Auditors Report 2010

To the Members of
Secretariat of the Pacific Regional Environment Programme (SPREP)

We have audited the accompanying financial statements of the Secretariat of the Pacific Regional Environment Programme ("SPREP") which comprises the statement of income, statement of movement in reserves and statement of cash flows for the year ended 31 December, 2010, the statement of financial position as of that date, a summary of significant accounting policies and other explanatory notes. The financial statements for 31 December 2009 were audited by other auditors and accordingly we do not express an opinion on the prior year comparatives.

Managements' responsibility for the Financial Report
Management are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and with the requirements of the SPREP Financial Regulations. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion to the Members of SPREP, as a body, in accordance with SPREP Financial Regulation 32. Our audit work has been undertaken so that we might state to the Members 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 SPREP and the SPREP Members as a body, for our audit work, for this report, or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

We confirm that we have no other relationship with SPREP other than the audit of the financial statements.

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

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

Auditor's Opinion
In our opinion, proper books of account have been kept by SPREP, so far as it appears from our examination of those books and the financial statements which have been prepared in accordance with International Financial Reporting Standards:

(i) are in agreement with the books of account;
(ii) to the best of our information and according to the explanations given to us:
   a. give a true and fair view of SPREP's state of affairs as at 31 December, 2010 and of its statements of financial performance, changes in reserves, and its cash flows for the year ended on that date;
   b. give the information required by the SPREP Financial Regulations in the manner so required.

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

Specific Reporting Requirements
In accordance with SPREP's Financial Regulation 32 we report on the specific matters per the financial regulation as follows:

a) The extent and character of our examination has been explained in the section on Auditor's Responsibility above and is based on the International Standards on Auditing. The financial statements for the 31 December 2010 have been prepared in accordance with International Financial Reporting Standards. The changes in accounting policy as a result of adopting International Financial Reporting Standards are explained in detail in the financial statements in Note 2.

b) Matters affecting the completeness and accuracy of the accounts are primarily related to the change to International Financial Reporting Standards and these are explained in Note 2 to the financial statements.

c) We confirm the accuracy of the equipment records as determined by physical inspection of additions to assets and verification of disposals during the reporting period.

d) The financial procedures of SPREP are adequate based on our examination of the financial procedures necessary for the purposes of formulating the auditor's opinion expressed above.

e) Based on our examination of the insurance documentation the insurance cover for SPREP's assets is adequate.

f) Others matters which do not affect our audit opinion have been brought to the attention of management in our report to management.

BETHAM & CO.
Certified Public Accountants
Apia, Samoa
25th May, 2011