REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

For the Parliament and the People of Kiribati

KIRIBATI SHIPPING SERVICE LIMITED FOR THE YEAR ENDED 31st AUGUST 2003, 2004, 2005, 2006 & 2007

KIRIBATI NATIONAL AUDIT OFFICE

December 2009

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF KIRIBATI SHIPPING SERVICES LTD FOR THE YEAR ENDED 31 AUGUST 2003-2007

Scope

I have audited the accounts of the Kiribati Shipping Services Ltd for the year ended 31 August 2003 to 2007.

The preparation and the presentation of the accounts and the information contained therein, as well as the existence of internal controls, which should be fully effective for the prevention of error or fraud, are the responsibilities of the Company. My responsibility is to express an opinion on the accounts based on my audit as required by Part VII of the Public Finance (Control and Audit) Ordinance 1976 and the Company Ordinance.

I conducted my audit in accordance with the normally accepted auditing Standards and Statutory requirements to provide reasonable assurance as to whether the accounts are free from material mis-statements. My procedures include examination, on a test basis, of evidence supporting the amount and other disclosures in the account and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the accounts are presented fairly in accordance with the normally accepted Accounting Concepts and Statutory requirements, so as to present a view of the Company which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

Qualification

I am unable to satisfy myself as to the correctness of the Financial Statement based on the following deficiencies:

- Unavailability of General Ledgers for the years 2003 to 2007
- Significant variances between IBD register and statement for the years 2006 & 2007
- Significant variances between the Imprest account in the draft account and its listings for 2006 & 2007
- Incomplete documents & accounting records
- A number of missing Payment Vouchers to support various expenditures

Qualified Audit Opinion:

In my opinion except for the effects on the Financial Statement of matters referred to in my qualification paragraph, the Financial Statements of the Kiribati Shipping Services Ltd are properly drawn up so as to:

(a) Present fairly the Company's affairs as at 31st August 2003 to 2007, its results and cash flow for the year ended on those dates;
(b) Comply with the provisions of Part VII of the Public Finance (Control and Audit) Ordinance 1976 and the Company Ordinance; and
(c) Comply with other mandatory professional reporting requirements.

Raimon Taake
Auditor General

Date: 3/11/09

KIRIBATI SHIPPING SERVICES LIMITED
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2003

	NOTES	2003	2002
		$	$
REVENUE			
Freights		2,138,421.71	1,927,925.83
Fares		464,666.80	479,124.69
Charter		1,314,882.14	760,292.94
Cargo Handling		253,778.21	257,590.45
Agency Commission		28,897.00	195,664.44
Interest Received		88,834.00	82,411.32
Others		15,669.65	37,580.35
Government Aid Reserve Release	12	671,090.64	794,432.24
TOTAL REVENUE		4,976,240.15	4,535,022.26
LESS: OPERATING EXPENSES			
Wages		910,000.23	849,508.11
Overtime		134,953.69	135,151.80
Seagoing Allowance		107,354.05	108,138.71
Acting Allowance & Bonus		51,330.00	34,363.74
KPF Contribution		58,773.40	56,312.19
Fuel & Lubricant		1,006,342.46	977,252.87
Repairs & Maintenance		758,760.45	793,954.25
Victual Supplies		288,252.75	401,382.77
Bad Debts		0.00	0.00
Depreciation	14	722,088.35	921,083.52
Doubtful Debts		0.00	136,244.00
(Gain)/Loss on Disposal		(3,500.00)	13,996.66
Others		635,596.28	603,682.85
TOTAL OPERATING EXPENSES		4,669,951.66	5,031,071.47
OPERATING PROFIT/(LOSS) BEFORE PPI		306,288.49	(496,049.22)
PRIOR PERIOD ITEMS	13	(11,829.72)	682,504.78
OPERATING PROFIT/(LOSS) BEFORE TAX		318,118.21	(1,178,554.00)
INCOME TAX EXPENSE		0.00	0.00
NET PROFIT/(LOSS)		318,118.21	(1,178,554.00)

CHAIRWOMAN

DIRECTOR

The notes on pages 2 to 5 form part of the financial statement.

