REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Bobotin Kiribati Limited financial statement for the four mouths ended 31 December 2009 and the year ended 31 December 2010

KIRIBATI NATIONAL AUDIT OFFICE

August 2012

KNAO
For the Parliament and the People of Kiribati
P.O.Box 43
Bairiki Tarawa
Republic of Kiribati
Telephone: (686) 21335
Email: audit@tskl.net.ki

KIRIBATI NATIONAL AUDIT OFFICE

Promoting Transparency and accountability for the Parliament and the People of Kiribati

Audit Report

To the readers of Bobotin Kiribati Limited's financial statements For the year ended 31 December 2010

The Auditor General, Mrs Matereta B Raiman is the auditor of Bobotin Kiribati Limited (BKL).

During the year ended 31 December 2010 Bobotin Kiribati Limited management was responsible for maintaining documents and records to enable preparation of and presentation of the financial statements and the information they contain.

Scope Limitation

- Significant doubt on the ability of the BKL to continue as a going concern for it had negative operating cash flow of $654,155 and working capital of $206,533. Also the company could not repay debts on time resulting in interest fee of $384,823.
- Unable to verify the PPI value $(2,286,159) due to no journal vouchers and other related documents provided.
- No explanation provided for a difference of $2,219,817 between the PPI balance shown in financial statement of $2,286,159 and the Trial Balance of $66,336.
- Unable to verify Payroll due to insufficient information provided.
- No aging analysis prepared so it is hard to keep track of outstanding debtors and determine how much is going to be doubtful.
- Variance explanation for inconsistency of $54,458 between the ANZ Bank of Kiribati and the company record for bank account number 280554 was not provided.
- Explanation for a discrepancy between the amount reflected in the financial statement and listing for the Return Cheques was not obtained.
- Requested details for revenue totalled $12,258,695 and significant expenses such as staff and other related expenses of $797,333, Selling and Distribution Expenses of $239,825 and Administrative and Overhead Expenses of $569,439 were not obtained.

Audit Opinion: Disclaimer

Because of the significant doubt about the BKL's ability to continue as a going concern and the absence of documentation and explanation as listed above, I do not express opinion on the BKL financial statements for the fiscal year ended 31 December 2010.

Based on our examination the Company has not kept proper accounting records for the year ended 31 December 2010.

The audit was completed on 22 July 2012, and was the date at which our opinion was expressed.

We outline below the responsibilities of Bobotin Kiribati Limited management and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Organisation of Supreme Audit Institution's (INTOSAI) Auditing Standards, which incorporate the International Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and

- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Board Directors and the Auditor

Bobotin Kiribati management is responsible for preparing the financial statements in accordance with generally accepted accounting practice. The financial statements must fairly reflect the financial position of Bobotin Kiribati Limited as at 31 December 2010 and the results of its operations and cash flows for the four months ended on that date. Bobotin Kiribati management responsibilities arise from Part VII of the Public Finances (Control and Audit) 1981 and Company Act 1979.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from Part VII of the Public Finance (Control and Audit) 1981.

Independence

When carrying out the audit we followed the independence requirements of the Kiribati National Audit Office, which incorporate the independence requirements of the International Standards of Auditing.

Other than the audit, we have no relationship with or interests in the Bobotin Kiribati Limited.

Matereta Raiman
Auditor General

For the Parliament and the People of Kiribati
P.O.Box 63
Bairiki Tarawa
Republic of Kiribati
Telephone: (686) 21335
Email: audit@tskl.net.ki

KIRIBATI NATIONAL AUDIT OFFICE

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Audit Report

To the readers of
Bobotin Kiribati Limited's financial statements
For the four months ended 31 December 2009

The Auditor General, Mrs Matereta B Raiman is the auditor of Bobotin Kiribati Limited (BKL).

During the four months ended 31 December 2009 Bobotin Kiribati Limited management was responsible for maintaining documents and records to enable preparation of and presentation of the financial statements and the information they contain.

Scope Limitation

I am unable to verify the balances disclosed in the financial statements of the Bobotin Kiribati Limited for the four months ended 31 December 2009 due to the unavailability of the company accounting records and the loss of records from the MYOB system.

