

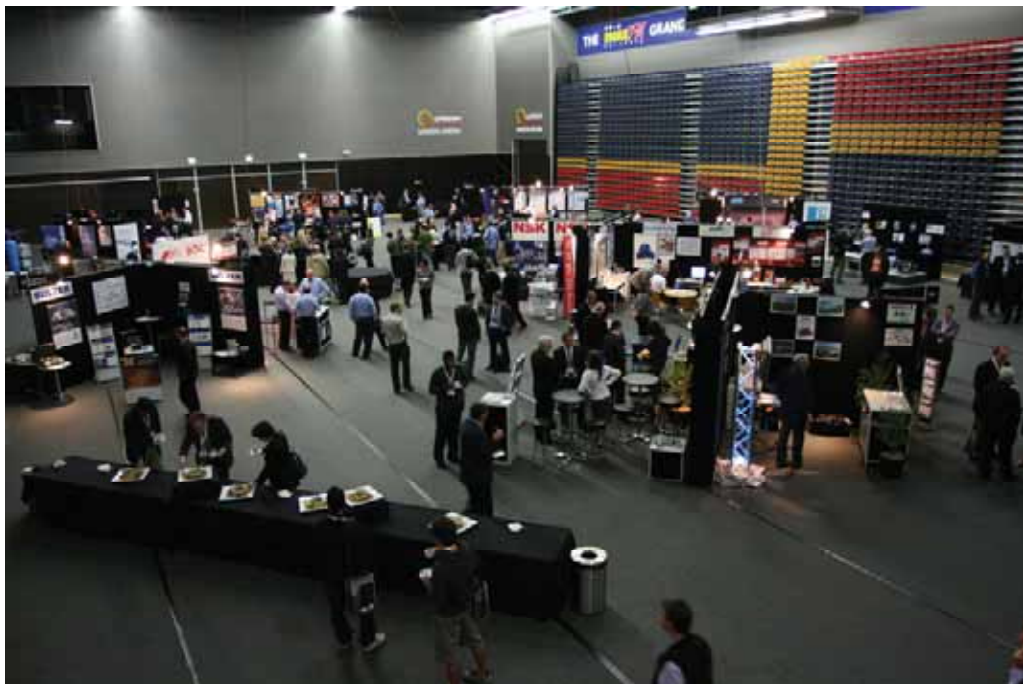


ANNUAL REPORT 2008

of the Executive Committee of Appita

To

The 63rd Annual General Meeting



The Exhibition at the 62nd Appita Annual Conference, held at the new Energy Events Centre in Rotorua in April 2008.

'Appita facilitates the pulp and paper industry network involving all stakeholders to advance the technological capability and expertise of the Australian and New Zealand pulp and paper industry'

Executive Summary

2008 was the third and final year of focus on the three priorities in the current strategic plan. The priorities are the relevance of Appita to middle managers in the pulp and paper industry, meaningful activities for Local Sections, and the Annual Conference. Priorities for each of these were set in 2006 and targets agreed. Progress is discussed at each Executive Committee meeting. A meeting to formulate a new set of strategic priorities has been scheduled for after the 2009 Annual Conference.

The 62nd Annual Conference and Exhibition, at the new Energy Events centre in Rotorua, New Zealand, featured a very strong program, including record numbers of papers by mill personnel, and a corresponding high number of delegates from the mills. It was a success due to the generous support of Host Company Norske Skog and Principal Sponsor Manildra Group. However, as in 2007, registration numbers were down on recent years, and the Exhibition was smaller than normal.

Also as in 2007, because of the less than expected financial outcome from the Conference a special effort was made to boost Appita's short course career development program. This yielded mixed results, with the locally-sourced courses being financially successful but those with overseas presenters not so, because of lower than hoped-for attendances and unfavourable currency exchange rates. We had seven courses with presenters from overseas, and ran two 'on location', at mills, and a course in Western Australia for the third successive year. In all, eight courses were run in Australia and five in New Zealand.

Membership dropped slightly, as a significant proportion of members suspended for non-renewal did not come back this year, as usually happens. Sections and Special Interest Groups had varied and well-attended activities. *Appita Journal* and other publications continue to improve in both content and value. A new electronic monthly Newsletter has commenced and feedback from members suggests this is a welcome addition to our services. The new Appita web site, launched in 2007, has continued to be popular, with members taking advantage of advertising opportunities, making the site now self-funding.

Strategic plan

The strategic plan, set immediately following the 60th Annual Conference in April 2006, has three priorities – ***1. Understand and meet the needs of Department and shift managers and superintendents; 2. Provide meaningful local section activities to improve participation of members and 3. Thoroughly review the format of the Conference and Exhibition.*** Targets set for each of these priorities were reviewed and progress determined against the original targets, and the three priorities are the key agenda items at each Executive Committee meeting.

Progress against these three strategic priorities is described in detail below.

