ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

ANNUAL REPORT

2019

18th September, 2019

Dear Shareholder

Subject: Service of documents viz., Notice of Meetings, Annual Report etc. through electronic mode

The new Companies Act, 2015 permits sending notice by electronic means (e-mail) as nominated by the Member (Section 143) and providing Annual Report to Members by publishing on a website if the Member consents in writing to access such report from a website instead of receiving a hard copy of the documents (Section 400).

Sending the notices and reports through electronic mode will definitely reduce paper consumption to a great extent in addition to allowing access to documents promptly and without loss in postal transit. Your Company is committed to contribute to a greener environment and we are sure that as a responsible shareholder, you too will support this initiative. We, therefore, seek your written consent to receive future Notice of Meetings and Annual Reports in electronic format and to have access to such documents published on the Company website : www.fmf.com.fj or on the South Pacific Stock Exchange website : www.spse.com.fj , instead of sending hard copy printed documents by filling in the form attached to this letter.

The completed form could be returned to us as follows:

a) Scanned and emailed to sandeepk@fmf.com.fj ; or
b) Posted / Hand delivered to the address noted below :

The Company Secretary
Atlantic & Pacific Packaging Company Limited
P.O.Box 977, Leonidas Street
Walu Bay
Suva

In case you have already sent your consent in the above regard to the Company, you need not send this consent again.

If you do not wish to switch over, to the environmentally friendly mode of receiving notice and annual reports by electronic means, no action from you is required to this letter.

Best regards

Sandeep Kumar
Company Secretary

CONSENT FOR RECEIVING NOTICES AND ANNUAL REPORT IN ELECTRONIC MODE

To

The Company Secretary
Atlantic & Pacific Packaging Company Limited
P.O.Box 977, Leonidas Street
Walu Bay
Suva

Dear Sir,

I/We shareholder (s) of Atlantic & Pacific Packaging Company Limited, agree to receive all notices and documents including the Annual Report, Notice for General Meetings and other Shareholders Communication, from time to time, in electronic mode and to have access to such documents published on the South Pacific Stock Exchange website : www.spse.com.fj or on the Company's website : www.fmf.com.fj

I/We request you to kindly register my/our below mentioned email id in the Company's records for sending such communication through e-mail.

Share Folio No. ___________________

Name of the Sole / First Shareholder :____

Name of the Joint Shareholders (if any) : ____

____

No. of shares held :____

E-mail id for receipt of documents in electronic mode : ____

Date:

Place:

Signature: _________________________
(Sole/ First Shareholder)

ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

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ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

BOARD OF DIRECTORS

Mr. Rohit Punja - *Chairman & Executive Director*

Mr. Ram Bajekal - *Managing Director*

Mr. Gary Callaghan – *Independent Director*

Mr. Pramesh Sharma – *Non-Executive Director*

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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Sandeep Kumar

AUDITORS

PricewaterhouseCoopers,
Chartered Accountants,
Suva.

SOLICITORS

M/s Sherani & Co.

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 Pte Limited
Shop 1 and 11
Sabrina Building
Victoria Parade, Suva.
Telephone: +679 330 4130; +679 331 3764
Email: registry@spse.com.fj

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting (AGM) of Atlantic & Pacific Packaging Company Limited will be held on Friday, November 8, 2019 at 10.30 a.m., at The Fiji Club, 1 Selbourne Street, Suva, Fiji, to transact the following business:-

Ordinary Business

Item No.1 – Consideration of Financial Statements, Directors' Report & Auditor's Report
To receive and consider the financial statements of the Company for the year ended June 30, 2019, including the audited statement of financial position as at June 30, 2019, the statement of profit and loss and other comprehensive income for the year ended on that date and the report of the Board of Directors ('the Board') and Auditors thereon.

Item No.2 – Confirmation of Interim Dividend
To confirm declaration of Interim Dividend of 5.50 cents per equity share, declared by the Company on 16th May, 2019 for the financial year ended on June 30, 2019.

Item No.3 – Appointment of Director
To appoint a Director in place of Mr.Gary Callaghan, 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.

Item No.4 – Appointment of Auditors
To appoint Auditors in accordance with Section 422 of the Companies Act, 2015, 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.

18th September 2019

By **Order of the Board of Directors**

Registered Office:
Leonidas Street,
Walu Bay, Suva

Sandeep Kumar K
Chief Financial Officer &
Company Secretary

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.

Explanatory Notes:

ORDINARY BUSINESS:

Item No.1 – Consideration of Financial Statements, Directors' Report & Auditor's Report

As required by Section 401 of the Companies Act 2015, the Annual Report of the Company comprising of the Financial Report, the Directors' Report and the Auditor's Report of the Company for the financial year ended on June 30, 2019 will be laid before the meeting.

As stipulated in the Articles of Association of the Company, it is a requirement that the Shareholders present at the AGM receive and consider the above-mentioned statements and reports. Shareholders will be given a reasonable opportunity to ask questions about or make comments on the management of the Company, however, there will be no formal resolution put to the meeting. Questions that cannot be answered at the AGM would be addressed through a market announcement by the Company within a reasonable timeframe.