KIRIBATI SHIPPING SERVICES LIMITED
BALANCE SHEET
AS AT 31 AUGUST 2003

	NOTES	2003	2002
		$	$
CURRENT ASSETS			
Cash & Bank	3	133,915.01	713,160.52
Masters Imprest	4	11,500.00	11,500.00
Prepayments		0.00	0.00
Accounts Receivable (net)	5	939,751.08	679,818.45
inventory	6	(0.00)	3,588.34
TOTAL CURRENT ASSETS		1,085,166.09	1,408,067.31
CURRENT LIABILITIES			
Accrual	7	3,500.00	8,903.39
Accounts Payable	8	24,457.57	19,242.97
TOTAL CURRENT LIABILITIES		27,957.57	28,146.36
WORKING CAPITAL		1,057,208.52	1,379,920.95
NON CURRENT ASSETS			
Loan	9	136,400.00	204,600.00
Investment	10	4,156,088.18	3,569,300.19
Vessels, etc (net)	14	6,093,277.90	6,642,125.90
TOTAL NON CURRENT ASSETS		10,385,766.08	10,416,026.08
NET ASSETS		11,442,974.60	11,795,947.03
SHAREHOLDER'S EQUITY			
Share Capital		500.00	500.00
Retained Losses	11	(4,213,057.55)	(4,531,175.76)
Capital Reserve		9,796,807.01	9,796,807.01
Government Aid Reserve	12	5,858,725.14	6,529,815.78
TOTAL SHAREHOLDER'S EQUITY		11,442,974.60	11,795,947.03

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CHAIRMAN

....
DIRECTOR

The notes on pages 2 to 5 form part of the financial statement.

KIRIBATI SHIPPING SERVICES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2003

	$	$
OPERATING ACTIVITIES		
Cash receipts from customers		3,975,605.28
Cash disbursements to employees & suppliers		3,951,856.44
NET CASH PROVIDED BY OPERATING ACTIVITIES		23,748.84
INVESTING ACTIVITIES		
Cash provided by:		
Loan repayment from KPA	70,246.00	70,246.00
Cash used to:		
Purchase of Fixed Assets	173,240.35	
Invest in IBD Account	500,000.00	673,240.35
NET CASH USED FOR INVESTING ACTIVITIES		(602,994.35)
Net decrease in cash		(579,245.51)
Cash balance, 1 September 2002		713,160.52
Cash balance, 31 August 2003		133,915.01

Reconciliation of Net Profit to Net Cash provided by Operating Activities

Net Profit	318,118.21
Adjustments needed to convert net profit to a cash basis:	
Depreciation	722,088.35
Interest Received	(88,834.00)
Government Aid Reserve Release	(671,090.64)
Add (deduct) changes in current assets:	
Increase in Accounts Receivable	(259,932.63)
Decrease in Inventory	3,588.34
Add (deduct) changes in current liabilities:	
Decrease in Accrual	(5,403.39)
Increase in Accounts Payable	5,214.60
	23,748.84

The notes on pages 2 to 5 form part of the financial statement.

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KIRIBATI SHIPPING SERVICES LTD
PROFIT & LOSS STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2005

ACCOUNT	NOTE	2005	2004
		$$	$$
REVENUE			
FREIGHTS	3	1,313,725.83	1,872,361.45
FARES	4	277,434.24	424,578.53
CHARTER		670,492.22	979,696.22
HANDLING	5	164,777.68	197,949.75
~~FREIGHT SLOT~~		119,820.68	84,289.10
INTEREST TERM DEPOSIT	6	273,595.85	127,392.59
AGENCY COMMISSION		207,757.60	166,009.75
GOVT AID RESERVE RELEASE			671,090.64
OTHERS	7	697,467.56	11,706.50
TOTAL		**3,725,071.66**	**4,535,074.53**
LESS OPERATING EXPENSES			
SALARIES	8	952,253.78	913130.42
OVERTIME	9	271,355.16	230441.95
ALLOWANCE & BONUS	10	49,397.71	176513.74
KPF CONTRIBUTION		65,382.13	60977.3
FUEL & LUBRICANT		772,866.64	878064.17
VICTUAL SUPPLIES & RATION	11	260,240.10	354709.35
STEVEDORE	12	81,699.51	64085.31
KPA CHARGES	13	75,859.65	0
REPAIR & MAINTENANCE	14	442,679.56	1178062.94
~~NETWORK COSTS~~	15	34,833.55	0
FEES & CHARGES	16	134,233.17	0
DEPRECIATION	17	800,545.99	738643.63
DOUBTFUL DEBT		0.00	30605.09
OTHERS	18	209,610.08	506299.42
TOTAL		**4,150,957.03**	**5,131,733.32**
NET PROFIT/ (LOSS)		**-425,885.37**	**-596,658.79**
PRIOR PERIOD ITEMS		0.00	-7607.4
NET PROFIT /(LOSS)		-425,885.37	-589,051.39

Uure (Chairlady)

Betem (Director)