Strategic Focus No. 1 – Understand and meet the needs of department and shift managers and superintendents

This strategic priority, which addresses a significant gap in the previous strategy, is aimed at the needs of the large and important group of middle managers in the mills. Over 50% of this group are members of Appita, and are quite aware of Appita and use its services for training operators, many do not see Appita as being part of their personal network. The majority do not, as a rule, attend section meetings, courses and conferences even though we do try and cater for their needs.

The objective set in 2006 is that by 2009 middle managers will be members of Appita and be advocates for the association. Appita will provide for their career development needs and they will provide active, willing support for sections, conferences and courses. This will be achieved by developing more effective communication channels with middle managers, tailoring course and conference programs to the needs of people reporting to middle managers, and tailoring course and Conference programs to the personal needs of middle managers.

A database of middle managers, established in 2007, has been kept up-to-date, and communication has commenced with this group. An occasional newsletter 'How Appita can add value' was commenced, focussing on how we can add value to this specific group's needs.

Strategic Focus No. 2 – Provide meaningful local section activities to improve participation of members

Sections such as New Zealand, South Australia and Southern Tasmania continue to flourish, while some have struggled in recent years. Sections tend to operate in isolation from one another, without effective sharing of information between them, thereby missing opportunities. Some Committees have too few willing members, who subsequently have high workloads, which, coupled with busy 'day jobs', limits their effectiveness. One strategic target is that by 2009 the Executive hopes to see strong member support for Section activities. There will be company support and encouragement for staff to be involved in Section activities. There will be effective communication and information

sharing between Section Committees, and Sections will have a well supported program of events which contribute to the job satisfaction and career development of members.

The Albury-Tumut Section, established in 2007, has continued to function, with a good level of activity and a committed champion. Gippsland Section, which re-formed in 2007, has been quiet during the Maryvale Mill pulp mill upgrade and it is hoped they will resume activity in 2009. Brisbane Section, previously struggling, started to become active again towards the end of 2008. Other struggling or dormant Sections have been prioritised for assistance, notably Sydney and Northern Tasmania.

Strategic Focus No. 3 – Thoroughly review the format of the Conference and Exhibition

The major concern with the Conference was that it still does not attract sufficient mill people, nor does it cater for the full value chain, from forest to converting plant. Lack of Mill people concerns Exhibitors, who are reluctant to return year after year. This in turn affects revenue.

The strategy is that by 2009 more mill people, from all levels, will attend and offer papers at the Conference. Decision-makers will be aware of the program, support it, and act on it. Other conferences will be incorporated where they are seen to add value to the local industry. Importantly, there will be no radical changes – the existing successful features of the Conference and Exhibition will be maintained.

A comprehensive review process commenced with the 2007 Conference, and this highlighted areas for focus. For the 2008 event the Sustaining Members and Suppliers Committee sponsored a ‘Best mill Paper’ prize valued at AUD 2,000 to encourage more mill people to offer papers. This paid immediate dividends, with a good proportion of offered papers from mill people, and over 30% of delegates to the Conference being from mills, compared to around 20% in recent years.

The three-year term for these strategic foci is now complete and a strategic planning meeting has been scheduled for after the 63rd Annual Conference to formulate new priorities.

Summary of 2008 Activities

CONFERENCES

62nd Appita Annual Conference, Rotorua, 20 – 23 April 2008



Opening Ceremony of the 62nd Appita Annual Conference and Exhibition

The 62nd Appita Annual Conference and Exhibition was held at the new Energy Events Centre in Rotorua from 20 – 23 April 2008. The new facility was perfect for an event of our size and complexity, and the Rotorua District Council is to be congratulated on their achievement with this Centre.

346 delegates from 14 countries had the opportunity to attend more than 100 presentations in the technical sessions, ranging from academic research papers, through operator-focused TechTalks and supplier presentations. A new feature was an award for the ‘Best Mill Paper’, sponsored by the Appita Sustaining Members and Suppliers Group. This strengthened the technical program and in turn attracted a record number of delegates from mills. A session on bioresource processing and emissions trading, arranged by the Appita Asia

and Environment Groups and featuring invited and offered papers, was very popular, with standing room only in many papers. A new Bioresource Processing Special interest group, convened by Prof Gil Garnier and Dr Ian Suckling, was launched at the Conference.

26 Exhibitors displayed the latest range of equipment, materials and services for the industry in their colourful and informative displays, and many participated in the popular ‘Industry Innovations’ presentations, which are more commercial than normal technical papers.

The Welcome Function was held at the historic Blue Baths, and featured some whimsical synchronized swimming by a local group, and on Wednesday night the Annual Dinner was a highlight of the social program.