Item No.2 – Confirmation of Interim Dividend

The interim dividend of 5.50 cents per share declared by the Company on 16th May, 2019 for the financial year ended on June 30, 2019 be ratified by the shareholders of the Company.

Item No.3 – Appointment of Directors

In accordance with Article 99 and 100 of the Articles of Association of the Company, one third of the Directors, based on serving longest in office since their last appointment, shall retire from office and a retiring Director shall be eligible for re-election. Based on this, Mr.Gary Callaghan would retire by rotation and is eligible to be re-elected.

Mr. Gary Callaghan has been a non-executive and independent Director of the Company since January 1998. He was the Managing Director of Dominion Insurance Limited based in Suva for the period 1991 to 2014 and prior to that he was employed by Marsh, an international firm of insurance brokers. In addition to his employment with Dominion Insurance Limited, he has been involved in numerous other businesses in Fiji, Vanuatu, Tonga and PNG. He is also on the Board of FMF Foods Ltd, The Rice Company of Fiji Ltd., Dominion Finance Pte Ltd, Denarau Resort Management Pte Limited, Credit and Data Bureau Limited and a number of other private companies.

The Board proposes that Mr.Gary Callaghan be re-elected as Director of the Company.

Item No.4 – Appointment of Auditors

The Board proposes that M/s. PricewaterhouseCoopers, Chartered Accountants be re-appointed as the Auditors of the Company until the conclusion of the next Annual General Meeting and that the Board be authorised to fix their remuneration.

The retiring Auditors M/s. PricewaterhouseCoopers have consented in writing to act as Auditors and offer themselves for re-appointment.

CHAIRMAN'S REPORT TO THE SHAREHOLDERS

Dear Shareholders

I am pleased to report another year of good performance for the Company.

During the year under review, the Company's revenue grew by 3% to $15.0 Mn from $14.6 Mn., while Profit After Tax doubled to $2.0 Mn from $1.0 Mn. reported during the previous financial year. The Company's sustained focus and efforts in improving operational efficiency and minimizing cost, especially in the backdrop of increased paper and other raw material costs, together with improved price realization resulted in the improved financial performance during the year.

The Company declared an increased dividend of 5.50 cents per share in comparison to 4 cents per share during the previous year, resulting in an outflow of $0.44 Mn. ($0.32 Mn. last year).

Outlook

The packaging industry, especially the corrugated packaging market is expected to grow in the light of rapid development of e-commerce and for environmental sustainability reasons. However, a strong US Dollar and any increase in fuel cost would push the production costs upward, putting pressure on pricing and margins. The investment made by the company in a new warehouse facility is expected to contribute to greater storage and operational efficiencies.

I would like to take this opportunity to thank all our valued customers, employees, suppliers, other business associates and the various authorities for their continued support. We also thank all our shareholders for the faith they have bestowed on us over the years.

Sincerely,

Rohit Punja
Chairman

18th September 2019

Corporate Governance

The corporate governance statement of Atlantic & Pacific Packaging Company Limited (APP) for the year ended 30th June, 2019, in accordance with the Reserve Bank of Fiji's Corporate Governance Code for the Capital Markets is provided below.

On a continuous basis, APP 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 company has adopted a Board Charter that sets out the role, responsibilities, structure and processes of the Board of APP.

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. Rohit Punja (Chairman), Gary Callaghan (Independent Director), Pramesh Sharma (Independent Director) and Ram Bajekal (Managing Director).

The Non-Executive Independent Directors are paid a Board fee for their service rendered during the year apart from sitting fee per meeting attended, towards travel and accommodation costs. Directors are also covered under a Directors and Officers' Liability Insurance Policy.

Meetings of the Board
The regular business of the Board during its meetings cover business investments and strategic matters, governance, risk and compliance, the Managing Director's report, financial report and performance review of the Company and its subsidiaries.

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

DIRECTOR	Number of Meetings Held	Number of Meetings Attended	Apologies Received
Mr. Rohit Punja (Chairman)	4	4	N/A
Mr. Gary Callaghan (Independent Director)	4	3	1
Mr. Pramesh Sharma (Independent Director)	4	4	N/A
Mr. Ram Bajekal (Managing Director)	4	4	N/A

Sub-committee of the Board
The Board has formally constituted an Audit and Finance Sub-Committee that is responsible for monitoring APP's financial strategies, reviewing the internal audit reports, monitoring the external audit of the Company's affairs, reviewing the financial statements, and monitoring the Company's compliance with applicable laws and Stock Exchange requirements. As at the Balance date, the Audit and Finance Sub-Committee comprised Messrs. Gary Callaghan, Rohit Punja and Ram Bajekal.

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.

Appointment of Managing Director
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 from the Institute of Chartered Accountants of India 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 who is entrusted with managing corporate secretarial functions as well as ensuring compliance with statutory and regulatory requirements. He is a professionally qualified Chartered Accountant from the Institute of Chartered Accountants of India and an Associate Member of the Institute of Company Secretaries of India.

Timely and Balanced Disclosure
Being a listed entity, APP is required to and is committed to complying with the disclosure obligations of the Companies Act, the South Pacific Stock Exchange (SPX) and the Reserve Bank of Fiji (RBF).

