



PAPUA NEW GUINEA
Companies Act 1997

Section 65(6)

Form 13

NOTICE OF CHANGE OF SHAREHOLDER (SHARE TRANSFER)

Company Number: **1-46074**

Note: Information in this form must be either typed or handwritten in black letters. Where there is insufficient space on the form to supply the information required, use additional forms or annex a separate sheet in the same format containing the information. This form is not required to be submitted where:

- (a) the company is subject to a listing agreement with a stock exchange; or
- (b) the total number of shares transferred since the date of incorporation, or the last annual return submitted under Section 215, is less than 50% of the issued shares; or
- (c) the company submits to the Registrar its annual return under Section 215 within one month of the date of entry of the transfer.

1. Company Name:

CIVIL CONTRACTORS PACIFIC LIMITED

2. Declaration and signature.

I certify that the information in this form is true and correct.

Signature of Director or Secretary: _____

Name of Director or Secretary: **KERRY TANDEPEKE**

Role: **DIRECTOR/COMPANY SECRETARY** Date: **30** DAY OF **JUNE** ~~2014~~ **2015**

Lodged by	Jema Lawyers	Lodged in the Office of the Registrar
Address	PO Box 361, University 134, National Capital District	of Companies or
Telephone	325 3281	
		Registrar of Companies

[Please turn over and ensure page 2 of this form is also completed]

3. Details of shares.

Full name of transferor	Full name of transferee	Class of shares	Number of shares	Date of transfer	Consideration for shares
BOGASI INVESTMENTS LIMITED	BOGASI INVESTMENTS LIMITED SMA INVESTMENTS LIMITED	Ordinary	1	30 June 2015	6,500,000.00

Note

Includes are not sufficient for the given names of a shareholder. The consideration for shares must be stated as cash, consideration other than cash, or both. Where the consideration is not cash, details of the consideration must be specified.

4. Details of transferees referred to in Item 3.

Given names (natural persons only)	Surname or corporate name and registration number, if applicable	Residential address or address of registered office	Date of birth (natural persons only)	Nationality or country of incorporation
	BOGASI INVESTMENTS LIMITED SMA INVESTMENTS LIMITED	SECTION 96, ALLOTMENT 7, MOONBI STREET, KOROBOSEA, NATIONAL CAPITAL DISTRICT, PAPUA NEW GUINEA		PAPUA NEW GUINEA

Note

Includes are not sufficient for the given names of a shareholder. The surname, and first name and number, or the allotment and section number or portion number, and the district and province must be stated for the residential address or registered office. The country must also be stated if it is not Papua New Guinea.

CIVIL CONTRACTORS PACIFIC LIMITED

TRANSFER OF SHARES

I, **KERRY TANDEPEKE**, Director of **CI- P O Box 32, Port Moresby 121, National Capital District, Papua New Guinea** ("the Transferor") in consideration of K6,500,000.00 paid to us by ~~BOGASI INVESTMENTS LIMITED~~ **SMA** **BOGASI INVESTMENTS LIMITED** of **CI- P O Box 1076, Port Moresby 121, National Capital District, Papua New Guinea** (hereinafter called "the Transferee") do hereby transfer to the Transferee the share numbered 1 in the undertaking called **CIVIL CONTRACTORS PACIFIC LIMITED** to hold unto the Transferee subject to the several conditions on which the Transferor holds the same and the Transferee hereby agrees to take the said share subject to the conditions aforesaid.

AS WITNESS our hands this

day of _____ 2014.

THE COMMON SEAL of **BOGASI INVESTMENTS LIMITED** was hereunto affixed by authority of the Board of Directors in the presence of:


KERRY TANDEPEKE
Chairman



Signature of Witness


Name of Witness

MANAGER, BOGASI INVESTMENTS
Occupation & Address of Witness

THE COMMON SEAL of **INVESTMENTS SERVICES LIMITED** was hereunto affixed by authority of the Board of Directors in the presence of:


Director

Signature of Witness


Name of Witness

Manager, P.O. Box 261, UNK 134, NCD
Occupation & Address of Witness



BETWEEN:

BOGASI INVESTMENTS LIMITED
(the "Vendor")

AND:

SMA INVESTMENTS LIMITED
~~EMINENT SERVICES LIMITED~~
(the "Purchaser")



AGREEMENT FOR SALE AND PURCHASE OF SHARES



JEMA LAWYERS

Barristers & Solicitors at Law

Suite G6, Copytek Haus Section 52 Alotments 35 & 36,
Kennedy Road, Gordons, National Capital District,
P O Box 261, UNIVERSITY 134, National Capital District

Telephone No: (675) 325 6400

Facsimile No: (675) 325 6602

E-mail: jemalawyers@jemalawyers.com.pg





AGREEMENT FOR SALE AND PURCHASE OF SHARES

THIS AGREEMENT is made on the date specified in Item 1.