We sincerely thank Conference Host Company, Norske Skog, and Principal Sponsor Manildra Group for their generous support. We also thank other sponsors ABB, BASF Australia, BOC Limited, GL&V Australia, Huyck.Wangner, Nopco Paper Technology, Papquip Pty Ltd and TietoEnator for their support in helping make the Conference a success.

Conference statistics at a glance:

	2007	2008
Full time delegates	237	245
Part time delegates (<i>person-days – some duplication</i>)	107	81
Delegates staying for Paper Physics on Thursday	85	N/A
Mill visitors (operators, not registered delegates)	10	20
Stand attendees (<i>person-days, some duplication</i>)	54	54
Partners	36	36
Appita Asia Symposium delegates	34	N/A
Countries represented	25	14
Delegates from outside Australia and New Zealand	110 (31.5%)	42 (12.2%)
Appita Conference technical papers	55	57
Paper Physics technical papers	44	N/A
Poster presentations	21	2
Operations TechTalks	4	4
Special Interest Group Symposia	2	2
Industry Innovations presentations	18	21
Appita Asia Symposium presentations	8	N/A
Exhibitors	24	28

Future Conferences

The 63rd Conference will be held at Melbourne Park Function Centre from 19 – 22 April 2009. In addition to the technical papers, there will be an Appita Asia/Environment/Bioresource Processing Group Symposium on ‘Bioenergy and Carbon Trading’, a Management Group Seminar on best practice management systems, four TechTalks and the ‘Industry Innovations’ sessions. In 2010, the 64th Conference is also planned to be at the Melbourne Park Function Centre, from 18 - 21 April.

CAREER DEVELOPMENT - SHORT COURSES

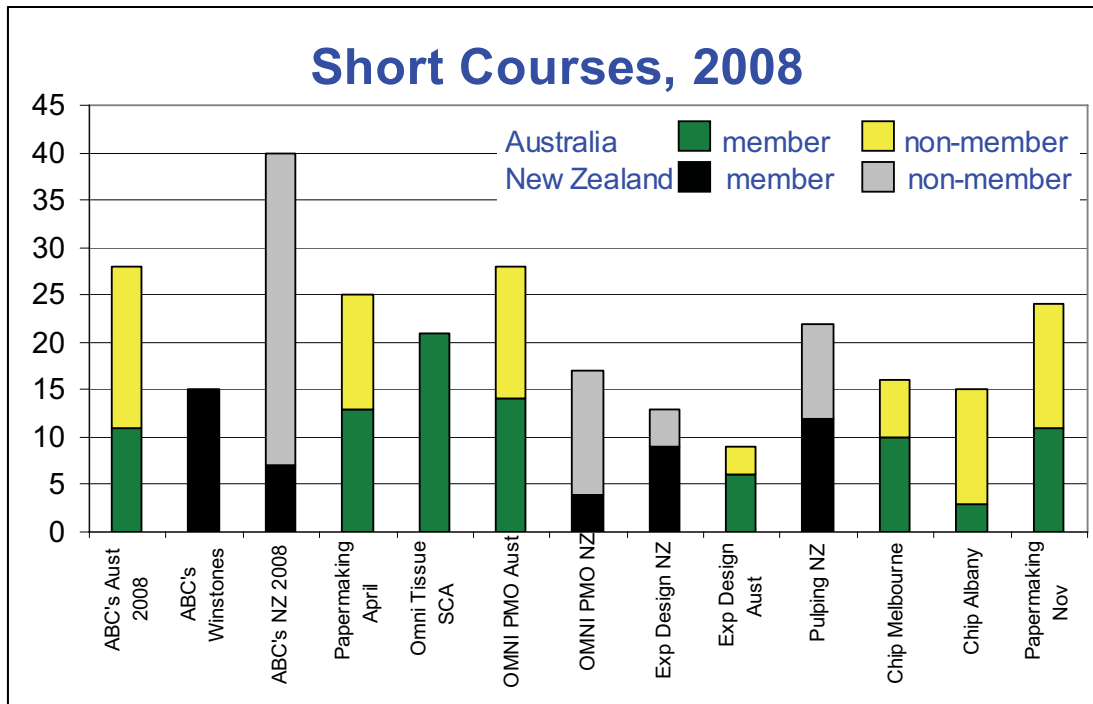
In all, twelve short courses ran, eight in Australia and five in New Zealand. Seventeen courses were scheduled or planned, however four scheduled courses did not occur due to lack of interest, and two planned courses did not eventuate. Highlights were an in-house session of ABC of Pulp and Paper for Winstone Pulp, our third course in Western Australia, and a new specialised course ‘Design of Experiments’. Omni Continental was back, with courses in both countries, including a specifically-designed course on Tissue Manufacture and Operations held in-house for SCA Hygiene Australasia.



Average numbers were similar to 2006 but lower than 2007, and once again a significant number of non-members attended courses – 63% the attendees were not members of Appita. In all, 100 members and 173 non-members attended courses in 2008, compared to 367 for the 13 courses in 2007 (of which there were 110 for the one-day kraft pulping seminar) and 280 for the 15 courses in 2006.