Promote ethical and responsible decision - making
APP 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
The Board aims to ensure and promotes effective communication with shareholders, principally through issuing market announcements of material information through SPX, publishing six monthly unaudited financials, audited annual financial accounts, annual report including notices of general meetings along with explanatory statement and resolutions passed during general meeting. Shareholders are invited to participate in general meetings and are given an opportunity to communicate with the Board of Directors in that forum. The Company continues to encourage shareholders to elect to receive all shareholder communications electronically to help reduce the impact on the environment and cost associated with printing and sending materials by post.

Accountability and Audit
APP is audited externally each year and receives an independent audit report which forms part of the Annual Report. The Audit and Finance Sub-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.

APP has an inhouse internal audit and risk department which evaluates and improve the effectiveness of the Company’s governance, risk management and internal control processes. The Head of Internal Audit & Risk reports to the Audit & Finance Sub-Committee. The Internal Audit function is charged with conducting detailed reviews of relevant controls in the areas of accounting, information and business operations and fulfilling a program of work to test controls implemented by management in these areas. The Audit & Finance Sub-Committee reviews and approves the Internal Audit plan, its resourcing as well as monitors its independence and performance. Internal Audit reviews carried out in accordance with the Internal Audit plan are reported to the Committee which reviews and ensures ownership by management in regard to Internal Audit’s findings and recommendations and management’s responsiveness to any required action items.

Recognise and manage risk
The Board recognises that the management of business and economic risk is an integral part of its operations and has established policies and procedures for oversight and monitoring the effectiveness of risk management by the business and ensuring that appropriate internal control mechanisms are in place. The senior management is responsible for implementing policies and procedures to ensure that key business and operational risks are identified and appropriate controls are implemented to ensure adequate reporting, management and mitigation of those risks.

DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the directors herewith submit the statement of financial position of Atlantic & Pacific Packaging Company Limited ("the Company") as at 30 June 2019, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended on that date and report as follows:

1 Directors

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

- Rohit Punja - Chairman
- Ram Bajekal - Managing Director
- Gary Callaghan
- Pramesh Sharma
- Ajai Punja (Alternate director to Rohit Punja)

2 Principal activities

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 $2.03m (2018: $0.99m) after taking into account income tax expense of $0.22m (2018: $0.10m).

4 Provisions

There were no material movements in provisions.

5 Dividends

During the year, the Company declared an interim dividend of 5.5 cents per equity share (2018: 4 cents) entailing outflow of $0.44m (2018: $0.32m). No further dividend is recommended for the financial year ended 30 June 2019.

6 Going concern

The financial statements of the Company have been prepared on a going concern basis. We consider the application of the going concern principle to be appropriate in the preparation of these financial statements as we believe that the Company has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

DIRECTORS' REPORT (Cont'd)

7 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.

8 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.

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 Related party transactions

In the opinion of the Directors all related party transactions have been adequately recorded in the books of the Company.

11 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.

12 Unusual transactions

The results of the Company operations during the 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.

DIRECTORS' REPORT (Cont'd)

13 Directors' interests

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

	Beneficially		Non-Beneficially	
	Additions	Holding as at 30 June 2019	Additions	Holding as at 30 June 2019
Rohit Punja	-	-	-	5,058,268
Gary Callaghan	-	-	-	4,879,750
Ajai Punja (Alternate to Mr. Rohit Punja)	-	-	-	5,058,268

14 Directors' benefits

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

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

Dated this 18th day of September 2019.

....
Director

....
Director

DIRECTORS' DECLARATION

The declaration by Directors is required by the Companies Act, 2015.

The Directors of the Company have made a resolution that declares:

a) In the opinion of the Directors, the financial statements of the Company for the financial year ended 30 June 2019:

   i) comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Company as at 30 June 2019 and of the performance and cash flows of the Company for the year ended 30 June 2019; and

   ii) have been prepared in accordance with the Companies Act, 2015.

b) The Directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and

c) At the date of this declaration, in the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated this 18th day of September 2019.

....
Director

....
Director

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ATLANTIC & PACIFIC PACKAGING COMPANY LIMITED

As auditor for Atlantic & Pacific Packaging Company Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Atlantic & Pacific Packaging Company Limited during the financial year.

PricewaterhouseCoopers
Chartered Accountants

PricewaterhouseCoopers

by

Kaushick Chandra
Partner

18 September 2019

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

Independent Auditor's Report

To the Shareholders of Atlantic & Pacific Packaging Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Atlantic & Pacific Packaging Company Limited (the 'Company'), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Existence of raw materials inventory **(Refer also to Notes 2.8 and 12)** The Company carries a significant amount of raw materials inventory in order to fulfil a wide variety of customer orders of bespoke nature. Ascertaining and verifying the physical existence of raw materials inventory requires limited judgment. We focused on raw materials inventory due to its quantum, its significance to the Company's financial position, and the significant time and effort required to audit its existence.	Our audit procedures included, among others, the following to confirm the quantities of raw materials on hand at year-end: • Understanding and evaluating the appropriateness of the Company's accounting policies, processes and controls over raw materials inventory, including inventory verification and determination procedures. • Attending the annual inventory count at balance date on raw materials inventory at the major location, observing the procedures performed by the Company's count teams and performing test counts on a sample basis to test the accuracy of the count details recorded on the raw materials count sheets at balance date. • Obtaining copies of the raw materials count sheets for the count that occurred at balance date and agreeing all quantities of raw materials inventory from the count sheets to the detailed inventory listing that was used in the costing of the raw materials inventory.

