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ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

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ANNUAL REPORT  
2015

# ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

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**ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED**

**DIRECTORS**

Mr. Hari Punja ORDER OF FIJI, OBE, - Chairman

Mr. Gary Callaghan

Mr. Pramesh Sharma (*w.e.f. 11<sup>th</sup> December, 2014*)

Mr. Rohit Punja

Mr. Ram Bajekal – Managing Director (*w.e.f. 12<sup>th</sup> February 2015*)

Mr. Ajai Punja (*Alternate to Mr. Rohit Punja*)

Ms. Leena Punja (*Alternate to Mr. Hari Punja*)

**GROUP CHIEF FINANCIAL OFFICER &  
COMPANY SECRETARY**

Mr. Sandeep Kumar K

**AUDITORS**

PricewaterhouseCoopers,  
Chartered Accountants,  
Suva.

**SOLICITORS**

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

**BANKERS**

Australia and New Zealand Banking Group Limited

**REGISTERED OFFICE**

Lot 2, Leonidas Street,  
Walu Bay, Suva.  
Telephone: +679 330 1188 Fax: +679 330 0944  
Email: sandeepk@fmf.com.fj

**SHARE REGISTRAR AND SHARE TRANSFER AGENTS**

Central Share Registry Limited  
Level 2 Provident Plaza 1  
FNPF Boulevard  
33 Ellery Street, Suva.  
Telephone: +679 330 4130 Fax: +679 330 4145  
Email: [registry@spse.com.fj](mailto:registry@spse.com.fj)

## NOTICE OF THE ANNUAL GENERAL MEETING

**Notice** is hereby given that the 17th Annual General Meeting (AGM) of the members of Atlantic & Pacific Packaging Company Limited will be held on Friday, October 30, 2015 at 3.30 p.m., at the Training Room of the Company at Leonidas Street, Walu Bay, Suva, Fiji, to transact the following business:-

### General Business

#### Item No.1 – Confirmation of Minutes

To confirm the minutes of the previous Annual General Meeting of the Company held on October 31, 2014.

### Ordinary Business

#### Item No.2 – Adoption of Audited Financial Statements

To receive, consider and adopt the financial statements of the Company for the year ended June 30, 2015, including the audited Balance Sheet as at June 30, 2015, the Statement of Profit and Loss for the year ended on that date and the report of the Board of Directors ('the Board') and Auditors thereon.

#### Item No.3 – Appointment of Directors

(a) **Mr. Rohit Punja**

To appoint a Director in place of Mr. Rohit Punja, who retires by rotation and being eligible in accordance with Article 100 of the Articles of Association of the Company, offers himself for re-appointment.

(b) **Mr. Pramesh Sharma**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED that Mr. Pramesh Sharma, who was appointed an Additional Director of the Company with effect from December 11, 2014 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company and being eligible for re-appointment, be and is hereby appointed a Director of the Company.”

(c) **Mr. Ram Bajekal**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED that Mr. Ram Bajekal, who was appointed an Additional Director of the Company with effect from February 12, 2015 by the Board of Directors and who holds office up to the date of this Annual General Meeting of the Company and being eligible for re-appointment, be and is hereby appointed a Director of the Company.”

#### Item No.4 – Appointment of Auditors

To appoint Auditors in accordance with Section 161 of the Companies Act, Cap 247, to hold office from the conclusion of this meeting until conclusion of the next AGM at a remuneration as may be mutually agreed between the Board and the Auditors. The retiring Auditors M/s. PriceWaterHouseCoopers, Chartered Accountants, being eligible, offer themselves for appointment.

**Any Other Business**

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

By order of the Board of Directors



Sandeep Kumar K  
Chief Financial Officer and  
Company Secretary

22nd September 2015.

**Registered Office:**

Leonidas Street,  
Walu Bay, Suva, Fiji

**Explanatory Notes:**

**Item No. 3 (b)**

Mr. Pramesh Sharma was appointed as an Additional Director to the Board on December 11, 2014. Mr. Pramesh Sharma is presently General Manager-Investments with BSP Life and has rich experience in the corporate sector, having worked previously with organisations such as Merchant Bank of Fiji and Westpac Banking Corporation in very senior roles.

In accordance with Article 88 of the Articles of Association of the Company, Mr. Pramesh Sharma will hold office up to the date of the ensuing AGM and is eligible to be appointed as a Director of the Company. The Board recommends the resolution set forth in Item No. 3 (b) for the approval of the Members.

**Item No. 3 (c)**

Mr. Ram Bajekal was appointed as Chief Executive Officer of the Company on 1st April, 2009. The Board of Directors vide its meeting held on 12th February, 2015, appointed Mr. Ram Bajekal as an Additional Director to the Board and also as a Managing Director for a period of three years, effective from 12th February 2015. Mr. Ram Bajekal is a qualified Chartered Accountant with over 30 years rich experience in the field of corporate management. Mr. Bajekal has also studied management as a Fulbright Fellow for management studies at Carnegie Mellon University, Pittsburgh, USA.