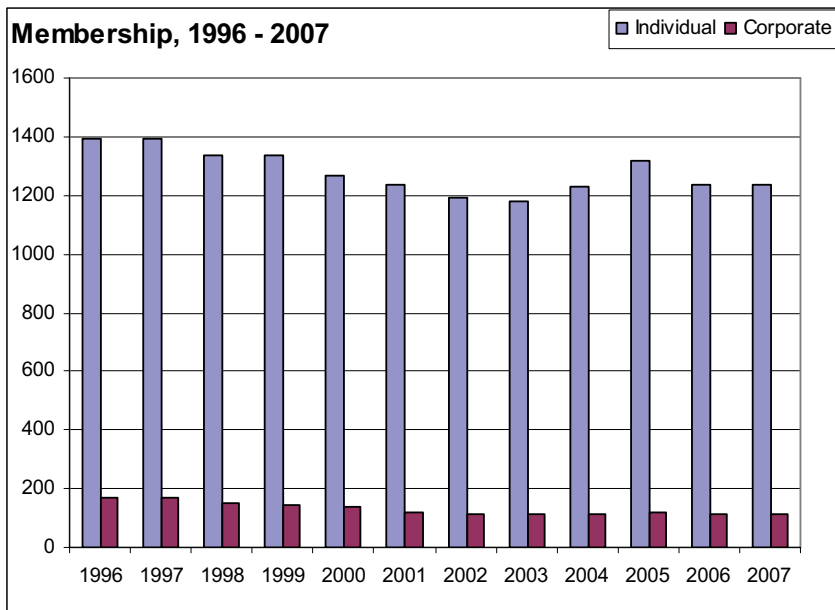
The 2009 program brochure was distributed in November 2008. Following the disappointments of 2007 and 2008 an even more conservative approach is being taken, with seven courses planned for Australia and five for New Zealand, all of them locally-sourced and low financial risk. Consideration is being given to another three but these will only be run if there is guaranteed support from the mills. Many Australian courses are endorsed by the New South Wales Technical and Further Education Department (TAFE), as TAFE PLUS courses, meaning that the knowledge gained by attendees can be assessed in the person’s workplace, as contributing knowledge towards attainment of National Competency Standards. In New Zealand, the national forestry training organisation, FITEC, has endorsed certain courses since 2008.

The presenters and organisers of these courses are thanked most sincerely for their enthusiasm and commitment, without which the professional development program would not be such a success. Many presenters come from the ranks of the Sustaining Members, and their generous support is gratefully acknowledged.



MEMBERSHIP

Individual Members



There was a net loss of 18 members during the year. 96 new members, or approximately 7.9% of our total Individual membership, joined Appita in 2008. Most of these are young people who are new to the industry.

During the year, the passing of the following members were noted with regret:

Mr Paul Unwin, Brisbane; Mr S Gilding, Melbourne; Dr W E Hillis, AM, Melbourne; Dr N E Norman, Melbourne; Mr R Travers, Melbourne; Mr G W Hope, New Zealand and Mr R S K Lokuketagoda, New Zealand. Dr Norman joined Appita in 1953 and Dr Hillis joined in 1958.

Corporate Members

There was a net increase of three Sustaining Members, reversing the net loss in 2007. Six new Sustaining Members joined – UJL Pty Ltd, Pitt+Sherry Engineers, Dotmar EPP, BJH Controls, Technicelpa and Triple 'R' Engineering.

Fellow Grade

Rules and procedures for the new Fellow grade of membership were formulated by the executive Committee during the year, and a call for nominations for Fellows will be made in mid-2009.

2008 Awards

The Appita L R Benjamin Medal for 2008 was awarded to Dr Des Richardson of Hobart, for his significant contribution to the scientific advancement of the pulp and paper industry, in particular through his work in environmental management, treatment of wastewaters and pitch deposition mechanisms and control.

The 2008 Oertel Nadebaum Distinguished Service Award was awarded to Dr Nafty Vanderhoek of Melbourne, for distinguished service to Appita, in particular through, the Technical Committee, mentoring of young people, and participation in short courses.

ADMINISTRATIVE COMMITTEES

Publications



Appita Journal has continued to grow in status in the global industry community, largely through the work of Professor Robert Johnston, Peer Review Editor, whose vast network in the industry has resulted in a number of distinguished scientists joining the panel of referees. *Appita Journal* is now established one of the foremost vehicles for publication of fundamental research, as evidenced by the high rating it gets in the Impact Factor ratings. 49 peer reviewed technical papers were published. *Journal* circulation remained steady at around 1,510 copies per issue.