Other Information

The directors and management are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 30 June 2019 (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except that not all other information was available to us at the date of our signing.

Responsibilities of Directors and Management for the Financial Statements

The directors and management are responsible of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Fiji Companies Act 2015, 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.

In preparing the financial statements, the directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors and management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors and management are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

pwc

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors and management.

- Conclude on the appropriateness of the directors' and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors and management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors and management, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

pwc

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Fiji Companies Act 2015, in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Restriction on Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 396(1) of the Fiji Companies Act 2015. 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

Kaushick Chandra
Partner

18 September 2019
Suva, Fiji

ATLANTIC & PACIFIC
PACKAGING COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 $'000	2018 $'000
Revenue		14,996	14,560
Other operating income	6	154	238
Changes in inventories of finished goods and work in progress		59	(73)
Raw materials and consumables used		(8,907)	(9,261)
Staff costs		(1,379)	(1,355)
Depreciation	16	(819)	(884)
Reversal of impairment loss/(impairment loss) on trade receivables		78	(41)
Other operating expenses		(1,885)	(2,018)
Profit from operations		**2,297**	**1,166**
Finance income	7	61	3
Finance cost	7	(109)	(85)
Profit before tax		**2,249**	**1,084**
Income tax expense	8	(222)	(99)
Profit for the year from continuing operations		**2,027**	**985**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		**2,027**	**985**
Basic and diluted earnings per share (cents)	19	25.34	12.31

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 $'000	2018 $'000
Current assets			
Inventories	12	2,374	2,317
Trade receivables	13	862	1,191
Prepayments and other receivables	14	161	342
Amounts owing by related companies	21(d)	887	1
		4,284	3,851
Non-current assets			
Deferred income tax assets	9(b)	24	14
Property, plant and equipment	16	4,584	5,036
		4,608	5,050
Total assets		8,892	8,901
Current liabilities			
Bank overdraft	11	394	1,606
Trade and other payables	15	599	786
Current income tax liabilities	8	50	106
Amounts owing to related companies	21(e)	8	38
		1,051	2,536
Non-current liabilities			
Deferred income tax liabilities	9(a)	238	246
Total liabilities		1,289	2,782
Net assets		**7,603**	**6,119**
Equity			
Share capital	17	4,000	4,000
Retained earnings		3,603	2,119
Total equity		**7,603**	**6,119**

The accompanying notes form an integral part of this statement of financial position.

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

.... Director

.... Director

ATLANTIC & PACIFIC
PACKAGING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share capital $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2017		4,000	1,454	5,454
Comprehensive income				
Profit for the year		-	985	985
Other comprehensive income		-	-	-
Total comprehensive loss		-	985	985
Transactions with owners				
Dividend	18	-	(320)	(320)
Balance at 30 June 2018		4,000	2,119	6,119
Balance at 1 July 2018 as previously reported		4,000	2,119	6,119
Opening adjustment due to IFRS 9 adoption (net of tax) (Note 2.1)			(103)	(103)
Balance at 1 July 2018 as restated		4,000	2,016	6,016
Comprehensive income				
Profit for the year		-	2,027	2,027
Other comprehensive income		-	-	-
Total comprehensive income		-	2,027	2,027
Transactions with owners				
Dividend	18	-	(440)	(440)
Balance at 30 June 2019		4,000	3,603	7,603

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 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		14,644	14,556
Payments to suppliers		(12,293)	(12,391)
Cash flows operations		2,351	2,165
Income tax paid		(284)	(2)
Interest paid		(109)	(85)
Net cash flows from operating activities		1,958	2,078
Cash flows from investing activities			
Interest received		61	3
Proceeds from disposal of property, plant and equipment		46	-
Purchase of property, plant and equipment		(407)	(1,477)
Net cash flows used in investing activities		(300)	(1,474)
Cash flows from financing activities			
Dividends paid		(440)	(320)
Net cash flows used in financing activities		(440)	(320)
Net increase in cash and cash equivalents		1,218	284
Cash and cash equivalents at the beginning of the year		(1,606)	(1,890)
Cash and cash equivalents at the end of the year	11	(388)	(1,606)

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 18th September 2019.

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 2015 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.

(a) New standards adopted by the Company

IFRS 9 'Financial Instruments'

The company has applied IFRS 9 for the first time for its annual reporting period commencing 1 July 2018. IFRS 9 replaces the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 resulted in changes in accounting policies and presentation. The nature and effects of the key changes to the company resulting from its adoption of IFRS 9 are summarised below.