KIRIBATI SHIPPING SERVICES
BALANCE SHEET
AS AT 31 AUGUST 2005

	notes	2005 $$$	2004 $$$
CURRENT ASSETS			
CASH & BANK	19	349,333.41	-114,021.12
IMPREST	20	23,000.00	11,500.00
ACCOUNT RECIEVABLES	21	526,146.67	602,746.48
INVENTORY	22	4,247.32	0.00
SUSPENSE ACCOUNT	23	-4,254.41	0.00
PREPAYMENT		104,692.21	0.00
OTHERS		0.00	0.00
TOTAL		1,003,165.20	500,225.36
CURRENT LIABILITIES			
ACCRUAL	24	3,500.00	3,500.00
ACCOUNT PAYABLES	25	45,913.16	40075.87
TOTAL		**49,413.16**	**43,575.87**
WORKING CAPITAL		**953,752.04**	**456,649.49**
NON CURRENT ASSETS			
LOAN		100,278.24	100,278.24
INVESTMENT	26	3,330,063.84	4,157,116.77
VESSELS etc (net)	27	4,701,762.45	5,468,788.07
TOTAL		8,132,104.53	9,726,183.08
NET ASSETS		9,085,856.57	10,182,832.57
SHAREHOLDER'S EQUITY			
SHARE CAPITAL		500.00	500.00
RETAINED PROFIT/(LOSS)	28	-5,227,994.30	-4,802,108.93
CAPITAL RESERVE		9,796,807.01	9,796,807.01
GOVERNMENT AID RESERVE		4,516,543.86	5,187,634.50
TOTAL		9,085,856.57	10,182,832.58

Mine Chairlady

Betem - Director

KIRIBATI SHIPPING SERVICES LTD
CASH FLOW STATEMENT
FOR YEAR ENDED 31 AUGUST 2005

	2005
	$$$
OPERATING ACTIVITIES	
Cash receipts from customers	1,807,842.72
Cash disbursement to employees and suppliers	1,322,656.69
Cash receipts from operating revenue	1,103,015.18
Cash disbursement for operating expenses	2,218,143.02
Payment for Interest on loan	0.00
Receipt from interest on investment	0.00
Net Cash Provided by Operating Activities	-629,941.81
INVESTING ACTIVITIES	
Payment for fixed assets	4,120.85
Sale of fixed assets	0.00
Net Cash Used In Investing Activities	4,120.85
FINANCING ACTIVITIES	
Proceed from borrowings	0.00
Repayment of borrowings	0.00
Receipts from IBD Transfer	1,096,385.54
Net Cash Provided by Financing Activities	1,096,385.54
Net increase (decrease) in cash held	462,322.88
Cash at beginning of year 31/08/04	(114,021.12)
Cash at year end 31/08/05	348,301.76

Nme - Chairlady

Betem - Director

NOTES TO FORM PART OF FINANCIAL STATEMENT 31 AUGUST 2008

	note	2005
NOTES TO PROFIT & LOSS STATEMENT		
REVENUES		2005
FREIGHT	3	
Freight General Cargo		1,313,725.83
Freight overseas		0.00
Freight Copra		0.00
		1,313,725.83
FARE	4	
Fare local		277,434.24
Fare overseas		0.00
		277,434.24
HANDLING	5	
Handling General Cargo		164,777.68
Handling Overseas		0.00
Handling Copra		0.00
		164,777.68
INTEREST ON IBD	6	
Account Numbers:		
25507-3		6,691.53
24243-9		14,602.15
25515-3		4,338.16
53670-0		91,725.05
25525-5		241.49
		117,598.38
OTHER INCOME	7	
Commission Fare refund		979.73
Diversion		14,034.67
Sales Damaged Cargo		9,802.95
Hire		1,462.50
Storage		-23.73
Servicing		120.80
Govt Aid Reserve		671,090.64
		697,467.56
OPERATING EXPENSES:		
PAYROLL & PERSONAL EXPENSES		
Wages & Salaries	8	952,253.78
Overtime	9	271,355.16
Allowances	10	49,397.71
KPF Contribution		65,382.13
		1,338,388.78
VESSELS CONSUMPTION		
Fuel & Bunkering		772,866.64
Victual Supplies	11	253,146.95
Ration		0.00
Water		7,093.15
		1,033,106.74