The Appita web site, www.appita.com, which was completely rebuilt in 2007, has enjoyed an increasing number of ‘hits’, evidence of its acceptance by members and the industry. Two features of the site, an opportunity for member companies to advertise job vacancies, and for Sustaining Members to advertise their services, has generated sufficient revenue to cover the development and running costs of the new site. A further enhancement has been the inclusion of interactive PDF forms, which allow users to fill them out and submit them to us online.

2008 also saw the launch of a monthly electronic Newsletter. This is a brief summary of activities, and provides a communication link to members which is more timely and more relevant than through the *Journal*. The acceptance of the Newsletter has been excellent.

In 2009 we plan to publish a monograph on bioproducts from wood. This will reproduce a number of *Appita Journal* and Conference Proceedings papers on the subject, and it is hoped it will be the first of a number of such monographs.

Technical

The Technical Committee was responsible for setting the program and selecting the excellent standard of papers and presentations at the Annual Conference. The Committee is chaired by Dr Nafty Vanderhoek who has now ably led this most important Appita Committee since 2001.

In 2007 the Technical Committee has reviewed its role in an attempt to increase interest from members in its activities, and now constitutes the Technical Review Committee of *Appita Journal*, in addition to its previous responsibilities. Protocols for this responsibility are still being established.

Testing Standards Committee

This committee, administered by Associate Professor Ian Parker (Chairman) and Mr Allan Jamieson (Secretary) takes responsibility for the preparation, review and amendment of Australian and New Zealand standards relevant to the pulp and paper industry (the AS/NZS 1301 series). In addition, Assoc Prof Parker is Standards Australia’s representative on ISO TC6, the committee responsible for similar duties with international standards. The Committee is a full Committee, known as PK-019, of Standards Australia.

The committee currently had 12 technical experts at the end of 2008, of whom six were from pulp and/or paper manufacturing companies, two from research organisations, four from instrument suppliers and the secretary.

During the past year, two meetings were held by video conference to enable NZ participation. In between meetings, the Committee business was conducted by email.

Technical reviews of 18 AS/NZS methods were undertaken during the past twelve months. Of these two were revised and re-published, six are still under review and ten are unchanged. The Committee also reviewed 42 ISO standards during 2008.

SPECIAL INTEREST GROUPS

Appita Asia

This committee, under the chairmanship of Mr Bert Alesich, ran a one-day Seminar on **biomass processing and carbon trading** for the 62nd Conference, in collaboration with the Environment Group. Featuring a good mix of invited and offered presentations, it proved very popular, and a larger Symposium on the same topics is planned for the 2009 Conference, in collaboration with the Environment Group and the newly-formed Bioresource Processing Group.



Bioresource Processing

This new Group was formed at the 2008 Conference, and is co-convened by Gil Garnier and Ian Suckling. They are co-hosting a major Symposium on Bioenergy and Carbon Trading, with the Appita Asia and Environment Groups, at the 2009 Conference.

Engineering

This Group is currently inactive, requiring a champion.

Environment

The Environmental Special Interest Group, which is convened by Dr Roberto Miotti, jointly hosted the Seminar on carbon trading at the 2008 Conference, and will co-host the 'Bioenergy and Carbon Trading' Symposium at the 63rd Conference.

Sustaining Members and Suppliers

This re-named Group met regularly with Mr Ken Price as Chairman and in conjunction with the Technical Committee sponsored four TechTalks at the 62nd Conference. They also launched the 'Best mill Paper' prize to encourage more Conference papers by mill people. This was successful, and the inaugural winner was Mr Andrew Everson of Kimberly Clark. They will also sponsor four TechTalks and the Best Mill Paper Prize at the 63rd Conference. The Sustaining Members and Suppliers Group also has a strong interest in the organisation of the Exhibition.

Management

The Management Group which focusses on how the resources of an organisation are managed, is currently convened by Mr Dennis Shore and held a Seminar on 'Benchmarking Performance' in conjunction with the 62nd Conference. A Seminar on best practice manufacturing is planned for the 2009 Conference.

Industrial IT

This Group was in recess in 2008 and under the guidance of co-convenors Mr Urpo Launonen and Mr Mark Schijf is expected to resume in 2008.

SECTIONS



Past President Tony Johnson with the sign commemorating the first New Zealand paper mill, in Dunedin.

Most Sections pursued active programs throughout the year, with events designed to provide a networking opportunity for The new Albury-Tumut Section continued a program of activities, jointly with the local chapter of the Institute of Foresters, while the re-formed Gippsland Section was quiet because of the Maryvale Pulp Mill upgrade project.. Brisbane Section resumed towards the end of 2008, but Northern Tasmania and Sydney Sections continue to struggle. Hopefully the strategic focus on meaningful Section activities will lead to the resurgence of these once-active Sections.

The New Zealand Section once again held a successful One-day Conference, in Rotorua, with interesting presentations and good attendance. This was in addition to a very full program throughout the year. New Zealand section also contributed towards the erection of a commemorative sign at the site of New Zealand's first paper mill, at Woodhaugh, Dunedin, which was unveiled during the year.