Audit Opinion: Disclaimer

Due to the absence of documentation, the scope of my work was not sufficient to enable me to express, and I do not express an opinion as to whether the financial statements of Bobotin Kiribati Limited:

- comply with generally accepted accounting practice;
- fairly reflect the four months ended 31 December 2009; and
- fairly reflect the results of operations and cash flows for the four months ended 31 December 2009.

The audit was completed on 30 July 2012, and was the date at which our opinion was expressed.

We outline below the responsibilities of Bobotin Kiribati Limited management and the Auditor, and explain our independence.

Responsibilities of Bobotin Kiribati Ltd management and the Auditor

Bobotin Kiribati management is responsible for preparing the financial statements in accordance with generally accepted accounting practice. The financial statements must fairly reflect the financial position of Bobotin Kiribati Limited as at 31 December 2009 and the results of its operations and cash flows for the four months ended on that date. Bobotin Kiribati management responsibilities arise from Part VII of the Public Finances (Control and Audit) 1981 and Company Ordinance 1979.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from Part VII of the Public Finance (Control and Audit) 1981.

Independence

When carrying out the audit we followed the independence requirements of the Kiribati National Audit Office, which incorporate the independence requirements of the International Standards of Auditing.

Other than the audit, we have no relationship with or interests in Bobotin Kiribati Limited.

Matereta Raiman
Auditor General

MCS: 44/44

Minutes B.U to PA(c)

u. File

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PA(c)

F.Y.I.S.

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BKL

"Kra kambwana ni koaua te I-Kiribati"

BOBOTIN KIRIBATI LTD

Inc. in Kiribati Registered No. 78.P.O.Box 485, Betio, Tarawa, Republic of Kiribati

Phone:686 26092 Fax:686 26224 E-Mail:bkl @tskl.net.ki

Ref: A/3

Date: 17th October 2011.

Auditor General,
Kiribati National Audit Office,
Bairiki.

Commissioner of Income Taxes,
Ministry of Finance & Economic Planning,
Bairiki.

Registrar of Companies,
Ministry of Commerce, Industries & Cooperatives;
Betio.

Dear All,

BKL Unaudited Accounts for 2010.

Please find enclosed BKL unaudited accounts for the year 2010 now ready for audit and Auditor General is requested to kindly send his team of auditors to audit our accounts, please.

Other addressees are also requested to update their records and to act as they deem appropriate, please.

Yours faithfully,

Anterea Tawaia,
Finance Manager.

Audit started on 15 Dec

384,822.81
83,340.19
181,100.93

BOBOTIN KIRIBATI LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Contents

BOBOTIN KIRIBATI LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

In accordance with a resolution of the Board of Directors, the Directors herewith submit the Balance Sheet and Cash Flow Statements of the company as at 31 December 2010 and related Income Statement for the year then ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:-

Tiare Erekana (Chairman)
Tangitangi Kaureata
Linda Ueanteang
Reverend Kambati Uriam
Ruoikabuti Tioon

Results

The net loss for the year was $1,345,093 (net loss for four months ending 31 December 2009 was $1, 314,423) after taking into account an income tax expense of $Nil (income tax expense for four months ending 31 December 2009 was also $NIL).

Dividends

No dividend has been paid or recommended to be paid by the directors for the year (2009: NIL)

Reserves

The directors recommend that no transfer be made to reserves at the end of the period

Principal Activity

The principal activity of the company during the year were that of wholesaling and retailing of groceries. There were no significant changes in the nature of these activities during the financial year.

Reporting Period

Effective from 2009, the financial year for the company was changed from 31st August to 31st December and the comparative figures for 2009 cover the period of four months from September to December.

General

At the date of this report the directors are not aware of any circumstances not otherwise dealt with, which would render the account misleading.

Signed on behalf of the board of directors in accordance with a resolution of the directors.

Dated at Betio this 13th day of October 2011.

Chairperson: .... Director: ....

BOBOTIN KIRIBATI LIMITED
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2010

In accordance with a resolution of the Board of Directors for Bobotin Kiribati Limited, we state that in the opinion of the directors:

[i] the accompanying income statement of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2010.