PARTIES:

1. The party named in Item 2 (the "Vendor").
2. The party named in Item 3 (the "Purchaser").

RECITALS:

- A. The Vendor is the registered holder of the shares specified in Item 4 (the "Shares") in the capital of the Company described in Item 5 (the "Company").
- B. The Vendor has agreed to sell and the Purchaser has agreed to purchase the Shares for the amount specified in Item 7 (the "Purchase Price").

OPERATIVE PART:

1. INTERPRETATION

- 1.1 In this Agreement (including the recitals) unless the context otherwise requires:-

"Company" means **CIVIL CONTRACTORS PACIFIC LIMITED** a company incorporated in Papua New Guinea and having its registered office at **HLB Niugini, Level 4, Suite 8b, Garden City, Angau Drive Boroko, NCD, PNG.**

"Settlement Date" means the 19 May 2014 or such other date (whether earlier or later) as the parties may agree in writing.

"Purchase Price" means the sum of **K6, 500,000.00** as the price to be paid by the Purchaser to the Vendor as consideration for the sale of Shares;

"Shares" means 1 ordinary full paid shares of K1.00 each in the capital of the Company together with the benefit of all rights (including dividend rights) attached or accruing to those shares.

- 1.2 In this Agreement, unless the context otherwise requires:-

- (a) words importing the singular include the plural and vice-versa;
- (b) words importing a gender shall include each other gender;
- (c) any reference to a statute or statutory provision shall be deemed to include any statute or statutory provision which amends, extends, consolidates or replaces the same or which has been amended, extended, consolidated or replaced by the same and any orders, regulations, instruments or other subordinate legislation made thereunder;

- (d) headings are for reference only and shall not affect the interpretation of this Agreement;
- (e) all references to an item is a reference to an item in the Schedule of this Agreement;
- (f) all references to "K" and "KINA" are to the lawful currency for the time being of Papua New Guinea;
- (g) where more than one party is included in the definition of Vendor or Purchaser each party shall be jointly and severally bound by this Agreement;
- (h) all references to dates, and times are to Papua New Guinea time; and
- (i) a reference to a party include that party's executors, administrators, substitutes, successors and permitted assigns.

2. **SALE AND PURCHASE**

2.1 The Vendor agrees to sell to the Purchaser and the Purchaser agrees to purchase from the Vendor for the Purchase Price the Shares in the capital of the Company free from all liens, charges and other encumbrances.

3. **DEPOSIT**

3.1 Upon execution of this Agreement the Purchaser shall pay to the Vendor's lawyers specified in Item 10 the amount specified in Item 6 as a deposit (the "Deposit").

4. **CONDITION PRECEDENTS**

Completion of this Agreement is subject to and conditional upon all authorisations and consents required by law to enable the Purchaser to enter and complete this Agreement have been obtained including but without limiting the generality of the foregoing all approvals required under the Foreign Exchange Regulations promulgated pursuant to the *Central Banking Act 1973*.

5. **COMPLETION**

Completion of this Agreement shall take place on the date set out in Item 8 at the offices of the Company at 11.00 A.M. or such other time and place as the parties may agree in writing (the "Settlement Date") when the balance of the Purchase Price shall be paid in Papua New Guinea by cash or bank cheque to the Vendor or as they may direct in writing.

6. **DELIVERY OF SHARE CERTIFICATES**

On the Settlement Date the Vendor shall deliver to the Purchaser or procure to be delivered to the Purchaser the share certificates in respect of the Shares together with duly executed

transfers of the Shares in favour of the Purchaser or as the Purchaser shall have nominated in writing at least seven (7) days prior to the Settlement Date.

7. **STAMPING**

Upon delivery of the Share transfers and subject to the Purchaser attending promptly at its own expense to the payment of stamp duty payable in respect of such transfers the Vendor undertake to do all in its power to procure the Purchaser or its nominee or nominees to be duly registered as the holder of the Shares.

8. **BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

The Vendor warrants to the Purchaser that the Balance Sheet and accompanying profit and loss account of the Company (called the "Balance Sheet") which have been prepared as at the date described in Item 9 (called the "Balance Date") annexed and marked with the letter "A" have been drawn up in accordance with the provisions of the *Companies Act Chapter No.146* of the Revised Laws of Papua New Guinea and that (without limiting the generality of the foregoing) proper and adequate provision has been made in the Balance Sheet for all liabilities (whether present or contingent) and other commitments and obligations of the Company so as to give a true and fair view of the state of affairs of the Company and that no material change detrimental to the interest of the Purchaser or of the Company as disclosed in the Balance Sheet has occurred since the Balance Date.