INTERNATIONAL LIAISON

Appita has reciprocal relationships with over 21 sister associations around the world, and where possible we try to be represented at their Annual Conferences. In this regard Gil Garnier attended the Pan Pacific Conference in Vancouver in June; Bob Allison attended the TAPPI International Bioenergy and Bioproducts Conference in Portland USA, Peter Allan attended the ABTCP-TAPPSA-Appita Congress 2008 in São Paulo, and Allan Jamieson attended the Japan TAPPI Conference in Kyoto.

EXECUTIVE COMMITTEE

At the election of Executive Committee members held in 2008, Mr Peter Allan was re-elected as President and Mr Lachlan McLean as Vice-President. Dr Ian Suckling, Dr Roberto Miotti and Mr Stephen Say were elected as Committee Members. Ms Nilufer Ilkehan, Dr Gerd Matthesius and Mr Rex Vass were later co-opted on to the Executive Committee. Dr Covey became Immediate Past President. Professor Gil Garnier, Mr Vaughn Coleman and Mr Ron Dawson completed the second year of their elected terms.

During the year six Executive Committee meetings were held, three by teleconference. Face-to-face meetings were held at Melbourne (3) and Rotorua (3).

FINANCIAL

Despite modest costs, the 62nd Annual Conference was not as financially successful as budgeted, due to lower than expected Exhibition and delegate attendances. This, together with reduced interest in short courses and unfavourable exchange rates with the AUD to the USD led to small losses on the courses with overseas presenters. Regrettably, a deficit was recorded for the third consecutive year.

In spite of the difficult year Appita still remains in a healthy financial position, with over AUD 480,000 of members equity.

ACKNOWLEDGEMENTS

The implementation of the strategic plan developed in 2006 has resulted in changes to a number of Appita activities. These include improvements in the format of the Annual Conference and a much greater emphasis on the work and direction of local Sections. As President it has been very rewarding to see these initiatives being positively received by our members and our member companies. Appita is currently facing new challenges due to the global economic slowdown, and will face new issues and challenges in the future, but I am confident that we will continue to take these in our stride.

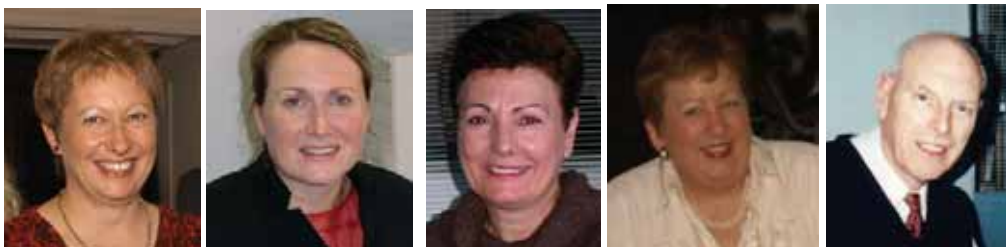
It is with sincere gratitude that I acknowledge the sterling efforts of:

- Ralph Coghill, our Executive Director, for his enthusiasm, professionalism and leadership in steering our Association;
- The small dedicated group who make up our Secretariat – Filomena Elice and Kyleigh Smith in Melbourne and Karen Clark in New Zealand;
- Contractors Pamela Richards (Administrative Support, Conferences), Peta Dodds (Bookkeeper) and Jan Henderson (Advertising Manager);
- *Appita Journal* Peer Review Editor Bob Johnston and Sub-Editor Neil Hunter
- Lachlan McLean, Vice President, and Geoff Covey, Immediate Past President, for their willing assistance in the Presidential Group;
- The Executive Committee – a very talented group representing a wide cross section of Appita membership, who serve members, suppliers and company interests well as we move into a challenging future for our industry;
- Administrative Committee chairs, particularly those who are not also members of the Executive Committee – Dr Nafty Vanderhoek (Technical Committee) and Associate Professor Ian Parker (Testing Standards)
- Section chairmen and committees who all volunteer their time and talents;
- Special Interest Group Convenors, several of whom do not have the support of a committee.
- Sustaining members for support in many ways;
- All the other volunteers who are the backbone of Appita;
- My wife Jude for her support and understanding of the time spent on Appita business.

It has been a privilege to serve Appita as its President. I come to the end of my term with the satisfaction of knowing that the association is well positioned for the future. Be proud of our association and encourage others to join us.

Peter Allan, President Appita, 2008 – 2009

Appita team, 2008



Karen Clark Peta Dodds Filomena Elice Jan Henderson Neil Hunter



Bob Johnston Pamela Richards Kyleigh Smith Ralph Coghill

APPITA INC
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
APPITA INC (1)

Scope:

I have audited the financial report, being a special purpose financial report, of Appita Inc. for the year ended 31 December 2008.