In accordance with Article 88 of the Articles of Association of the Company, Mr. Ram Bajekal will hold office of Additional Director up to the date of the ensuing AGM and is eligible to be appointed as a Director of the Company. The Board recommends the resolution set forth in Item No. 3 (c) for approval of the Members.

**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 enclosed with this Annual Report. To be effective the form must reach the registered office of the company, no less than 48 hours before the time for holding the meeting.

## Chairman's Report

Dear Shareholders,

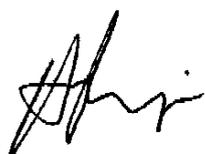
Financial year 2014-15 saw your Company launch two new products, Polypropylene Bags (PP Bags) and Injection Moulded Packaging, as part of a diversification strategy designed to reduce its dependence on a single product, viz., cardboard cartons. These products usefully supplement the variety of packaging solutions your Company is now able to offer; and with customers increasingly seeking single-vendor solutions, we believe this will help your Company gain a much stronger foothold in the industry.

Overall sales for the company during 2014-15 closed 12% higher at \$8,563,417 against \$7,637,737 in 2013-14. In this, the new products contributed \$730,000 in the three-month period after commencement of commercial production. While the fish carton segment of business did marginally pick up, there was virtually no upturn in sale of cartons to major food producers. This is attributed to the lack of growth in the FMCG sector (Fast Moving Consumer Goods) of the economy.

Process improvements implemented last year continue to yield benefits and will be a focal point in growing this business in the future. These improvements helped the company increase Net Profit from \$381,257 in 2013-14 to \$492,795 in 2014-15, a growth of 29%. This allowed the Company to declare a higher dividend of 4 cents per share against 3.5 cents last year. The dividend, which was paid out in May 2015 saw an outflow of \$320,000 (\$280,000 last year).

### Outlook:

The strong demand for the company's new products and strengthening of its customer base gives us confidence of less volatile revenues. Improvements continue to be made on the facilities and machinery, including the corrugator and printing equipment. A new boiler of higher capacity is being installed and would have been fired by the time this report reaches your hand. We expect it to bring in higher efficiencies and afford greater streamlining opportunities to the production process. Machinery required to increase production of the new products without significant capital outlay is under consideration. This will give us the ability to target many more customers within Fiji and in neighbouring Pacific Island Countries. The aforementioned new products are expected to contribute well to sales and profit growth. As such, we look forward to this year also with optimism.



Hari Punja ORDER OF FIJI, OBE,  
Chairman

22<sup>nd</sup> September 2015

## Corporate Governance

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.

On a continuous basis ATPACK has reviewed its existing policies and has codified / modified policies in line with its goal to improve the standard of corporate governance.

### 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, Pramesh Sharma, Ram Bajekal (Managing Director), Rohit Punja, Ajai Punja (Alternate to Rohit Punja) and Leena Punja (Alternate to Mr. Hari Punja).

### Meetings of the Board

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

During the Financial Year under review the Board met 4 times. The Member's attendance at the Board meetings, during the financial year is given below:

DIRECTOR	Number of Meeting Entitled to Attend	Number of Meetings Attended	Apologies Received
Mr. HARI PUNJA	4	2	2
Mr. GARY CALLAGHAN	4	4	N/A
Mr. ROHIT PUNJA	4	2	2
Mr. PRAMESH SHARMA ( Appointed as Additional Director on 11/12/14)	2	2	N/A
Mr. RAM BAJEKAL ( Appointed as Additional Director on 12/02/15)	1	1	N/A
Mr. AJAI PUNJA (Alternate to Rohit Punja)	N/A	N/A	N/A
Ms. LEENA PUNJA ( Alternate to Hari Punja)	N/A	N/A	N/A

### Sub-committees of the Board

The Board has formally constituted four 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 and Ram Bajekal. 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 Executive management under the directions of this Committee, is also responsible for monitoring the Risk Management to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

This sub-committee met four times during the financial year under review. The executive management usually takes its major decisions in consultation with the members of the sub-committee, where necessary.

As at the Balance date, the Share Transfer Committee comprised Messrs. Hari Punja, Ajai Punja, Gary Callaghan, and Ram Bajekal. The Share Transfer Committee is responsible for approval of share transfers between the shareholders of the Company. The Share Transfer Committee has met 4 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	The Board has appointed a suitably qualified and competent Managing Director entrusted with substantial powers of management of the affairs of the Company. 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 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 Executive management of the Company ensures 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 as at 30 June 2015 and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows 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 Order of Fiji, OBE - Chairman

Gary Callaghan

Rohit Punja

Pramesh Sharma – Appointed on 11 December 2014

Ram Bajekal (Managing Director) – Appointed on 12 February 2015

Leena Punja (Alternate director to Hari Punja)

Ajai Punja (Alternate director to Rohit Punja) – Appointed on 11 December 2014

### **2 Principal activity**

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

### **3 Trading results**

The net profit after income tax for the year was \$492,795 (2014: \$381,257) after deducting income tax expense of \$58,400 (2014: \$18,326).