Mike-Chairlady

Betan-Director

STEVEDORING	12	
Steve lore - Betion		6,250.00
Stevedore - KPA		
Stevedore - Outer Island		50,634.40
Stevedore - Overseas		24,815.11
		81,699.51
KPA CHARGES	13	
Berthing		19,779.74
Dockage		44,181.75
Pilot fee		833.82
Port charge - local		0.00
Port charge - overseas		9,135.07
Wharfage - local		1,929.27
Wharage - overseas		0.00
		75,859.65
REPAIR & MAINTENANCE	14	
Air Conditions		296.00
Buildings		1,145.20
Communation Equipment		171.05
Containers		0.00
Gene al		0.00
Motor Vehicles		2,991.65
Navigation Equipment		50.00
Outboat Motors		755.40
Office Equipment		2,774.00
Office Furnitures		412.60
Plant & Machineries		4,396.57
Vessels		424,050.65
Work Boats		5,636.44
		442,679.56
NETWORK COSTS	15	
Facsmile		3,253.24
Inmarsat		216.72
Internet		11,231.09
Telephone		20,132.50
		34,833.55
FEES & CHARGES	16	
Agency fee		9,651.99
Audit fee		0.00
Bank charge		41,072.07
Subscription fee		130.00
Survey fee		8,295.86
Tax Penalty fee		0.00
Legal fee		589.00
Interet on Bank loan		73,294.25
Council rates		1,200.00
		134,233.17

Miire - Chairlady

Betem - Director

DEPRECIATION - FIXED ASSESTS	17	
Deprn - Office Equipment		12,250.18
Deprn - Office Furnitures		214.96
Deprn - Air Condition		1,972.10
Deprn - Tools & Equipment		2,468.82
Deprn - Freezer		234.00
Deprn - Water Pump		152.00
Deprn - Motor Vehicles		15,471.13
Deprn - Plant & Machines		69.11
Deprn - Buildings		129.26
Deprn - Vessels		715,363.73
Deprn - Out Boat Motors		13,033.60
Deprn - Work Boat		13.15
Deprn - Navigation Equipment		10,571.93
Deprn - Containers		19,399.69
Deprn - Water Tank		497.42
Deprn - Safe		195.00
Deprn - Communication Equipment		6,701.41
Deprn - Fixture & Fittings		0.00
Deprn - Computer Netowrk		1,808.50
Deprn - Solar System		0.00
		800,545.99

OTHERS	18	
Board of Directors		8,204.45
Business Travel - Overseas		9,790.43
Cargo Transport - local		270.00
Cargo Transport - Overseas		17,202.70
Cleaning Supplies		920.45
Clothing allowance		0.00
Continers Leasing		4,468.20
Containers Storage		0.00
Computer error		30.00
Doubful debt		0.00
Electricity		30,555.47
Cargo Claim		10,948.90
Advertisement & Promotion		1,229.00
Bad debt		0.00
Entertainment		3,010.11
Fixed Control Station License		0.00
Gain/Loss on disposals		0.00
Gain/Loss on exchange rate		0.00
Hire tug boat		0.00
Insurance		0.00
Leave grant		32,004.62
Medical supplies		272.58
Operating supplies		42,220.42
Postage		799.25
Subsidised House rent		10,774.00
Stationery		29,152.06
Training		2,332.00
Transport - local		6,569.10
Transport - overseas		13,979.01
Workers compensation		0.00
Vessels dues		1,549.97
Prior period items		-16,693.54
		209,610.08

Mike - Chairlady
Betem - Director

NOTES TO BALANCE SHEET 31 AUGUST 2005

CASH & BANK	19	
Bank Account no: 255039		348,301.76
Petty cash fund		1,031.65
		349,333.41
IMPREST	20	
Master imprest		15,500.00
Special imprest		7,500.00
		23,000.00
ACCOUNT RECEIVABLES	21	
Salary advance		7,964.35
Staff debtors		29,090.53
Receivables		489,091.79
		526,146.67
INVENTORY	22	
Victual Supplies		0.00
Engineering		1,514.52
Ration		2,732.80
		4,247.32
SUSPENSE ACCOUNT	23	
Suspense account - Pays		-4,254.41
Suspense account		0.00
		-4,254.41
ACCRUAL	24	
KNAO		3500
PUB		2438.83
TSKL		2964.56
		8903.39
ACCOUNT PAYABLES	25	
Account Payables - suppliers		45,913.16
Pay Deductions		0.00
Net Wages Payable		0.00
		45,913.16
INVESTMENTS	26	
Ordinary Shares in ATL		30,000.00
Preference Shares in ATL		150,000.00
IBD		3,150,063.84
		3,330,063.84
RETAINED LOSES	28	
Balance beginning 1/09/04		-4,802,108.93
Net Profit/(Loss)		-425,885.37
Balance ending 30/08/05		-5,227,994.30
CAPITAL RESERVE		
Balance beignning		17,121,055.03
Less Government Aid Reserve		7,324,248.02
		9,796,807.01
GOVERNMENT AID RESERVE		
Balance, beginning		7,324,248.02
Less Amortisation		2,807,704.16
		4,516,543.86