The Committee is responsible for the financial report and has determined that the accounting policies used and described in Note (1) to the financial statements which form part of the financial report are appropriate to meet the requirements of the Associations Incorporation Act Victoria and are appropriate to meet the needs of the members. I have conducted an independent audit of this financial report in order to express an opinion on it to the members of Appita Inc. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for the purpose of fulfilling the requirements of the Associations Incorporation Act Victoria. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.


My audit has been conducted in accordance with Australian Auditing Standards. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material aspects, the financial report is presented fairly in accordance with the accounting policies described in Note (1) so as to present a view which is consistent with my understanding of the Association's financial position, and performance as represented by the results of its operations and its cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

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

Audit Opinion:

In my opinion, the financial report of Appita Inc. presents a true and fair view of the financial position of **Appita Inc.** as at 31 December 2008 and the results of its operations and cash flows for the year then ended in accordance with the accounting policies described in Note (1) to the financial statements.

Dated this 31st day of March 2009

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Geoffrey Charles Perry
Certified Practising Accountant
Registered Company Auditor
Reg No 8249

**Suite 28B – 255 Drummond Street
CARLTON VIC 3053**

Appita Inc

BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 \$	2007 \$
Current Assets			
Cash and cash equivalents	2	161,590	179,630
Investments	3	101,936	125,148
Trade and other receivables	4	28,784	37,412
Prepayments	5	39,277	62,460
Stock		7,418	
Total Current Assets		339,005	404,650
Non Current Assets			
Property, plant and equipment	6	371,060	306,747
Total Non Current Assets		371,060	306,747
Total Assets		710,065	711,397
Current Liabilities			
Trade and other payables	7	55,713	41,500
Income received in advance	8	134,311	135,683
Provisions	9	10,414	5,443
Total Current Liabilities		200,438	182,626
Non Current Liabilities			
Provisions	10	26,599	24,595
Jasper Mardon Memorial Prize Trust		9,667	12,349
Testing Standards Committee		8,422	8,422
Sections		7,913	6,941
Appita Asia Committee		-3,070	-3,070
Total Non Current Liabilities		49,531	49,237
Total Liabilities		249,969	231,863
Net Assets		460,096	479,534
Members Funds			
Reserves	11	203,914	145,000
Retained Profits		355,119	388,811
Current year earnings		-74,503	-37,775
Consolidated currency conversion		-24,434	-16,502
Total Members Funds		460,096	479,534

Appita Inc

INCOME STATEMENT YEAR ENDED 31 DECEMBER 2008

	Note	2008 \$	2007 \$
INCOME			
Membership		133,911	148,008
Journal		95,420	91,728
Conference		170,127	332,863
Exhibition		139,524	74,580
Education		305,129	224,567
Investments		10,097	13,032
Other		20,261	50,509
		<hr/>	<hr/>
		874,469	935,288
EXPENDITURE			
Membership		441	542
Journal		140,062	139,063
Conference		184,789	337,397
Exhibition		35,974	17,191
Education		246,034	171,423
Sections		2,811	2,746
Other		26,336	12,086
Employment expenses		247,275	221,491
Administration		65,250	71,124
		<hr/>	<hr/>
		948,972	973,063
PROFIT/(LOSS)		(74,503)	(37,775)

Appita Inc.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008

		2008	2007
		\$	\$
Cash Flows from Operating Activities	Note		
Members Subscriptions		141,167	148,008
Conference, Journal, Exhibition & Education		710,200	777,740
Interest Income		10,097	13,032
Other Income		20,261	50,509
		881,725	989,289
Less:			
Payments for Salaries and Associated Costs		240,300	216,624
Payments to Suppliers		682,677	709,922
		922,977	926,546
Net Cash Flow from Operating	13	(41,252)	62,743
Cash Flows from Investing Activities			
Purchase of Capital Equipment		-	(3,735)
Net Cash Flow provided by Investing Activities		-	(3,735)
Net Increase/(decrease) in cash held		(41,252)	59,008
Cash at the beginning of the reporting period		304,778	245,770
Cash at the end of the reporting period	12	263,526	304,778

APPITA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008
NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (Victoria) 1981.