### **4 Provisions**

There were no material movements in provisions.

### **5 Dividends**

During the year, your Company has declared an interim dividend of 4 cents per equity share (2014: 3.5 cents) entailing outflow of \$ 320,000 (2014: \$ 280,000). No further dividend is recommended for the financial year ended June 30, 2015.

### **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 recommend that no amounts be transferred to reserves.

## **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 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 transactions**

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' interests**

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

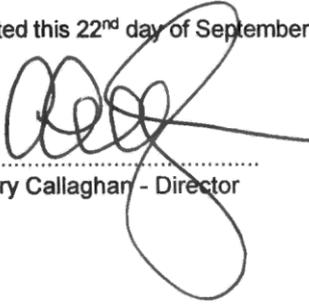
	<u>Beneficially</u>		<u>Non-Beneficially</u>	
	<u>Additions</u>	<u>Holding</u>	<u>Additions</u>	<u>Holding</u>
Hari Punja	-	-	-	5,058,268
Gary Callaghan	-	-	-	4,879,750
Leena Punja (Alternate to Mr. Hari Punja)	-	-	-	5,058,268

**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's 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 22<sup>nd</sup> day of September 2015.



.....  
Gary Callaghan - Director



.....  
Ram Bajekal – Managing Director

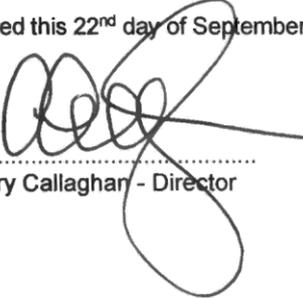
**Statement by directors**

In the opinion of the directors:

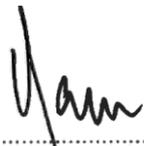
- (a) the accompanying statement of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the results of the company for the year ended 30 June 2015;
- (b) the accompanying balance sheet is drawn up so as to give a true and fair view of the state of the company's affairs as at 30 June 2015;
- (c) the accompanying statement of changes in equity for the year ended 30 June 2015 is drawn up so as to give a true and fair view of the movement in shareholders' funds;
- (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 2015;
- (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 relevant related party transactions have been recorded in the books of the company and adequately reflected in the attached financial statements.

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

Dated this 22<sup>nd</sup> day of September 2015.



.....  
Gary Callaghan - Director



.....  
Ram Bajekal – Managing Director



## Independent Auditor's Report

To the Shareholders of Atlantic & Pacific Packaging Company Limited

### Report on the Financial Statements

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 2015 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *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, and for such internal control as the directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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 about 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 of financial statements that give a true and fair view 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.



### *Opinion*

In our opinion the financial statements give a true and fair view of the financial position of the Company as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Report on Other Legal and Regulatory Requirements**

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 are in agreement with the books of account and to the best of our information and according to the explanations given to us 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.

### **Restriction on Distribution or Use**

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.

22 September 2015  
Suva, Fiji

*PricewaterhouseCoopers*  
**PricewaterhouseCoopers**  
**Chartered Accountants**

**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**

**STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<b>Revenue</b>		8,563,417	7,637,737
Other operating income	6	55,584	37,870
Changes in inventories of finished goods and work in progress		122,724	( 23,772)
Raw materials and consumables used		( 4,686,863)	( 4,535,809)
Staff costs		( 994,461)	( 801,835)
Depreciation	16	( 342,104)	( 321,822)
Other operating expenses		( 2,154,890)	( 1,618,995)
<b>Profit from operations</b>	10	563,407	373,374
Net finance (cost)/income	7	( 12,212)	26,209
<b>Profit before tax</b>		551,195	399,583
Income tax expense	8	( 58,400)	( 18,326)
<b>Profit for the year from continuing operations</b>		492,795	381,257
<b>Total comprehensive income for the year</b>		\$ 492,795 =====	\$ 381,257 =====
Earnings per share (cents)	19	6.16 =====	4.77 =====