(i) Classification of financial assets and financial liabilities

Management has assessed which business models apply to the financial assets held by the company and has classified its financial assets into appropriate IFRS 9 categories. Refer to Note 2.5 for details on how the company classifies and measures its financial assets.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets as at 1 July 2018:

	Measurement category		**Carrying amount**		
Financial assets	**Original (IAS 39)**	**New (IFRS 9)**	**Original**	**New**	**Difference***
Trade receivables	Loans and receivables	Amortised cost	1,191	1,553	(362)
Other receivables	Loans and receivables	Amortised cost	6	6	-
Amounts owing by related companies	Loans and receivables	Amortised cost	1	1	-
Total			1,198	1,560	(362)

* The difference noted in this column is the result of applying the new expected credit loss model. The reclassification of the financial assets on adoption of IFRS 9 did not result in any changes to measurements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(i) Classification of financial assets and financial liabilities (Cont'd)

The adoption of IFRS 9 had no significant impact on the classification and measurement of the company's financial liabilities.

(ii) Impairment of financial assets

The company was required to revise its impairment methodology from an 'incurred loss' model in IAS 39 to an 'expected credit loss' model in IFRS 9. The new impairment model applies to financial assets measured at amortised cost.

The following table reconciles the conpany's prior period's closing impairment provision measured in accordance with the IAS 39 incurred loss model to the new impairment provision measured in accordance with the IFRS 9 expected loss model at 1 July 2018:

Measurement category	Impairment provision under IAS 39	Re-measurement	Impairment provision under IFRS 9
Trade receivables	(93)	(118) *	(211)
Other receivables	-	-	-
Amounts owing by related companies	-	-	-
Total	(93)	(118)	(211)
Less tax effect		15	
Net of tax		(103)	

IFRS 15 'Revenue from Contracts with Customers'

The company has adopted IFRS 15 from 1 July 2018. Previously under IAS 18, the company recognised revenue when the amount of revenue could be reliably measured, it was probable that future economic benefits would flow to the company and when specific criteria have been met for each of the company's activities. Revenue compirsed the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Such recognition continues to be the same under IFRS 15, as the company recognises revenue when (at a point in time) or as (over time) it satisfies a performance obligation by transferring the goods or services to its customer.

Accordingly, management has assessed that such adoption did not result in changes in the timing of recognition and the quantification of revenue, and there are no adjustments to the amounts recognised in the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(b) New standard issued but not effective for the financial year beginning 1 July 2018 and not early adopted

IFRS 16 'Leases'

This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company has reviewed all of its leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the company's operating leases. At balance date the company has non-cancellable operating lease commitments of $4.85m (2018: $4.90m). As a result of adopting the new rules, the company expects that profit after tax will decrease by approximately $0.08m for the fiscal year 2020 and recognise right-of-use assets of approximately $4.05m and lease liabilities of approximately $4.05m on 1 July 2019.

The company will apply the new standard from its mandatory adoption date of 1 July 2018. The company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to its first adoption.

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 predominantly operates in Fiji only and hence one geographical segment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 currency.

(ii) Transactions and balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. 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 Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation 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 de-recognised. All other repairs and maintenance are charged to profit or loss during the financial year 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:

Leasehold building	10%
Plant & machinery	4% - 33%
Office equipment	7%
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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Financial assets

Accounting policies applied starting from 1 July 2018

(i) Classification

The company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through profit or loss or through OCI), and
- those to be measured at amortised cost.

Management determines the classification of its financial assets at initial recognition. The classification depends on the company's business model for managing the financial statements and the contractual terms of the cash flows. The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The company's financial assets measured at cost consist of cash and cash equivalents, trade receivables, other receivables and term deposits.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the company has also transferred substantially all risks and rewards of ownership.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Finance income, gains/(losses) arising from derecognition, foreign exchange gains/(losses) and impairment losses are recognised in profit or loss.

(iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures where there has not been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses that are possible within the next 12 months (a 12-month ECL). For credit exposures where there has been a significant increase in credit risk since initial recognition, a provision for impairment is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A financial asset is written off when there is a no reasonable expectation of recovering the contractual cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Financial assets (Cont'd)

(iii) Impairment of financial assets (Cont'd)

Provision for impairment for trade receivables are recognised based on the simplified approach permitted by IFRS 9 which requires lifetime ECL to be recognised from the initial recognition of the receivables. The company establishes a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment. Refer to Note 2.1(a) for the application of impairment methodology.

Provision for impairment for amounts owing by related parties are assessed individually.

The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Company considers this to be Baa3 or higher per rating agency Moody’s or BBB- or higher per rating agency Standards & Poor’s.

Provision for impairment on financial assets carried at amortised cost are presented as net impairment provision within operating profit. For presentation in the statement of financial position, the related provision allowance are deducted from the gross carrying amount of the financial asset.

(iv) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For individual customers, the company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the companys procedures for recovery of amounts due.

2.6 Offsetting financial instruments

Financial assets and liabilities are offset 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.

Accounting policies before 1 July 2018

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Inventory quantities are regularly reviewed and a provision is recorded for any slow moving and/or obsolete inventory based on future demand forecasts, production and servicing requirements, technological changes and other factors.

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 initially at fair value of the underlying transaction and subsequently measured at amortised cost using the effective interest method less any provision of impairment. Refer to Note 2.5 for accounting policy in relation to impairment.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and bank overdraft. In the statement of financial position, bank overdraft is shown as current liabilities.

2.12 Share capital

Ordinary shares are classified as equity.

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. 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 substantially enacted at the balance 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.14 Current and deferred income tax (Cont'd)

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 or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance 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

Accounting policies applied starting from 1 July 2018

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a product or service to a customer. Revenue is presented net of value-added tax and discounts.