[ii] the accompanying balance sheet of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2010

[iii] the accompanying Cash Flow Statement of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2010

[iv] at the date of this statement it is uncertain that the company will be able to pay its debts as and when they fall due, however, the company has shown impressive financial performance in 2010 which indicates that the company is undergoing financial recovery.

[v] all related party transactions have been adequately recorded in the books of the company.

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

Dated at Betio this 13th day of October 2011.

Director

Director

BOBOTIN KIRIBATI LIMITED
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 Jan-Dec $	2009 Sep-Dec $
INCOME			
Operating revenue		12,258,695	3,902,876
NET OPERATING PROFIT/(LOSS) before Income Tax expe	18	929,832	(1,435,193)
ADD NON OPERATING ITEMS			
Prior Period Items	3	(2,286,153)	117,027
Government Grants Released	14	11,228	3,743
Non Operating Expenses			
		(1,345,093)	(1,314,423)
Income tax expense	4	-	-
NET OPERATING PROFIT/(LOSS) after Income Tax		(1,345,093)	(1,314,423)
RETAINED EARNINGS at the beginning of the year		(1,808,900)	(494,477)
RETAINED EARNINGS at the end of the year		$ (3,153,993)	$ (1,808,900)

The Income Statement is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 7 to 12.

BOBOTIN KIRIBATI LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2010

	Notes	2010 Dec $	2009 Dec $
CURRENT ASSETS			
Cash and Other Cash Equivalents	5	118,020	17,994
Trade and Other Receivables	6	1,297,232	2,525,015
Inventory	7	2,804,826	6,387,634
Prepayments and other deposits	8	697,905	1,333,668
		4,917,984	10,264,311
CURRENT LIABILITIES			
Bank Overdraft		894,615	1,264,174
Trade & Other Payables	10	4,186,880	5,702,319
Sundry Creditors	11	43,022	3,095,403
ANZ Bank Loan - Current Portion	12	-	90,275
		5,124,517	10,152,171
WORKING CAPITAL		(206,533)	112,140
NON-CURRENT ASSETS			
Property, Plant & Equipments	9	280,642	301,633
		280,642	301,633
NON-CURRENT LIABILITIES			
ANZ Bank Loan	12	534,676	717,660
GHE Loan		1,199,641	-
KCWS Liquidators Fund	13	106,034	106,034
		1,840,351	823,694
NET ASSETS		$ (1,766,242)	$ (409,921)
Represented by:			
Government Grants	14	131,009	142,237
Government and Taiwan Aids		986,742	986,742
Paid Up Capital	15	270,000	270,000
Retained Earnings		(1,808,900)	(494,477)
Current Earnings		(1,345,093)	(1,314,423)
TOTAL SHAREHOLDERS' EQUITY		$ (1,766,242)	$ (409,921)

The Balance Sheet is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 7 to 12.

Signed on behalf of the board of directors in accordance with a resolution of the directors

Dated at Betio this 13th day of October 2011.

Director: .... Director: ....

BOBOTIN KIRIBATI LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 Jan-Dec $	2009 Sep-Dec $
Cash Flow from operating activities			
		14,141,236	4,345,767
Cash received from customers		(14,001,312)	(3,735,831)
Cash paid to suppliers and employees		139,924	609,935
Interest Expense		(654,155)	(198,472)
Electricity paid			
Income Tax paid		-	-
	(a)	(514,231)	411,463
Cash Flow from Investing activities			
Withdrawal of IBD		-	-
Acquisition of long term assets		(32,839)	(9,939)
		(32,839)	(9,939)
Cash Flow from Financing activities			
Decrease in Bank Overdraft		(369,560)	
ANZ Bank Loan		(182,984)	
GHE Loan		1,199,641	
		647,097	-
Net Cash Flow		100,027	401,524
Add Cash and Cash Equivalents at the beginning of the year		(560,521)	(952,106)
Cash and Cash Equivalent at the end of the year	(b)	(460,494)	(560,521)

a)

Reconciliation of Net Cash from Operating Activities to Net Profit during the period:-