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

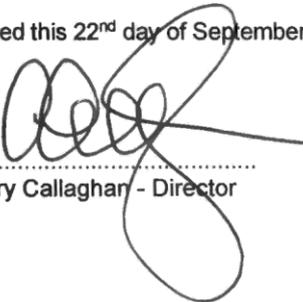
**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**
**BALANCE SHEET  
AS AT 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<b>Current assets</b>			
Cash on hand and at bank		500	1,140,721
Inventories	12	3,164,151	1,693,263
Trade receivables	13	906,720	653,102
Other receivables	14	405,701	587,177
Current tax asset	8	120,000	-
Amounts owing by related companies	21(d)	<u>61,939</u>	<u>64,250</u>
		<u>4,659,011</u>	<u>4,138,513</u>
<b>Non-current assets</b>			
Deferred tax assets	9(b)	14,769	7,516
Plant and equipment	16	<u>2,090,073</u>	<u>1,333,041</u>
		<u>2,104,842</u>	<u>1,340,557</u>
<b>Total assets</b>		<u>6,763,853</u>	<u>5,479,070</u>
<b>Current liabilities</b>			
Bank overdraft	11	1,150,814	-
Trade and other payables	15	655,267	790,946
Current tax liability	8	-	2,185
Amounts owing to related companies	21(e)	<u>32,570</u>	<u>-</u>
		<u>1,838,651</u>	<u>793,131</u>
<b>Non-current liabilities</b>			
Deferred tax liability	9(a)	<u>141,294</u>	<u>74,826</u>
<b>Total liabilities</b>		<u>1,979,945</u>	<u>867,957</u>
<b>Net assets</b>		<u>\$ 4,783,908</u>	<u>\$ 4,611,113</u>
<b>Equity</b>			
Share capital	17	4,000,000	4,000,000
Retained earnings		<u>783,908</u>	<u>611,113</u>
		<u>\$ 4,783,908</u>	<u>\$ 4,611,113</u>

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

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

Dated this 22<sup>nd</sup> day of September 2015.

  
.....  
Gary Callaghan - Director

  
.....  
Ram Bajekal – Managing Director

**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**
**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	Share capital \$	Retained earnings \$	Total \$
<b>Balance at 30 June 2013</b>		<u>4,000,000</u>	<u>509,856</u>	<u>4,509,856</u>
<b>Comprehensive income</b>				
Profit for the year		-	381,257	381,257
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income		<u>-</u>	<u>381,257</u>	<u>381,257</u>
<b>Transactions with owners</b>				
Dividend	18	<u>-</u>	<u>( 280,000)</u>	<u>( 280,000)</u>
<b>Balance at 30 June 2014</b>		<u>4,000,000</u>	<u>611,113</u>	<u>4,611,113</u>
<b>Comprehensive income</b>				
Profit for the year		-	492,795	492,795
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income		<u>-</u>	<u>492,795</u>	<u>492,795</u>
<b>Transactions with owners</b>				
Dividend	18	<u>-</u>	<u>( 320,000)</u>	<u>( 320,000)</u>
<b>Balance at 30 June 2015</b>		<u>\$ 4,000,000</u>	<u>\$ 783,908</u>	<u>\$ 4,783,908</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 2015**

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		8,538,734	7,217,296
Payments to suppliers		( 9,287,486)	( 6,280,076)
Cash (used in) / generated from operations		( 748,752)	937,220
Income taxes paid		( 121,370)	( 101,000)
Interest paid		( 47,303)	( 9,158)
<b>Net cash (used in) / generated from operating activities</b>		<u>( 917,425)</u>	<u>827,062</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment		10,435	20,000
Purchase of plant and equipment		( 1,099,136)	( 121,166)
<b>Net cash used in investing activities</b>		<u>( 1,088,701)</u>	<u>( 101,166)</u>
<b>Cash flows from financing activities</b>			
Interest received		35,091	35,367
Dividends paid		( 320,000)	( 280,000)
<b>Net cash used in financing activities</b>		<u>( 284,909)</u>	<u>( 244,633)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		( 2,291,035)	481,263
<b>Cash and cash equivalents at the beginning of the year</b>		<u>1,140,721</u>	<u>659,458</u>
<b>Cash and cash equivalents at the end of the year</b>	11	(\$ 1,150,314) =====	\$ 1,140,721 =====

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, assorted containers and bags. The company is a limited liability company incorporated and domiciled in the Republic of Fiji. The company operates predominantly in Fiji and is listed on the South Pacific Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 22<sup>nd</sup> September 2015.

## 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 prepared in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) interpretations. The financial statements have been prepared under the basis of historical costs.

#### **Changes in accounting policies and disclosures**

##### *a) New and amended standards adopted by the company*

There are no IFRSs or IFRS IC interpretations that are effective for the first time for the financial year beginning on or after 1 July 2014 that have a material impact on the company.

##### *b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2014 and not early adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the company, except the following set out below:

<b>Topic</b>	<b>Key Requirements</b>	<b>Effective Date</b>
IFRS 9, 'Financial instruments'	This standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.	Annual periods beginning on or after 1 January 2018

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**2.1 Basis of preparation – continued**

*b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 July 2014 and not early adopted - continued*

<b>Topic</b>	<b>Key Requirements</b>	<b>Effective Date</b>
IFRS 9, 'Financial instruments' - continued	For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.	
IFRS 15, 'Revenue from contracts with customers'	This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.	Annual periods beginning on or after 1 January 2017

The company is yet to assess the impact of the above standards and intends to adopt the standards no later than the accounting period in which it becomes effective.