9. **WARRANTIES IN RELATION TO CONTRACTS AND AGREEMENTS**

9.1 The Vendor warrants to the Purchaser:-

- (a) that there are not now and there will not at the Settlement Date be any contracts agreements acknowledgements liabilities or obligations of any kind arising other than in the normal course of business (whether actual or contingent) incurred or entered into by the Company which have not been disclosed to the Purchaser prior to the date of this Agreement or for which provision has not been made in the Balance Sheet;
- (b) that since the Balance Date no contracts or engagements or outstanding agreements of any description binding the Company have been entered into other than normal agreements entered into in the ordinary course of business and no such agreements shall be entered into prior to the Settlement Date; and
- (c) that between the Balance Date and the Settlement Date no contracts or engagements or outstanding agreements of any description binding the Company have been entered into other than normal agreements entered into in the ordinary course of business and no such agreements shall be entered into prior to the Settlement Date.

10. **WARRANTIES IN RELATION TO DIVIDENDS**

10.1 The Vendor warrants to the Purchaser:-

- (a) that all dividends declared by the Company (if any) have been properly and validly declared and no dividends have been declared by the Company since the Balance Date; and
- (b) that no further dividends will be declared or paid prior to the Settlement Date.

11. **WARRANTIES IN RELATION TO STATUTORY BOOKS**

11.1 The Vendor warrants to the Purchaser that the statutory books and books of account and records of the Company:

- (a) were at the Balance Date written up-to-date and in a proper manner and that the sums which at the Balance Date were due from debtors of the company have been and will be so far as the Vendor is aware duly received less such provision for bad debts as has been made in the Balance Sheet of the Company; and
- (b) will continue as far as practicable to be written up-to-date and in a proper manner and that the sums which up to the Settlement Date have been or will so far as the Vendor is aware be duly received in the normal course business.

12. **INCOME TAX AND SALES AND SERVICES TAX WARRANTIES**

12.1 The Vendor warrants to the Purchaser:-

- (a) that all tax payable under the *Income Tax Act 1959* of Papua New Guinea (the "Tax Act") for all financial years preceding the Balance Date and for the period between the end of the financial year immediately preceding the Balance Date and the Balance Date has been paid or is provided for in the Balance Sheet;
- (b) any tax for which the Company may be liable under the *Tax Act* and any applicable Sales and Services Tax law for any period up to the Balance Date has been provided for in the Balance Sheet;
- (c) the Company has complied with all the provisions of the *Tax Act* and any applicable Sales and Services Tax law and will comply with all such provisions up to the settlement Date;
- (d) the amount of tax payable by the Company or for which the Company may become liable to pay pursuant to the *Tax Act* and any applicable Sales and Services Tax law for any period up to the Balance Date does not exceed the amount of the provision appearing in the said Balance Sheet unless disclosed to the Purchaser prior to the date hereof;

- (e) all returns of income required by the *Tax Act* have been duly lodged by the Company;
- (f) the Company has made to the Chief Collector of Taxes a full and true disclosure of all the materials facts necessary for the assessment of the Company and there has been no avoidance of tax by the Company;
- (g) that the Company has complied with and will comply up to the Settlement Date with all National Government and other revenue laws which apply to the Company (which expression shall include without limiting the generality thereof all laws with respect to income tax, stamp duty, payroll tax, sales and services tax, duties of customs and excise and rates) and in particular without limiting the generality of the foregoing:-
 - (i) the Company has duly made all returns required to be made pursuant to any revenue laws applicable to the Company and will duly make all such returns required to be made up to the Settlement Date; and
 - (ii) the Company has paid in full or provided for in the Balance Sheet all taxes, duties, rates and other charges payable by it up to the Balance Date pursuant to all revenue laws applicable to the Company;
- (h) that no dispute or difference exists between the Company and any other persons with respect to the liability of the Company to make any such return, to pay such tax, duty, rates or charge or otherwise with respect to the compliance by the Company with any revenue laws which apply to the Company.