The company's revenues consist mainly of sale of a variety of packaging materials. There are three type of accounts:

a. Cash on delivery - Customers are mostly counter customer who come to buy the goods from the company's premises by themselves and are not bonded by any contract apart from the requirement to pay before taking possession of the goods and to take those goods on the same day before close of business.

b. Advance paying customers - similar treatment to cash on delivery customers.

c. Credit customers - Customers purchase good on credit account and shall pay in full at the approved credit period which is normally 30 to 60 days. The maximum credit limit is mutually agreed between the company and the customer at the time of application for credit account, however the company reserves the right to vary the credit limit at its discretion.

For local sales, revenue is recognised when invoicing takes place as it is assumed that the deliveries are received by the customer on the same invoice date. For export sales, revenue is recognised in accordance with freight terms with the customer.

All revenue transactions are recognised at a point in time.

Accounting policies applied before 1 July 2018

Revenue comprises the consideration received or receivable for the sale of goods or services 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 the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Other income sources for the Company include:

Interest income

Interest income is recognised on an accrual basis.

2.16 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.

2.17 Earnings per share

(a) 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 date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.17 Earnings per share (Cont'd)

(b) Diluted earnings per share

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

2.18 Comparative figures

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

2.19 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand dollar unless otherwise stated.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to make judgements, 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.

Except for provision for impairment of financial assets carried at amortised cost (Note 2.5), depreciation/amortisation of property, plant and equipment (Note 2.4) and inventory valuation (Note 2.8), the company does not have any significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have a 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 (Cont'd)

(a) Market risk (Cont'd)

Foreign exchange risk (Cont'd)

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 risk 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.

For banks and financial institutions, independent credit ratings exist for the company to assess the credit quality of the counterparties and monitor any credit deterioration.

The maximum exposure to credit risk at the reporting date is the carrying value (which is also the fair value) as noted above. The company does not hold any collateral as security.

Expected credit loss assessment starting from 1 July 2018

The company applies the IFRS 9 simplified approach to measure expected credit losses for trade receivables trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics and the days overdue. The company uses the 'roll rate' model based on the probability of trade receivables following the movement of cash outstanding from payment status of current through all delinquency buckets until write-off. Loss rates are based on historical credit losses experienced over the past two years. These rates are then adjusted to reflect current and forward looking information based on macroeconomic factors (i.e. GDP growth rates and inflation rates) and the company's internal evaluation of trade receivables over their expected lives.

The following table provides analysis about the exposure to credit risk and expected credit losses for trade receivables collectively assessed as at 30 June 2019:

	Expected weighted	Gross $'000	Provision for $'000
Current	4.63%	786	37
31 to 60 days overdue	10.82%	41	4
61 to 90 days overdue	21.67%	64	14
91 to 120 days overdue	70.72%	27	19
Over 120 days overdue	83.78%	62	52
		980	126

4 FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit risk (Cont'd)

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

	2019 $'000
At 1 July 2018	
As previously reported	93
Opening adjustment due to IFRS 9 adoption	118
As restated	211
Reversal of impairment recognised during the year	(78)
Bad debts written-off	(7)
At 30 June 2019	126

Impairments on cash and cash equivalents have been measured on the 12-month ECL basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents and term deposits have low credit risk based on the external credit ratings of the counterparties.

Impairments on other receivables and amounts owing by related companies are assessed on an individual counterparty basis. Any provision for impairment is deemed immaterial due to their short term maturities and historical lack of default.

Comparative information under IAS 39

Trade receivables that were past due but not impaired 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:

	2018 $'000
Upto 2 months	296
Over 2 months	100
	396

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:

	2018 $'000
Upto 2 months	-
Over 2 months	93
	93

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

At 1 July	65
Bad debts written-off	(13)
Additional provision for impaired receivables	41
At 30 June	93

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.

4 FINANCIAL RISK MANAGEMENT (Cont'd)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet its present obligations. Management monitors rolling forecasts of the company's liquidity reserve comprising cash and cash equivalents on the basis of expected cash flow.

The company's financial liabilities, being bank overdraft, trade and other payables and amounts owing to related companies are all due for settlement within one year.

The company has provided security towards amounts borrowed 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) Pte Limited, FMF Investment Company Pte Limited, Pea Industries Pte Limited, The Rice Company of Fiji Limited, DHF Pte Limited, FMF Snax Limited, FMF Confectionery Pte Limited and Bakery Company (Fiji) Pte Limited.

iii) Registered mortgage over Lot 7, SO 2502, situated at Navutu Industrial Subdivision, Lautoka Crown Lease 13841.

The bank overdraft facility available to the company is fully interchangeable among the above companies.