**2.2 Segment reporting**

The Board of Directors is the company's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

An operating 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 operating segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those 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 packaging materials. Revenue from other sources is not material for the purposes of segment reporting. The company operates in Fiji only and hence one geographical segment

**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 presentation currency.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**2.3 Foreign currency translation - continued**

*ii) Transactions and balances*

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

**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 profit or loss 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% - 33%
Office equipment	6.67%
Motor vehicles	25%
Furniture and fitting	10%
Computers	33%

Capital work-in-progress is not depreciated.

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 in profit or loss.

**2.5 Financial assets**

The company only has 'loans and receivables' under its financial assets category. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

**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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**2.7 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).

**2.8 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.

**2.9 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.

**2.10 Trade receivables**

Trade receivables are recognised at invoice amount. 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 profit or loss 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 profit or loss.

**2.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank and bank overdraft. In the balance sheet, bank overdraft is shown as current liabilities.

**2.12 Share capital**

Ordinary shares are classified as equity.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**2.13 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables 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 are recognised at cost.

**2.14 Current and deferred income tax**

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

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor 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 only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2.15 Revenue recognition**

(a) Sale of goods

Revenue comprises 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. Revenue is recognised when goods are dispatched from the factory.

(b) Interest and other income

Interest and other income are recognised on an accrual basis.

**2.16 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 profit or loss on a straight-line basis over the period of the lease.

Leases of 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 profit or loss 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 plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**2.17 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 declared by the company's directors.

Dividends are subject to the provisions of the Fiji Income Tax Act 1974 and Income Tax (Dividend) Regulations 2001.

**2.18 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 number of ordinary shares as at balance sheet date.

**Diluted earnings per share**

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

**2.19 Comparative figures**

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

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

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

The company does not have any significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

**4 FINANCIAL RISK MANAGEMENT**

The company's activities expose it to a variety of financial risks: market risk (including currency 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 the Executive Management. The Executive Management under the directions of the Audit and Finance Committee identifies and evaluates financial and operational risks. The board provides overall direction in risk management.

**(a) Market risk**

*Foreign exchange risk*

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

**4 FINANCIAL RISK MANAGEMENT - continued**

**(a) Market risk - continued**

*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 Fijian dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fijian 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 foreign currency exchange rate is expected to have minimal impact on the net profit and equity balances currently reflected in the company's financial statements.

**(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. Individual credit limits are then set based on the 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 cash and cash equivalents on the basis of expected cash flow.

The company's financial liabilities, being trade and other payables are all due for settlement within one year.

The company has provided security towards amounts borrowed from the Australia and New Zealand Banking Group Limited (ANZ) by the various companies within the FMF Foods Limited Group. More specifically, it has provided a:

- i) First registered mortgage debenture over all its assets and undertakings including any uncalled and unpaid premiums.
- ii) Cross guarantee together with FMF Foods Limited, Biscuit Company of (Fiji) Limited, FMF Investment Company Limited, Pea Industries Limited, The Rice Company of Fiji Limited, DHF Limited, FMF Snax Limited, FMF Confectionery Limited and Bakery Company (Fiji) Limited.

The bank overdraft facility available to the group is fully interchangeable among the above companies. As at year end, the total amount owed by the above companies to ANZ in bank overdraft and term loans is \$46,190,087 (2014: \$33,197,953).

**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.

**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS – Cont'd  
FOR THE YEAR ENDED 30 JUNE 2015**

**6 OTHER OPERATING INCOME**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Exchange gains	38,815	12,908
Sundry receipts	<u>16,769</u>	<u>24,962</u>
	<b>\$ 55,584</b>	<b>\$ 37,870</b>
	=====	=====

**7 NET FINANCE (COST) / INCOME**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Finance income</b>		
Interest income	35,091	35,367
<b>Finance cost</b>		
Interest expense	( <u>47,303</u> )	( <u>9,158</u> )
	<b>( \$ 12,212 )</b>	<b>\$ 26,209</b>
	=====	=====

**8 INCOME TAX EXPENSE**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Profit before tax	<u>551,195</u>	<u>399,583</u>
Prima facie tax expense @ 10% (2014: 18.5%)	55,120	73,923
Tax effect of export incentive	-	( 3,893 )
Tax effect of expenses disallowed	4,095	5,408
Tax effect of change in tax rates	-	( 57,214 )
Prior year adjustments	( <u>815</u> )	<u>102</u>
Income tax expense	58,400	18,326
Temporary differences	( <u>59,215</u> )	<u>92,096</u>
	( 815 )	110,422
Add: Opening current tax liability – 1 July	<u>2,185</u>	( <u>7,237</u> )
	1,370	103,185
Less: Taxes paid	( <u>121,370</u> )	( <u>101,000</u> )
Current tax (asset)/liability – 30 June	<b>( \$ 120,000 )</b>	<b>\$ 2,185</b>
	=====	=====

The Fijian company tax rate for listed companies was reduced from 18.5% to 10% effective from 1<sup>st</sup> January, 2014.