Mike Mitre - Chairlady
Alexi Belen - Director

FIXED ASSETS 31AUGUST 2005

	note 27	BK VALUE	COST 30/08/05	ADDITIONS	ADJUSTMENT	DISPOSAL	DEPRN	DEPRN	ACC DEP
Office Equipment		13,262.70	47,316.25	2,685.10	2,207.65	0.00	9,381.93	24,649.07	34,53[illegible]
Office Furniture		-69.07	695.00	0.00	0.00	0.00	139.00	625.07	764.0[illegible]
Air Condition		18,368.18	35,976.06	3,478.00	0.00	0.00	7,374.51	13,711.37	21,085.8[illegible]
Tools & Equipment		3,106.64	10,681.33	0.00	0.00	0.00	2,136.27	5,438.42	7,574.6[illegible]
Solar System		20,207.22	32,900.00	1,069.00	0.00	0.00	6,633.45	7,128.33	13,761.78
Water Pump		2,300.09	5,897.08	0.00	0.00	0.00	1,179.42	2,417.57	3,596.99
Motor Vehicles		10,193.14	43,459.31	2,340.00	0.00	0.00	15,137.81	20,468.36	35,606.17
Plant & Machinery		480.44	1,353.10	0.00	0.00	0.00	450.58	422.08	872.66
Buildings		7,997.59	12,425.00	0.00	0.00	0.00	621.25	3,806.16	4,427.41
Vessels		3,593,447.20	17,639,655.89	0.00	184,394.63	0.00	697,588.16	13,164,225.90	13,861,814.06
OB Motors		17,370.39	56,488.00	3,335.00	0.00	0.00	11,853.43	30,599.18	42,452.61
Work Boat		4,641.31	3,243.80	4,490.00	0.00	0.00	2,076.97	1,015.52	3,092.49
Navigation Equipmet		17,567.93	56,666.91	48.95	0.00	0.00	11,339.91	27,808.02	39,147.93
Containers		382,382.98	81,103.44	371,185.32	0.00	0.00	27,421.30	42,484.48	69,905.78
Water Tank		1,018.58	2,495.00	0.00	0.00	0.00	499.00	977.42	1,476.42
Safe		438.75	975.00	0.00	0.00	0.00	195.00	341.25	536.25
Communication Equipment		10,531.48	30,089.98	0.00	0.00	0.00	6,018.00	13,540.50	19,558.50
Fixtures & Fittings		0.00		0.00	0.00	0.00	0.00	0.00	0.00
		4,103,245.55	18,061,421.15	388,631.37	186,602.28	0.00	800,545.99	13,359,658.70	14,160,204.09

Mle Muire - Chairlady

Mtau Beten - Director

KIRIBATI SHIPPING SERVICES LTD
PROFIT & LOSS STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2007

ACCOUNT	NOTE	2007 $$$	2006 $$$
REVENUE			
FREIGHTS	3	2,801,972.19	1,467,802.87
FARES	4	403,455.60	360,109.31
CHARTER		264,297.52	1,016,359.17
HANDLING	5	314,424.33	248,860.17
FREIGHT SLOT		38,145.30	310,013.72
INTEREST TERM DEPOSIT	6	99,897.28	117,598.38
AGENCY COMMISSION		150,216.26	215,949.03
OTHERS	7	120,357.81	28,694.80
TOTAL		4,192,766.29	3,765,387.45
LESS OPERATING EXPENSES			
SALARIES	8	955,499.36	881,973.60
OVERTIME	9	243,564.89	193,189.50
ALLOWANCE & BONUS	10	71,520.01	52,414.66
KPF CONTRIBUTION		71,919.72	57,041.28
FUEL & LUBRICANT		868,525.16	714,321.59
VICTUAL SUPPLIES & RATION	11	236,845.26	290,705.76
STEVEDORE	12	194,218.15	115,463.00
KPA CHARGES	13	105,694.26	108,503.40
REPAIR & MAINTENANCE	14	195,415.32	204,789.07
NETWORK COSTS	15	31,809.47	40,280.32
FEES & CHARGES	16	493,747.70	213,942.58
DEPRECIATION	#	1,194,468.70	976,556.16
OTHERS	17	304,713.59	188,222.16
TOTAL		4,967,941.59	4,037,403.08
NET PROFIT/ (LOSS)		-775,175.30	-272,015.63

