 4. Mr. Kumar Shankar | .. | Group CFO & Company Secretary |
| 5. Mr. Wiliki Takiveikata | .. | Representing the Auditors, M/s PricewaterhouseCoopers |

Ten other shareholders / proxy holders were present in person.

APOLOGIES

Mr. Rohit Punja

SHARE REGISTER & STATUTORY REGISTERS

The Share Register containing all the relevant details of the Shareholders of the company and the Statutory Register were placed on the Table and remained open for inspection during the meeting.

QUORUM

The required quorum being present, the Chairman declared the meeting to be open.

CONFIRMATION OF THE MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING HELD ON 20th November 2009 .

Proposed by : Mr. Soani Tuidrola

Seconded by : Mr. Maganlal Mohanlal

The motion as proposed and seconded by the above named persons was put to vote.

By a show of hands, the meeting approved the motion unanimously and confirmed the minutes of the previous Annual General Meeting held on **20th November 2009**.

MATTERS ARISING OUT OF EARLIER MINUTES:

Nil

ORDINARY BUSINESS:

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 2010.

Proposed by : Mr. Maganlal Mohanlal

Seconded by : Ms. Shalini

The motion as proposed and seconded by the above named persons was put to vote .

By a show of hands , the meeting approved the motion unanimously and adopted the Audited Balance Sheets and Profit and Loss Statements and the reports of the Directors and Auditors for the year ended 30th June 2010.

MINUTES (CONTD)

TO ELECT , IN ACCORDANCE WITH ARTICLE 99 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY , MR. GARY CALLAGHAN AS A DIRECTOR OF THE COMPANY .

Proposed by : Mr. Hari Punja
Seconded by : Mr. Soani Tuidrola

The motion as proposed and seconded by the above named persons was put to vote .
By a show of hands, the meeting approved the motion unanimously and elected Mr. Rohit Punja as a Director of the company.

TO APPOINT AUDITORS FROM THE CONCLUSION OF THIS MEETING UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING.

Proposed by : Mr. Maganlal Mohanlal
Seconded by : Mr. Kalpesh

The motion as proposed and seconded by the above named persons was put to vote .
By a show of hands , the meeting approved the motion unanimously and confirmed the Appointment of the Retiring Auditors , M/s PricewaterhouseCoopers as Auditors of the company to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a fee to be negotiated by the Directors .

GENERAL DISCUSSION

The Chairman stated that the company could post slightly a higher turnover than the previous year , mainly due to increased sales to group companies . He also stated that the outlook for the current year would be more or less the same and that the company would be able to maintain the past dividends paid to the shareholders of the company .

Vote of Thanks to the Chair:

Proposed by: Mr. Maganlal Mohanlal

Thereafter the Chairman declared the meeting as closed.

**Sd/-
Chairman**

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 **28th October 2011** and at any adjournment thereof.

As witness to my/our hands this.....day of2011 , 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 _____