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

	2019 $'000	2018 $'000
Exchange gains	70	160
Sundry receipts	84	78
	154	238

7 NET FINANCE COST

	2019 $'000	2018 $'000
Finance income		
Interest on intercompany advances	61	3
Finance cost		
Interest on bank overdraft	(12)	(4)
Interest on inter-company advances	(97)	(81)
	(109)	(85)
Net finance cost	(48)	(82)

8 INCOME TAX EXPENSE

The prima facie income tax expense on pre-tax accounting profit is reconciled to the current income tax liability/ (asset) as follows:

	2019 $'000	2018 $'000
Profit before tax	2,249	1,084
Prima facie income tax expense at 10%	225	108
Tax effect of expenses not deductible	(5)	(2)
Prior year adjustments	2	(7)
Income tax expense	222	99
Temporary differences	6	7
	228	106
Add: Current income tax liability / (asset) – 1 July	106	-
Add: Tax paid	(284)	-
Current income tax liability/ (asset) – 30 June	50	106

9 DEFERRED INCOME TAXES

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

	2019 $'000	2018 $'000
(a) **Deferred income tax liability**		
Plant and equipment	238	246
(b) **Deferred income tax assets**		
Provision for doubtful debts	13	10
Provision for stock obsolescence	11	4
Tax losses	-	-
	24	14

10 PROFIT BEFORE TAX

	2019 $'000	2018 $'000
Profit before tax is stated after charging:		
Auditors' remuneration		
- Audit fees	15	13
- Taxation services	2	2

11 CASH ON HAND AND AT BANK

Cash and cash equivalents as shown in the statement of cash flows is reconciled as follows:

	2019 $'000	2018 $'000
Bank overdraft	(394)	(1,606)
	(394)	(1,606)

12 INVENTORIES

	2019	2018
Raw materials	1,814	1,922
Finished products	177	122
Work-in-progress	72	68
Spare parts	289	248
Goods in transit	136	1
Less: Allowance for obsolescence	(114)	(44)
	2,374	2,317

13 TRADE RECEIVABLES

	2019	2018
Trade receivables	988	1,284
Less: provision for impairment of trade receivables	(126)	(93)
	862	1,191

14 PREPAYMENTS AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Prepayments	155	336
Other debtors	6	6
	161	342

15 TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	297	565
Other payables and accruals	206	98
Staff leave accruals	96	123
	599	786

16 PROPERTY, PLANT AND EQUIPMENT

	Leasehold building $'000	Furniture & equipment & Computer $'000	Motor vehicle $'000	Plant & machinery $'000	Total $'000
At 30 June 2017					
Cost	45	289	685	9,865	10,884
Accumulated depreciation	(7)	(274)	(457)	(5,703)	(6,441)
Net book amount	38	15	228	4,162	4,443
For year ended 30 June 2018					
Opening net book amount	38	15	228	4,162	4,443
Additions	-	1	86	1,390	1,477
Depreciation charge	(1)	(5)	(128)	(750)	(884)
Closing net book amount	37	11	186	4,802	5,036
At 30 June 2018					
Cost	45	290	771	11,255	12,361
Accumulated depreciation	(8)	(279)	(585)	(6,453)	(7,325)
Net book amount	37	11	186	4,802	5,036
For year ended 30 June 2019					
Opening net book amount	37	11	186	4,802	5,036
Additions	-	38	2	367	407
Disposals	-	-	(40)	-	(40)
Depreciation charge	(1)	(6)	(75)	(737)	(819)
Closing net book amount	36	43	73	4,432	4,584
At 30 June 2019					
Cost	45	328	693	11,622	12,688
Accumulated depreciation	(9)	(285)	(620)	(7,190)	(8,104)
Net book amount	36	43	73	4,432	4,584

17 SHARE CAPITAL

	2019 $'000	2018 $'000
Issued and fully paid:		
8,000,000 ordinary shares	4,000	4,000

18 DIVIDENDS

Dividend declared	440	320
Number of shares ('000)	8,000	8,000
Dividend per share (cents)	5.50	4.00

19 EARNINGS PER SHARE

Operating profit after tax	2,027	985
Number of ordinary shares issued	8,000	8,000
Earnings per share (cents)	25.34	12.31

20 CONTINGENCIES & COMMITMENTS

(a) Capital expenditure commitments amounted to $Nil at year end (2018: $Nil).

(b) Letters of credit	554	197
(c) Indemnity guarantees	178	178

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

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:

- Rohit Punja - Chairman
- Ram Bajekal - Managing Director
- Gary Callaghan
- Pramesh Sharma
- Ajai Punja (Alternate director to Rohit Punja)

(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

Significant transactions during the year with related parties were as follows:

	2019 $'000	2018 $'000
Income		
Sales	9,163	8,951
Interest	61	3
Boiler fees	78	78
Expense		
Rent	472	472
Administration & Support charges	84	84
Interest expenses	97	81
Purchase of consumables	-	-
Management fee	63	62
Dividend	264	192

The management fee is paid to HPS in accordance with a management agreement the company has with HPS.
During the year, interest-bearing advances were made to and received from the immediate holding company and its fellow subsidiaries. These amounts were settled in full as at year end.

21 RELATED PARTIES (Cont'd)

	2019 $'000	2018 $'000
(d) Amounts owing by related companies		
Immediate holding company	275	1
Fellow subsidiaries	612	-
	887	1

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 (2018: $Nil).

	2019 $'000	2018 $'000
(e) Amounts owing to related companies		
Immediate holding company	1	22
Penultimate holding company	-	2
Fellow subsidiaries	7	14
	8	38

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.