KIRIBATI SHIPPING SERVICES
BALANCE SHEET
AS AT 31 AUGUST 2007

	notes	2007 $$$	2006 $$$
CURRENT ASSETS			
CASH & BANK	20	-1,579,767.57	-538,968.05
IMPREST	21	72,954.34	45,395.39
ACCOUNT RECIEVABLES	22	1,471,236.05	1,131,033.09
INVENTORY	23	8,794.00	8,744.00
SUSPENSE ACCOUNT		0.00	-3,514.20
PREPAYMENT		931,129.60	858,956.23
OTHERS		36,091.26	5,495.69
TOTAL		940,417.68	1,457,142.15
CURRENT LIABILITIES			
ACCRUAL		3,500.00	3,500.00
ACCOUNT PAYABLES	24	179,315.91	16,450.39
TOTAL		182,815.91	19,950.39
WORKING CAPITAL		757,601.77	1,437,191.76
NON CURRENT ASSETS			
LOAN		520,278.24	100,278.24
INVESTMENT	25	2,356,027.50	3,057,380.22
VESSELS etc (net)	26	5,546,291.12	4,114,298.51
TOTAL		8,422,596.86	7,271,956.97
LESS NON CURRENT LIABILITY			
BOK LOAN	27	2,105,181.43	0
NET ASSETS		7,075,017.20	8,709,148.73
SHAREHOLDER'S EQUITY			
SHARE CAPITAL		500.00	500.00
RETAINED PROFIT/(LOSS)	28	-7,238,833.67	-5,604,702.14
CAPITAL RESERVE		9,796,807.01	9,796,807.01
GOVERNMENT AID RESERVE		4,516,543.86	4,516,543.86
TOTAL		7,075,017.20	8,709,148.73

KIRIBATI SHIPPING SERVICES LTD
CASH FLOW STATEMENT
FOR YEAR ENDED 31 AUGUST 2007

	note	2007	2006
		$$	$$
OPERATING ACTIVITIES			
Cash receipts from customers		2,948,850.61	2,138,203.55
Cash disbursement to employees and suppliers		1,286,986.99	1,248,114.42
Cash receipts from operating revenue		1,742,478.00	962,426.45
Cash disbursement for operating expenses		3,575,424.48	2,902,804.85
Payment for Interest on loan		80,880.98	0.00
Receipt from interest on investment		99,897.28	117,598.38
Net Cash Provided by Operating Activities		-152,066.56	-932,690.89
INVESTING ACTIVITIES			
Payment for fixed assets		2,638,752.96	403,150.22
Sale of fixed assets		0.00	7,257.65
Net Cash Used In Investing Activities		-2,638,752.96	-395,892.57
FINANCING ACTIVITIES			
Proceed from borrowings		2,500,000.00	0.00
Repayment of borrowings		700,000.00	0.00
Receipt from IBD Transfer		0.00	390,282.00
Net Cash Provided by Financing Activities		1,800,000.00	390,282.00
Net increase (decrease) in cash held		-990,819.52	-938,301.46
Cash at beginning of year 31/08/06		-589,999.70	348,301.76
Cash at year end 31/08/07		**-1,580,819.22**	**-589,999.70**

NOTES TO FORM PART OF FINANCIAL STATEMENT

NOTES TO PROFIT & LOSS STATEMENT

REVENUES	note	2007	2006
FREIGHT	3		
Freight General Cargo		2,033,798.97	1,134,200.37
Freight overseas		126,641.30	224,755.01
Freight Copra		641,531.92	108,847.49
		2,801,972.19	1,467,802.87
FARE	4		
Fare local		460,789.35	292,800.67
Fare overseas		-57,333.75	67,308.64
		403,455.60	360,109.31
CHARTER			
HANDLING	5		
Handling General Cargo		217,596.26	155,264.77
Handling Overseas		0.00	4,081.87
Handling Copra		96,828.07	89,513.53
		314,424.33	248,860.17
INTEREST ON IBD	6		
Account Numbers:			
25507-3		8,757.55	6,691.53
24243-9		1,643.03	14,602.15
25515-3		5,671.14	4,338.16
53670-0		83,467.51	91,725.05
25528-5		358.04	241.49
		99,897.27	117,598.38
AGENCY COMMISSION			
OPERATING EXPENSES:			
PAYROLL & PERSONAL EXPENSES			
Wages & Salaries	8	920,048.36	848,862.60
Overtime	9	243,564.89	193,189.50
Allowances	10	70,854.91	52,284.66
Cadet Poket money		35,451.00	33,111.00
Bonus	10	665.10	130.00
KPF Contribution		71,919.72	57,041.28
		1,342,503.98	1,184,619.04
VESSELS CONSUMPTION	11		
Fuel & Bunkering		868,525.16	714,321.59
Victual Supplies		204,798.92	283,468.76
Ration		26,475.74	0.00
Water		5,570.60	7,237.00
		1,099,799.82	1,005,027.35
STEVEDORING	12		
Stevedore - Betion		136,190.80	56,890.11
Stevedore - KPA		8,290.00	0.00
Stevedore - Outer Island		49,737.35	58,572.89
Stevedore - Overseas		0.00	0.00
		194,218.15	115,463.00