The financial report has been prepared in accordance with the requirements of the Associations Incorporation Act (Victoria) 1981 and the following Australian Accounting Standards:

AASB 101	Presentation of Financial Statements
AASB 107	Cash Flow Statements
AASB 108	Accounting Policies, Change in Accounting Estimates and Errors
AASB 110	Events after the Balance Date
AASB 116	Property Plant and Equipment
AASB 117	Leases
AASB 137	Provisions, Contingent Liabilities & Contingent Assets
AASB 1031	Materiality

No other applicable Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

- a. **Income Tax**
Appita is exempt from income tax in Australia but will pay income tax on New Zealand profit.
- b. **Revenue**
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
Revenue from all sources is recognised upon the delivery of the service.
All revenue is stated net of the amount of goods and services tax (GST).
- c. **Leases**
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.
- d. **Plant and equipment**
Plant and equipment are measured on the cost basis less depreciation and impairment losses.
The carrying amount of plant and equipment is reviewed annually by the Committee of Management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.
- Depreciation**
The depreciable amount of all fixed assets is depreciated on a diminishing balance basis over their useful lives, commencing from the time the asset is held ready for use.
The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Equipment	25%

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.
- e. **Employee Benefits**

APPITA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008
NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Provision is made for the liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

- f. **Cash and Cash Equivalents**
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments.
- g. **Goods and Services Tax (GST)**
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.
- h. **Provisions**
Provisions are recognised when there is a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.
- i. **Comparative Figures**
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Appita Inc

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	\$	\$
NOTE 2: CASH AND CASH EQUIVALENTS		
Cash at Bank	114,587	170,004
Petty cash	528	492
Cash Management	46,475	9,134
	161,590	179,630
NOTE 3: CASH MANAGEMENT TRUSTS/TERM DEPOSITS		
	101,936	125,148
NOTE 4: TRADE AND OTHER RECEIVABLES		
Trade Debtors	27,433	35,584
Other Debtors	1,351	59
Income tax refund	0	1,769
	28,784	37,412
NOTE 5: PREPAYMENTS		
Prepaid general expenses	6,533	24,090
Prepaid conference expenses	32,744	38,370
	39,277	62,460
NOTE 6: PROPERTY, PLANT & EQUIPMENT		
Premises - Drummond Street, Carlton	366,000	300,000
Office equipment	23,115	23,115
less accumulated depreciation	(18,055)	(16,368)
Closing Balance	371,060	306,747
NOTE 7: TRADE AND OTHER PAYABLES		
Trade Creditors	52,715	18,216
Credit Cards	(200)	1,276
Accrued charges		20,083
GST liability	2,974	1,925
	55,489	41,500
NOTE 8: INCOME RECEIVED IN ADVANCE		
Individual membership	30,126	34,415
Sustaining membership	46,139	41,038
Corporate membership	15,575	14,333
Conference income	42,471	45,897
	134,311	135,683
NOTE 9: CURRENT PROVISIONS		
Employee entitlements	10,414	5,443
NOTE 10: NON CURRENT PROVISIONS		
Employee entitlements	26,599	24,595
NOTE 11: RESERVES		
Premises Drummond St, Carlton - Revaluation	211,000	145,000
Other - reduction in investment with Colonial State	(7,086)	
	203,914	145,000

Appita Inc.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Notes to the Statement of Cash Flows Year ended 31 December 2008

NOTE 12: RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at banks and on short term investments. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in Statement of Financial Position as follows;

	2008	2007
	\$	\$
Cash on Hand	528	492
Cash at Bank	114,587	170,004
Cash Management Trusts, Term [Deposits other investments	148,411	134,282
Total Cash	263,526	304,778

NOTE 13: RECONCILIATION OF THE OPERATING RESULT WITH THE NET CASH FLOW FROM OPERATING

	2008	2007
	\$	\$
Operating Profit/(loss)	(74,503)	(37,775)
Add: Non Cash Items of Income and Expenditure for year:		
Depreciation	1,687	1,731
Employee Leave Provisions	6,975	4,867
Accounts Payable	34,499	(6,521)
Other Creditors & Taxation	(32,931)	(8,890)
Income in Advance	(1,372)	41,919
Accounts Receivable	8,628	15,623
Prepayments	23,183	48,054
Stock	(7,418)	
Total Non-Cash Items for Year	33,251	96,783
Net Cash Flow from operating	(41,252)	59,008

Appita - L.R. Benjamin Medal Trust Fund

Statement of Income and Expenditure for the year ended 31 December 2008

2007		2008
\$		\$
10,380	Bank Balance as at 1 January 2008	8,096
53	Interest Received - Bank	35
	- Investments	
	Loan to Appita	-286
<u>10,433</u>		<u>7,845</u>
Expenditure		
0	Bank Charges	0
-275	Medal mounting and inscription	286
-2,062	5 Bronze castings @ \$ 412.50 each	
<u>8,096</u>	Bank Balance as at 31 December 2008	<u>8,131</u>

We, John Eric Reginald Wallington and Ronley John Dawson being Trustees of the L.R. Benjamin Trust Fund, hereby certify that the Statements of Income and Expenditure and Schedule of Investments are correct records of the Fund for the year ended 31 December 2008.

J.E.R.Wallington

R.J.Dawson

Auditors Report

I have examined the Statements of Income and Expenditure and Schedule of Investments and in my opinion the Statements provide a true and correct summary for the year ended 31 December 2008.



G.C. Perry
Auditor