**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS – Cont'd  
FOR THE YEAR ENDED 30 JUNE 2015**

**9 DEFERRED TAXES**

Deferred tax balances are represented by the tax effect of the following temporary differences:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Deferred tax liability</b>		
Plant and equipment	\$ 141,294	\$ 74,826
	=====	=====
<b>(b) Deferred tax assets</b>		
Provisions for doubtful debts	4,576	3,892
Employee obligations	-	3,624
Unrealised exchange losses	582	-
Tax losses	9,611	-
	-----	-----
	\$ 14,769	\$ 7,516
	=====	=====

The Fijian company tax rate for listed companies was reduced from 18.5% to 10% effective from 1 January 2014.

**10 PROFIT BEFORE TAX**

Profit before tax is stated after charging / (crediting):

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Gain on disposal of plant and equipment	10,435	20,000
<b>Expenses</b>		
Depreciation	342,104	321,822
Auditors' remuneration		
- Audit fees	12,300	12,300
Doubtful debts	9,507	( 561)

**11 CASH ON HAND AND AT BANK**

(a) Cash and cash equivalents at the end of the period as shown in the statement of cash flows is reconciled to the balance sheet as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Cash on hand and at bank	500	1,140,721
Bank overdraft	( 1,150,814)	-
	-----	-----
	(\$ 1,150,314)	\$ 1,140,721
	=====	=====

**(b) Financing facilities**

The company has access to an overdraft facility with ANZ, further details of which are in note 4(c).

**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**
**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS – Cont'd  
FOR THE YEAR ENDED 30 JUNE 2015**
**12 INVENTORIES**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Raw materials	2,637,628	1,031,938
Finished products	270,896	240,268
Work-in-progress	107,260	15,164
Spare parts	148,367	150,783
Goods in transit	<u>-</u>	<u>255,110</u>
	<b>\$ 3,164,151</b>	<b>\$ 1,693,263</b>
	=====	=====

**13 TRADE RECEIVABLES**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	952,482	689,357
Less: provision for impairment of trade receivables	<u>( 45,762)</u>	<u>( 36,255)</u>
	<b>\$ 906,720</b>	<b>\$ 653,102</b>
	=====	=====

As of 30 June 2015, trade receivables of \$312,398 (2014: \$316,490) were fully performing. As of 30 June 2015, trade receivables of \$594,322 (2014: \$336,612) 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:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Over 1 month	316,221	195,389
Over 2 months	<u>278,101</u>	<u>141,223</u>
	<b>\$ 594,322</b>	<b>\$ 336,612</b>
	=====	=====

The individually impaired receivables mainly relate to balances that are either in dispute or where the customer is facing financial difficulties. The ageing of these receivables is as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Over 1 month	-	-
Over 2 months	<u>45,762</u>	<u>36,255</u>
	<b>\$ 45,762</b>	<b>\$ 36,255</b>
	=====	=====

**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS – Cont'd  
FOR THE YEAR ENDED 30 JUNE 2015**

**13 TRADE RECEIVABLES - continued**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
At 1 July	36,255	36,816
Provision for impaired receivables	9,507	-
Unused amounts reversed	<u>-</u>	<u>( 561)</u>
At 30 June	<u>\$ 45,762</u>	<u>\$ 36,255</u>

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.

**14 OTHER RECEIVABLES**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Prepayments	403,801	473,845
Other debtors	<u>1,900</u>	<u>113,332</u>
	<u>\$ 405,701</u>	<u>\$ 587,177</u>

**15 TRADE AND OTHER PAYABLES**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Trade payables	465,802	690,825
Other payables and accruals	98,968	61,202
Leave accruals	<u>90,497</u>	<u>38,919</u>
	<u>\$ 655,267</u>	<u>\$ 790,946</u>



**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**
**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS – Cont'd  
FOR THE YEAR ENDED 30 JUNE 2015**
**17 SHARE CAPITAL**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
(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 =====

**18 DIVIDENDS**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Interim dividend declared	320,000	280,000
Number of shares	8,000,000	8,000,000
Dividend per share (cents)	4.00 =====	3.50 =====

Dividends are subject to the provisions of the Fiji Income Tax Act 1974 and Income Tax (Dividend) Regulations 2001.

**19 EARNINGS PER SHARE**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Operating profit after income tax	492,795	381,257
Number of ordinary shares issued	8,000,000	8,000,000
Earnings per share (cents)	6.16 =====	4.77 =====

**20 CONTINGENCIES & COMMITMENTS**

(a) Capital expenditure commitments amounted to \$Nil at year end (2014: \$142,578).

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
(b) Letters of credit	\$ 273,695 =====	\$ - =====
(c) Indemnity guarantees	\$ 178,000 =====	\$ 178,000 =====

(d) Refer to note 4(c) for certain guarantees provided by the company to ANZ for amounts borrowed by the various related companies.