KPA CHARGES	13		
Berthing		147.30	825.40
Dockage		13,925.20	34,642.59
Dockage allowance			2,368.00
Pilot fee		0.00	0.00
Port charge - local		16,371.44	41,802.97
Port charge - overseas		0.00	0.00
Wharfage - local		75,250.32	28,864.44
Wharage - overseas		0.00	0.00
		105,694.26	108,503.40
REPAIR & MAINTENANCE	14		
Air Conditions		110.00	76.50
Buildings		3,129.25	6,090.66
Communation Equipment		25.00	1,410.50
Containers		1,161.99	0.00
General		0.00	40.50
Motor Vehicles		8,763.15	9,411.55
Navigation Equipment		0.00	2,658.31
Outboat Motors		7,065.07	0.00
Office Equipment		7,232.15	731.55
Office Furnitures		302.50	141.45
Plant & Machineries		1,074.05	43.50
Vessels		164,903.76	175,831.43
Work Boats		1,646.40	8,353.12
		195,415.32	204,789.07
NETWORK COSTS	15		
Electricity		0.00	0.00
Facsmile		687.83	2,750.21
Inmarsat		661.57	543.53
Internet		3,914.00	13,096.91
Telephone		26,546.07	23,889.67
		31,809.47	40,280.32
FEES & CHARGES	16		
Agency fee		7,716.35	799.50
Audit fee		0.00	0.00
Bank charge		127,692.50	180,413.10
Electrictity		26,688.62	30,009.98
Subscription fee		130.00	0.00
Survey fee		2,488.55	700.00
Tax Penalty fee		0.00	76.00
Council rate charge		1,300.00	1,594.00
KPF Surcharge		1,493.70	0.00
Legal fee		7,067.32	350.00
Interet on Bank loan		319,170.66	0.00
		493,747.70	213,942.58
DEPRECIATION FIXED ASSESTS			
Deprn - Office Equipment		9,620.74	0.00
Deprn - Office Furnitures		139.00	3,872.06
Deprn - Air Condition		8,320.73	9,881.93
Deprn - Tools & Equipment		2,136.27	0.00
Deprn - Freezer		6,793.80	0.00
Deprn - Water Pump		1,260.50	2,359.27
Deprn - Motor Vehicles		15,342.75	0.00
Deprn - Plant & Machines		450.58	1,179.42

Deprn - Buildings		621.25	15,137.81
Deprn - Vessels		992,068.35	0.00
Deprn - Out Boat Motors		11,964.60	0.00
Deprn - Work Boat		2,620.12	0.00
Deprn. - Navigation Equipment		11,343.17	0.00
Deprn - Containers		125,074.84	2,076.97
Deprn - Water Tank		499.00	0.00
Deprn - Safe		195.00	27,421.30
Deprn - Communication Equipment		6,018.00	499.00
Deprn - Fixture & Fittings		0.00	195.00
Deprn - Computer Netowrk		0.00	6,018.00
Deprn - Solar System		0.00	0.00
		1,194,468.70	68,640.76
OTHERS	17		
Board of Directors		11,722.45	180,413.10
Business Travel - Overseas		34,568.96	825.40
Cargo Transport - local		338.15	9,688.00
Cargo Transport - Overseas		0.00	9,688.00
Cleaning Supplies		512.25	0.00
Clothing allowance		0.00	0.00
Continers Leasing		0.00	680.90
Containers Storage		0.00	290.00
Cargo Claim		134,933.83	283,468.76
Advertisement & Promotion		9,565.80	0.00
Bad debt		0.00	799.50
Docking allowance		0.00	1,594.00
Entertainment		8,223.96	0.00
Fixed Control Station License		300.00	4,997.55
Gain/Loss on disposals		0.00	2,750.21
Gain/Loss on exchange rate		0.00	2,750.21
Hire tug boat		9,004.00	0.00
Insurance		0.00	0.00
Leave grant		23,700.00	13,096.91
Medical supplies		0.00	29,400.00
Operating supplies		28,338.22	350.00
Postage		1,410.40	41,802.97
Subsidised House rent		7,318.00	175,831.43
Stationery		20,795.11	8,353.12
Training		747.00	76.00
Transport - local		5,130.05	23,889.67
Transport - overseas		0.00	1,962.00
Workers compensation		2,409.25	28,864.44
Vessels dues		5,676.16	21,379.44
		304,713.59	842,971.61

NOTES TO BALANCE SHEET STATEMENT

CASH & BANK	20		
Bank Account no: 255039		-1,580,819.22	-589,999.70
Petty cash fund		1,031.65	1,031.65
		-1,579,787.57	-588,968.05
IMPREST	21		
Master imprest		35,580.80	17,500.00
Special imprest		37,373.54	27,895.39
		72,954.34	45,395.39