The compensation paid or payable to key management for employee services were through administrative and support charges to holding company for current year:

	2019 $'000	2018 $'000
Salaries and other short term benefits	72	96

22 OPERATING LEASE

The company leases its factory premises and land from a fellow subsidiary. The lease is currently payable at the rate of $0.51m (2018: $0.47m) 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 2019, 93% of the sales were in Fiji (2018: 89%).

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 Pte Limited
Shop 1 and 11
Sabrina Building
Victoria Parade
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 51.2 (v):

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

NAME	No. of Shares	%
FMF FOODS LIMITED	4,800,000	60.00
BSP LIFE (FIJI) LIMITED	851,069	10.64
UNIT TRUST OF FIJI (TRUSTEE COMPANY) LTD	837,680	10.47
FHL TRUSTEES LIMITED ATF FIJIAN HOLDINGS UNIT TRUST	449,071	5.47
HARI PUNJA & SONS LIMITED	258,268	3.23
MARELA HOLDINGS LTD	100,000	1.25
CARLISLE (FIJI) LIMITED	79,750	1.00
KEN KUNG	25,000	0.31
TUTANEKAI INVESTMENTS LIMITED	23,000	0.29
FIJICARE INSURANCE LIMITED	23,000	0.29
CICIA PLANTATION CO-OPERATIVE SOCIETY LTD	20,000	0.25
J K S HOLDINGS LIMITED	20,000	0.25
LEO BARRY SMITH	20,000	0.25
ETA & RADIKE QEREQERETABUA	20,000	0.25
AMARSEE BHAGWANJEE LTD	20,000	0.25
DINESH CHAUHAN	20,000	0.25
JOSEPHINE AND GIRISH MAHARAJ	20,000	0.25
KUNDAN SINGH & SONS HOLDINGS	20,000	0.25
FIJI CO-OPERATIVE UNION LIMITED	18,000	0.23
TITILIA SERUKAISOSO	15,543	0.19

(b) Schedule of each class of equity security , in compliance with listing requirements under section 51.2 (vi):

Distribution of ordinary shareholders:

NO. OF HOLDERS	HOLDINGS	%
12	less than 500 shares	0.04
72	501 to 5,000 shares	2.26
17	5,001 to 10,000 shares	1.88
12	10,001 to 20,000 shares	2.74
3	20,001 to 30,000 shares	0.89
2	30,001 to 100,000 shares	2.25
4	100,001 to 1,000,000 shares	29.94
1	Over 1,000,000 shares	60.00
123		**100.00**

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 51.2 (xiv):

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

	2019	2018	2017	2016	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000
Net profit after tax	2,027	985	1,039	(69)	493	381
Current assets	4,284	3,851	3,981	4,260	4,659	4,139
Non-current assets	4,608	5,050	4,512	4,021	2,105	1,341
Total assets	8,892	8,901	8,493	8,281	6,764	5,479
Current liabilities	1,051	2,536	2,730	3,350	1,839	793
Non-current liabilities	238	246	309	316	141	75
Total liabilities	1,289	2,782	3,039	3,666	1,980	868
Shareholders' equity	7,603	6,119	5,454	4,615	4,784	4,611

(d) Disclosure under Section 51.2 (xv) (a):

Dividend declared per share:

	2019	2018	2017	2016	2015	2014
Cents per share	5.50	4.00	2.50	1.25	4.00	3.50

(e) Disclosure under Section 51.2 (xv) (b):

Earnings per share:

	2019	2018	2017	2016	2015	2014
Cents per share	25.34	12.31	12.99	(0.86)	6.16	4.77

(f) Disclosure under Section 51.2 (xv) (c):

Net tangible assets per share:

	2019	2018	2017	2016	2015	2014
Cents per share	95.04	76.49	68.18	57.68	59.80	57.64

(g) Disclosure under Section 51.2 (xv) (d):

	2019	2018
Share price during the year	$	$
Highest	1.60	1.22
Lowest	1.22	1.05
On 30th June	1.60	1.22

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 …………..………………………………………………………………………………………

or failing him/her…..…………………………………………………………………………………

as my/our proxy to vote on my/our behalf at the 21st Annual General Meeting of the Company, to be held at 10.30 a.m. on 8th November 2019 and at any adjournment thereof in respect of such business(es) as are indicated below:

Item No.	Business	Vote (*optional see note 1*)		
		For	Against	Abstain
Ordinary Business				
1.	Consideration of Financial Statements for the year ended June 30, 2019 including Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, the report of the Board of Directors and Auditor's Report			
2.	Confirmation of Interim Dividend			
3.	Appointment of Director in place of Mr.Gary Callaghan who retires by rotation and being eligible, seeks re-appointment			
4.	Appointment of Messrs.PricewaterhouseCoopers as Auditors of the Company			

As witness to my/our hands this…….…day of ………………..2019, at …………………………………

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

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

Notes:
1. Please put a tick mark (√) in the appropriate column against the resolutions indicated in the box. It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' box blank against any or all of the resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate. Where more than one box against same item is ticked, the vote will be invalid on that item.
2. This form, in order to be effective, should be duly completed, signed, and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting.
3. 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.

For office use only:
Proxy received on ________________ at ______________ am / pm by _____________________________