	2010	2009
Net Profit/(Loss) for the period	(1,345,093)	(1,314,423)
Plus Depreciation for the year	53,830	15,784
Government Grant released	(11,228)	(3,743)
	(1,302,491)	(1,302,382)
Plus Changes in Balance Sheet Accounts		
Inventory	3,582,808	(116,979)
Receivables	1,227,783	1,463,955
Prepayment and Other Debtors	635,764	(1,292,410)
Trade Creditors	(1,515,438)	1,020,667
Sundry Creditors	(3,052,381)	14,743
Long Term Bank Loan	(195,001)	5,097
Adjustment to Retained Earnings	77,412	77,412
Other Adjustments	27,314	541,361
	(514,231)	411,463

b) Reconciliation of Cash and Cash Equivalent to Cash on Hand and at Bank:-

	2010	2009
Cash on Hand and at Bank	118,020	17,994
Cash Adjustments	(578,515)	(578,514)
	(460,494)	(560,521)

BOBOTIN KIRIBATI LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bobotin Kiribati Limited is a Public Company established under the Kiribati Companies Ordinance and commenced operation in August 1995 when it took over the services of the defunct KCWS

a) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the historical cost accounting except for certain assets which were taken over from Government of Kiribati at Valuation, and do not take into account changing money values or current valuations of non-current assets unless otherwise stated. This account is compiled inaccordance with International Accounting Standards which are applicable in Kiribati.

b) Property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis at rates calculated to write off each asset over its estimated useful life. The rates in use are as follows:-

Vehicle	20% pa
Plant & Equipment	20% pa
Furniture & Fittings	20% pa
Buildings	5% pa

c) Income tax

The company does not follow the principals of tax effect accounting. Income tax is calculated on the basis of reported incomes only.

d) Inventories

Stock on hand has been valued on the basis of lower of cost and net realizable value

e) Comparative figu

When necessary comparative figures have been adjusted to conform with changes in presentation in the current period.

f) Audit

These financial statements are unaudited

g) Foreign Currency

Foreign currency transactions during the year are recorded using the rate of exchange prevailing at the date of the transactions. At balance sheet date amounts receivable and payable in foreign currencies are translated at the exchange rates prevailing on that date. Exchange differences are taken directly to the profit and loss statement.

BOBOTIN KIRIBATI LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

2. REVENUE AND EXPENSES

Other revenue, other operating expenses and finance costs include the following for the year ended 31 December 2009:

	2010 Jan-Dec $	2009 Sep-Dec $
Included in other operating expenses are:		
Staff costs & other related expenses	797,333	262,757
Depreciation	53,830	15,784

3. PRIOR PERIOD ITEMS

	$	$
Staff Claims	3,211	
KSSL Court Order	26,730	
Customs Outstanding	36,395	
Opening Stock	2,721,470	
Trade Debtors - Cash & Carry	51,071	
Telmo-In-Transit	(35,065)	
Prepayments & Othere Assets	89,331	
Income Tax Payable	767	
Retained Earnings	(607,758)	
	2,286,153	39,615

4. INCOME TAX EXPENSE

The amount of income tax attributable to the final year differed from the prima facie amount payable on the operating profit. The difference is reconciled as follows:

	$	$
Net profit (loss) before income tax	(1,345,093)	(1,314,423)
Income tax expense for the period	-	-
	-	-

5. CASH AND CASH EQUIVALENTS

	$	$
Petty Cash		
Main Office	1,303	500
Bikenibeu	100	100
Cost Price Retail	70	50
On the Way	200	50
Home Centre	100	50
Home Maker	300	300
Cost Price	685	600
Cash on Hand		
Xmas Branch	8,983	500
North Tarawa	100	100
Abaiang	100	100
Maiana	100	100
Abemama	100	100
Nonouti	100	100
Tab North	207	207
Onotoa	100	100
Makin	100	100
Marakei	100	100
Beru	100	100
Tabuaeran	400	400
Antebuka	50	200
Home Centre	200	200
Sinking Fund	35,512	10,755
Merchant Account	7,293	3,182
Undeposited Funds	61,718	-
	118,020	17,994