ACCOUNT RECEIVABLES	22		
Salary advance		7,964.35	7,964.35
Staff debtors		71,322.40	49,154.58
Receivables		4,681,261.18	1,073,914.16
		4,760,547.93	1,131,033.09
INVENTORY	23		
Victual Supplies		0.00	0.00
Engineering		1,514.52	1,514.52
Ration		7,279.48	7,229.48
		8,794.00	8,744.00
ACCRUAL			
KNAO		3500	3500
PUB		2438.83	2438.83
TSKL		2964.56	2964.56
		8903.39	8903.39
ACCOUNT PAYABLES	24		
Account Payables - suppliers		-1,040,605.56	-535,319.36
Pay Deductions		1,243,781.26	620,056.80
Net Wages Payable		-23,859.79	-68,287.05
		179,315.91	16,450.39
INVESTMENTS	25		
Ordinary Shares in ATL		30,000.00	30,000.00
Preference Shares in ATL		150,000.00	150,000.00
IBD		2,176,027.50	2,758,583.63
		2,356,027.50	2,938,583.63
LOAN WITH BOK	27	Balance	
Approved 28/09/06		2,500,000.00	
Interest full charge		238,279.08	
Bank charge		69,400.00	
Repayment		702,497.65	0.00
		2,105,181.43	0.00
RETAINED LOSES	28		
Balance beginning		-5,634,712.12	-5,332,686.51
Net Profit/(Loss)		-775,175.30	-302,025.61
Adjustment		-828,946.25	0.00
Balance ending		-7,238,833.67	-5,634,712.12
CAPITAL RESERVE			
Balance beignning		17,121,055.03	17,121,055.03
Less Government Aid Reserve		7,324,248.02	7,324,248.02
		9,796,807.01	9,796,807.01

FIXED ASSETS

note 26

	Rate	Cost Aug 06	Addn 0607	Date	Addn Deprn	Year Dep	Full yr dep	New Cost0607	Acc Dep n
Office Equipment	20%	47,793.70	1,860.00	June 0	62.00	9,558.74	9,620.74	49,653.70	52,[illegible]20.55
Office Furniture	20%	695.00				139.00	139.00	695.00	[illegible]70.47
Air Condition	20%	39,454.05	2,345.00	Sept 0	429.92	7,890.81	8,320.73	41,799.05	15,[illegible]74.41
Tools & Equipment	20%	10,681.33	0.00			2,136.27	2,136.27	10,681.33	11,[illegible]13.90
Solar System	20%	33,969.00	0.00			6,793.80	6,793.80	33,969.00	7,[illegible]92.43
Water Pump	20%	5,897.08	695.00	Jan 07	81.08	1,179.42	1,260.50	6,592.08	1,[illegible]21.45
Motor Vehicles	33%	45,799.31	0.00		0.00	15,342.75	15,342.75	45,799.31	53,[illegible]26.10
Plant & Machinery	33%	1,353.10	0.00		0.00	450.58	450.58	1,353.10	[illegible]11.83
Buildings	5%	12,425.00	0.00		0.00	621.25	621.25	12,425.00	[illegible]76.71
Vessels	5%	17,639,655.89	2,401,866.59	Sept 06	110,085.55	881,982.79	992,068.35	20,041,522.48	15,041,[illegible]36.26
OB Motors	20%	59,823.00	0.00		0.00	11,964.60	11,964.60	59,823.00	58,[illegible]73.97
Work Boat	33%	7,733.80	201.65	Dec 06	44.77	2,575.36	2,620.12	7,935.45	3,5[illegible]1.76
Navigation Equipmet	20%	56,715.86	0.00		0.00	11,343.17	11,343.17	56,715.86	45,[illegible]90.28
Containers	20%	452,288.76	207,702.52	Oct 06	34,617.09	90,457.75	125,074.84	659,991.28	196,7[illegible]1.69
Water Tank	20%	2,495.00	0.00		0.00	499.00	499.00	2,495.00	1,[illegible]75.42
Safe	20%	975.00	0.00			195.00	195.00	975.00	7[illegible]1.25
Communication Equipment	20%	30,089.98	0.00			6,018.00	6,018.00	30,089.98	32,6[illegible]8.68
Fixtures & Fittings	20%	0.00	0.00			0.00	0.00	0.00	0.00
	20%	0.00	0.00			0.00	0.00	0.00	0.00
		18,447,844.86	2,614,670.76		145,320.41	1,049,148.28	1,194,468.70	21,0[illegible]2,515.62	15,525,4[illegible]7.18