**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS – Cont'd  
FOR THE YEAR ENDED 30 JUNE 2015**

**21 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 Order of Fiji, OBE - Chairman
- Gary Callaghan
- Rohit Punja
- Leena Punja (Alternate director to Hari Punja)
- Pramesh Sharma – Appointed on 11 December 2014
- Ajai Punja (Alternate director to Rohit Punja) – Appointed on 11 December 2014
- Ram Bajekal (Managing Director) – Appointed on 12 February 2015

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

The immediate holding company is FMF Foods Limited.

The penultimate holding company is Hari Punja and Sons Limited (HPS).

The ultimate holding company is Hari Punja Nominees Limited.

**(c) Related party transactions**

The amounts included in the determination of operating profit that resulted from transactions with the related companies are as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Sales	4,894,648	4,087,551
Interest	35,089	35,367
 <b>Expense</b>		
Insurance	99,768	96,620
Rent	452,200	442,200
Administration fees	12,000	12,000
Purchase of raw materials	-	6,693
Interest expenses	40,476	6,791
Repairs and maintenance	1,222	4,125
Management fees	212,940	-
Promotion & advertising	1,707	-

The management fee is paid to HPS in accordance with a management agreement the company has with HPS. The fee had been waived by HPS in the past.

During the year, advances were made to and received from the immediate holding company and its fellow subsidiaries at an interest rate of 2.5% per annum. These amounts were settled in full as at year end.

**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS – Cont'd  
FOR THE YEAR ENDED 30 JUNE 2015**

**21 RELATED PARTIES – continued**

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b><u>Immediate holding company</u></b>		
FMF Foods Limited	3,768	4,967
<b><u>Related company</u></b>		
Biscuit Company of (Fiji) Limited	32,801	48,472
FMF Snax Limited	25,050	7,138
Biodiesel Group (Fiji) Limited	-	1,439
Bakery Company (Fiji) Limited	-	2,234
Pea Industries Limited	<u>320</u>	<u>-</u>
	<b>\$ 61,939</b>	<b>\$ 64,250</b>
	=====	=====

The receivables from related parties arise mainly from sale transactions and are due within two months of sale. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2014: \$Nil).

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b><u>Related company</u></b>		
Hari Punja & Sons Limited	29,163	-
Petroleum & Gas Co (Fiji) Limited	<u>3,407</u>	<u>-</u>
	<b>\$ 32,570</b>	<b>\$ -</b>
	=====	=====

The payables to related parties bear no interest and payables arising from purchases are due within two months of purchase.

**(f) Key management compensation**

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

During the year the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the company included the Company Manager and Business Development Manager.

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

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Salaries and other short term benefits	<b>\$ 84,810</b>	<b>\$ 94,952</b>
	=====	=====

**ATLANTIC & PACIFIC PACKAGING  
COMPANY LIMITED**

**NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS – Cont'd  
FOR THE YEAR ENDED 30 JUNE 2015**

**22 OPERATING LEASE**

The company leased its factory premises and land from its fellow subsidiary FMF Investment Company Limited. The lease is currently payable at the rate of \$526,312 (2014: \$526,312) per annum and provides for annual reviews.

**23 SEGMENT REPORTING**

(a) **Industry segment**

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

(b) **Geographical segment**

The company operates predominantly in the geographical segment of Fiji. In 2015, 94% of the sales were in Fiji (2014: 91%)

**24 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 as and when they fall due.

**25 COMPANY DETAILS**

Registered Office:  
2 Leonidas Street  
Walu Bay  
Suva  
Republic of Fiji

Share Register:  
Central Share Registry  
South Pacific Stock Exchange  
Level 2, Plaza One, Provident Plaza  
33 Ellery Street  
GPO Box 11689  
Suva, Fiji

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

**ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED  
LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE  
(UNAUDITED AND 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:

	<b>NAME</b>	<b>No. of Shares</b>	<b>%</b>
1	FMF FOODS LIMITED	4,800,000	60.00%
2	BSP LIFE (FIJI) LIMITED	851,069	10.64%
3	UNIT TRUST OF FIJI (TRUSTEE COMPANY) LTD	837,680	10.47%
4	FHL TRUSTEES LIMITED ATF FIJIAN HOLDINGS UNIT TRUST	347,430	4.34%
5	HARI PUNJA & SONS LIMITED	258,268	3.23%
6	MARELA HOLDINGS LTD	100,000	1.25%
7	CARLISLE (FIJI) LIMITED	79,750	1.00%
8	RAOJIBHAI HOLDINGS (FIJI) LIMITED	31,513	0.39%
9	KEN KUNG	25,000	0.31%
10	FIJICARE INSURANCE LIMITED	23,000	0.29%
11	TUTANEKAI INVESTMENTS LIMITED	20,000	0.25%
12	CICIA PLANTATION CO-OPERATIVE SOCIETY LTD	20,000	0.25%
13	J K S HOLDINGS LIMITED	20,000	0.25%
14	JOSEPHINE AND GIRISH MAHARAJ	20,000	0.25%
15	DINESH CHAUHAN	20,000	0.25%
16	AMARSEE BHAGWANJEE LTD	20,000	0.25%
17	ETA & RADIKE QEREQERETABUA	20,000	0.25%
18	KUNDAN SINGH & SONSHOLDINGS	20,000	0.25%
19	LEO BARRY SMITH	20,000	0.25%
20	TITILIA SERUKAISOSO	18,463	0.23%