BOBOTIN KIRIBATI LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 Jan-Dec $	2009 Sep - Dec $
6. TRADE AND OTHER RECEIVABLES		
Island Debtors	182,574	134,457
Telmo Receivables	1,114,658	2,530,424
Provision for Doubtful Debts		(139,866)
	1,297,232	2,525,015
7. INVENTORY	$	$
Stock Main Wharehouse. Betio	$1,760,816	$1,706,682
Stock Cash & Carry	$127,001	$168,473
Stock Come and Get		$10,871
Stock Cost Price	$77,049	$146,635
Stock Bikenibeu	$76,642	$100,231
Stock Abaiang	$33,785	$74,458
Stock Abemama	$50,875	$85,000
Stock Nonouti	$51,115	$52,760
Stock TabNorth	$77,387	$83,180
Stock Onotoa	$16,710	$20,942
Stock Marakei		$62,801
Stock Xmas/Marewen Xmas	$149,531	$339,270
Stock Tabuaeran		$162,478
Stock Beru		$63,986
Stock - at KPA Area	$169,870	$191,379
Stock Antebuka	$33,679	$59,954
Stock Home Maker		$36,151
Stock Convenient	$8,376	$35,880
Stock Home Centre	$146,503	$210,463
Stock Makin	$19,375	$21,706
Stock Butaritari	$28,881	$40,737
Stock North Tarawa	$41,996	$50,223
Stock Maiana	$8,511	$15,178
	$2,878,100	$3,739,438
Goods In Transit		$2,712,179
Storage		$9,291
Prov. For Stock Obsolesence	($73,274)	($73,274)
	$2,804,826	$6,387,634
8. PREPAYMENTS AND OTHER DEPOSITS	$	$
Claim Receivable	-	1,998
Return Cheques	149,761	115,528
Prov.for Doubtful Cheques	(59,233)	(59,233)
Imprest Account	11,136	11,136
Freight Receivable (from Govt)	663,297	431,528
Prov.for Freight Receivable	(103,829)	(103,829)
Prepaid Rent - Nanolelei	17,500	17,500
Kiribati Govt - re AMMS purchase paid	-	631,870
Abamakoro Expenses	-	465,825
Staff Loans	14,176	20,040
Prepaid Rent - Nonouti	5,097	5,067
Prov. For DD ATL Staf Salaries, etc	-	(357,985)
Suspense Account	-	154,222
	697,905	1,333,668

	2010 Jan-Dec	2009 Sep - Dec
9. PROPERTY, PLANT AND EQUIPMENT	$	$
Buildings	344,478	344,478
Additional	-	-
Disposal	-	-
Less accumulated depreciation	(229,826)	(215,467)
	114,652	129,011
Motor Vehicles	340,593	951,163
Additional	-	-
Disposal		(610,570)
Less accumulated depreciation	(220,404)	(184,352)
	120,189	156,241
Plant and Equipment	131,814	266,759
Additional	32,838	9,940
Disposal		(144,885)
Less accumulated depreciation	(119,318)	(116,032)
	45,334	15,782
Furniture & Fittings at cost	8,311	8,311
Additional	-	-
Disposal	-	-
Less accumulated depreciation	(7,844)	(7,712)
	467	599
Net written down value	280,642	301,633

10. TRADE & OTHER PAYABLES	$	$
Trade Creditors	1,895,144	5,417,479
Trade Creditors - USD	1,890,586	735,696
Trade Creditors - USD Exchange	329,975	128,405
Trade Creditors - SGD	88,257	29,149
Trade Creditors - SGD Exchange	(17,082)	(5,642)
Trade Creditors	-	(602,769)
	4,186,880	5,702,319

BOBOTIN KIRIBATI LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

11. SUNDRY CREDITORS

	2010 Jan-Dec	2009 Sep - Dec
	$	$
Accrued expenses	30,767	31,069
Purchase Clearance Payable	(9,398)	643,577
BKL Staff Canteen	5,154	(80)
Social Committee	211	
Housing Loan - KHC	159	
Abamakoro Trading		480,453
PAYE Clearing	(18,125)	(9,128)
Staff Thrift and Credit	6,777	5,969
Staff DBK Loan repayments	(1,299)	(5,860)
Staff Kito Loan repayment	(195)	(623)
Staff KIC life Insurance	269	229
Sundry Creditors control	13,763	13,763
Staff Repaymt-council charges	3,928	3,574
Staff House rent repayment-KHC	(4,778)	(3,170)
MCIC Rent	165	(35)
Staff Commission-Loan	9,248	9,248
KPF Loan Clearing	270	-
KPF Clearing	6,311	7,742
Salary Advance	(4,106)	-
Staff Loan Repayment - BOK	(476)	(5,329)
Loan repayment - KHC	1,093	1,897
loan repayment-TSKL	50	50
Tarawa Biscuits - Creditor		6,758
Net Pay Clearing	(21,243)	(26,964)
Ministry of Finance	(36,515)	-
Audit Fees Payable	9,000	9,000
Staff Tax Arrears	(2,657)	(785)
Staff Income Tax Refund	4,522	2,517
Income Tax Payable		(586)
Remittance - Nth Tarawa	(1,756)	134,300
Remittance - Maiana	1,392	248,428
Remittance - Makin	21,726	82,928
Remittance - Butaritari	3,146	84,539
Remittance - Abaiang	1,972	230,257
Remittance - Abemama	(2,148)	794,541
Remittance - Nonouti	14,761	127,710
Remittance - Tab North	(2,585)	156,906
Remittance - Onotoa	(1,253)	65,877
Remittance - Marakei	(850)	(39,993)
Remittance - BKL Xmas	(859)	(14,919)
Remittance - Beru	1,125	22,835
Remittance - Tabuaeran	15,458	38,709
		-
	43,022	3,095,403

12. INTEREST BEARING LIABILITIES

	$	$
Current Portion		
ANZ Bank Loan	-	90,275
	-	90,275
Non-Current Portion		
ANZ Bank Loan	534,676	717,660
	534,676	717,660
TOTAL INTEREST BEARING LIABILITIES	534,676	807,935

ANZ Bank Loan was guranteed by the Government of Kiribati. The repayment amount is $30,000 per months.

BOBOTIN KIRIBATI LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 Jan-Dec $	2009 Sep-Dec $
13. LOANS AND BORROWINGS		
KCWS Liquidators Fund	106,034	106,034
Th	106,034	106,034
14. GOVERNMENT GRANT	$	$
Opening Balance	142,237	145,980
Amortisation of Government Grant	(11,228)	(3,743)
	131,009	142,237
15. SHARE CAPITAL		
Authorised Capital 270,000 ordinary shares of $1 each	270,000	270,000
Issued and Paid Up Capital 270,000 ordinary shares of $1 each	270,000	270,000

16 CAPITAL COMMITMENTS at balance date - $Nil(2009:$Nil)

17 CONTINGENT LIABILITIES at balance date - $NIL (2009:$NIL)

18 PRINCIPAL ACTIVITY

The principal activity of the company during the year were that of wholesaling and retailing of groceries. There were no significant changes in the nature of these activities during the financial year.

BOBOTIN KIRIBATI LIMITED
DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 Jan-Dec $	2009 Sep-Dec $
REVENUE		
Sales	$12,258,695	3,902,876
LESS COST OF GOODS SOLD		
Opening Stock	3,666,164.11	3,549,185
Purchases	8,154,459	4,670,656
	11,820,623	8,219,841
Less Closing Stock	(2,804,826)	(3,666,164)
	9,015,797	4,553,677
GROSS PROFIT	3,242,898	(650,802)
GROSS PROFIT %	26.5%	-16.7%
ADD: OTHER INCOME	$19,745	23,124
	3,262,643	(627,677)
LESS EXPENSES		
Staff and Other Related Expenses	797,333	262,757
Selling and Distribution Expenses	239,825	95,322
Administrative and Overhead Expenses	569,439	227,693
Interest Expenses	654,155	198,472
Depreciation on Fixed Assets	53,830	15,784
Stock Losses and Damages	15,406	3,232
Stock - reduce price (mark down)	2,072	4,256
Loss on FA Disposal	750	
Income Tax Expense		
TOTAL EXPENSES	2,332,811	807,516
NET OPERATING PROFIT/(LOSS)	$ 929,832	$ (1,435,193)