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

Distribution of ordinary shareholders:

<b>NO. OF HOLDERS</b>	<b>HOLDING</b>	<b>%</b>
7	less than 500 shares	0.03
77	500 to 5,000 shares	2.53
23	5,001 to 10,000 shares	2.50
13	10,001 to 20,000 shares	3.02
2	20,001 to 30,000 shares	0.60
1	30,001 to 40,000 shares	0.39
0	40,001 to 50,000 shares	0.00
2	50,001 to 100,000 shares	2.25
4	100,001 to 1,000,000 shares	28.68
1	Over 1,000,000 shares	60.00
<b>130</b>		<b>100.00</b>

**ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED**  
**LISTING REQUIREMENTS OF SOUTH PACIFIC STOCK EXCHANGE**  
**(UNAUDITED AND 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:**

	2015	2014	2013	2012	2011	2010
Net Profit after Tax	492,795	381,257	319,216	661,836	510,654	992,444
Current Assets	4,659,011	4,138,513	3,412,339	3,656,513	2,941,619	3,666,469
Non - Current Assets	2,104,842	1,340,557	1,547,604	1,407,263	1,672,723	1,888,325
Total Assets	6,763,853	5,479,070	4,959,943	5,063,776	4,614,342	5,554,794
Current Liabilities	1,838,651	793,131	276,774	387,674	302,840	1,401,686
Non - Current Liabilities	141,294	74,826	173,313	205,462	222,698	294,958
Total Liabilities	1,979,945	867,957	450,087	593,136	525,538	1,696,644
Shareholders' Equity	4,783,908	4,611,113	4,509,856	4,470,640	4,088,804	3,858,150

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

**Dividend declared per share :**

	2015	2014	2013	2012	2011	2010
Cents per share	4.00	3.50	3.50	3.50	3.50	3.50

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

**Earnings per share :**

	2015	2014	2013	2012	2011	2010
Cents per share	6.16	4.77	3.99	8.27	6.38	12.41

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

**Net tangible assets per share :**

	2015	2014	2013	2012	2011	2010
Cents per share	59.80	57.64	56.37	55.88	51.11	48.23

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

Share price during the year	2015 \$	2014 \$
Highest	0.75	0.70
Lowest	0.70	0.69
On 30th June	0.75	0.70

## **Atlantic & Pacific Packaging Company Limited**

Minutes of the Sixteenth Annual General Meeting of the members of the company, held at 3.45 pm on the 31<sup>st</sup> October 2014 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 .. Chief Executive Officer
4. Ms. Chirk Yam .. Representing the Auditors, M/s PricewaterhouseCoopers

Fifteen shareholders / proxy holders were present in person.

### **APOLOGIES**

Mr. Rohit Punja  
Mr. Kumar Shankar

### **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 31<sup>ST</sup> OCTOBER 2013**

Proposed by: Mr. Anuj Patel  
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 and confirmed the minutes of the previous Annual General Meeting held on 31<sup>st</sup> October 2013 without any objection.

### **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 30<sup>TH</sup> JUNE 2014**

Proposed by: Mr. Maganlal Mohanlal  
Seconded by: Mr. Hari Raj Naicker

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 and adopted the Audited Balance Sheets and Profit and Loss Statements and the reports of the Directors and Auditors for the year ended 30<sup>th</sup> June 2014 without any objection.

**Atlantic & Pacific Packaging Company Limited****MINUTES .... ( CONTD )****TO ELECT IN ACCORDANCE WITH ARTICLE 99 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY, MR. HARI PUNJA AS A DIRECTOR OF THE COMPANY.**

Proposed by: Mr. Gary Callaghan  
Seconded by: Mr. Hari Raj Naicker

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 and elected Mr. Hari Punja as a Director of the company without any objection.

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

Proposed by: Mr. Hari Punja  
Seconded by: Mr. Mahendra Pal Singh

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 highlighted about the two new products: PP Bags and Plastic Pails and it is expected to commence the operations towards the end of this calendar year.

**Vote of Thanks to the Chair**

Proposed by: Mr. Hari Raj Naicker

Thereafter the Chairman declared the meeting as closed.

Sd/-  
Chairman

**ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED**

**PROXY FORM**

Share Folio No. ....

No. of shares held .....

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

I/WE.....

Of .....

Being a member(s) of **ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED** hereby

appoint .....

of.....

or failing him/her.....

of.....

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the company, to be held at 3.30 p.m. on 30<sup>th</sup> October 2015 and at any adjournment thereof.

As witness to my/our hands this.....day of .....2015, 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 \_\_\_\_\_