13. ADDITIONAL WARRANTIES

13.1 The Vendor warrants to the Purchaser:-

- (a) that the Company has not given any option to acquire any of the unissued shares of the Company and the Company has not since the Balance Date issued and will not prior to Settlement Date issue or grant an option for the issue of or agree to issue any further capital or otherwise alter the structure of the share capital in the Company;
- (b) that the Company has not since the Balance Date and will not before the Settlement Date -
 - (i) pay any bonuses or increases in salary other than normal increases to employees in the ordinary course of business or as imposed by an industrial award;
 - (ii) pay any remuneration or fees to its Directors other than as is provided in the Balance Sheet and other than normal wages or salaries paid to them as employees of the Company;

- (c) that the Company has not since the Balance Date created or given and will not prior to the Settlement Date create or give any debentures, mortgages or charges;
- (d) that the Company has filed or caused to be filed with the Registrar of Companies all annual returns and other documents required to be so filed by the *Companies Act (Chapter No. 146)* or Regulations and that the registration of the company is current and subsisting and that the Company is not liable to be struck off the Register of Companies and that the Company is not in default under any Act or Regulation other than as disclosed to the Purchaser prior to the date hereof;
- (e) that no person has any charge or other security over any of the unissued shares of the Company other than as disclosed to the Purchaser prior to the date of this Agreement;
- (f) that full particulars of all insurance of the Company have been supplied to the Purchaser;
- (g) that the stock shown in the Balance Sheet (if any) has been valued on the basis of cost or market or replacement value which ever is the lower and in calculating the value proper consideration has been given to inter alia, redundant and/or slow-moving items of stock;
- (h) that there are no patents, industrial designs, copyrights, trade marks or trade names owned or held or controlled by the Company or used or employed in connection with the business of the Company which have not been disclosed to the Purchaser;
- (i) that all proper and just demands and requirements of local government, health, building and other constituted authorities have been complied with;
- (j) that the Vendor has, as far as they are able, made a full and true disclosure to the Purchaser of all matters relating to the Company and to the Shares of which it has knowledge or belief and which would be material for a person purchasing the shares acting reasonably to take into consideration;
- (k) that the share transfers will be in accordance with the Articles of the Company;
- (l) that prior to the Settlement Date the Vendor will not appoint any additional Directors;
- (m) that there is no agreement or arrangement whereby the Company is liable to be or become bound now or at any time in the future to pay superannuation, long service leave or annual leave to any person except any contingent liability of the Company for such benefits as may be disclosed in the Balance Sheet (if any);

- (n) that the shares are and will be at the Settlement Date the sole and unencumbered property of the Vendor and that the Vendor has full right, power and title to transfer the Shares.

14. **LITIGATION PETITIONS TO WIND UP AND JUDGMENTS**

14.1 The Vendor warrants to the Purchaser:-

- (a) that the Company is not engaged in any litigation or arbitration;
- (b) that there are no claims or demands (either admitted or disputed) against the Company;
- (c) to the best of the Vendor's knowledge information and belief there are no claims demands litigation or arbitration pending or threatened against the Company;
- (d) that no petitions for winding up the Company have been presented and no orders have been made or effective resolutions passed for the winding up of the Company nor proceedings instituted and no meeting has been called with a view to obtaining any such orders or to pass any such resolutions;
- (e) that no Receiver of the undertakings or assets of the Company or any part thereof has been appointed nor have any unsatisfied judgments been obtained against the Company or any execution or process of any court or other authority sued out against or levied or enforced upon the Company or its assets or any part thereof.

15. **INDEMNITY**

Without limiting the generality of the warranties given in this Agreement the Vendor will indemnify the Purchaser against all liabilities of the Company not declared in the Balance Sheet of the Company and against all expenses demands, claims and damages or costs which the Purchaser may at any time hereafter sustain because of any default or breach by the Vendor of the warranties on its part contained in this Agreement, or because of any of the Vendor's warranties contained in this Agreement proving to be incorrect or by reason of any claims, demands, penalties, fines, taxes and other losses resulting from any claim made against the Company after the Settlement Date and not fully disclosed in this Agreement or by the Balance Sheet or by any other books or records of the Company exhibited to the Purchaser and inspected by it and handed over to the Purchaser on completion in accordance with the terms and conditions of this Agreement.

16. **DISCLOSURE**

The Vendor undertakes to the Purchaser that it will forthwith disclose in writing to the Purchaser any matter or thing which may arise or become known to it after the date of this Agreement and prior to the Settlement Date which is inconsistent with any of the warranties contained in this Agreement or which is material to be known by the Purchaser.

17. **ONGOING INDEMNITY**

The Vendor and each of them shall indemnify and keep indemnified in the same proportion as their respective shareholdings as set out in Item 4 the Purchaser from and against all claims and demands, actions, suits and proceedings in respect of all debts and liabilities owing or payable by the Company in connection with the business carried on by the Company and which shall not have been firstly paid, satisfied and discharged on the Settlement Date and the Purchaser agrees to take all reasonable steps and do all things necessary to defend such claims, demands, actions, suits or proceedings if requested so to do by the Vendor **PROVIDED THAT** the costs incurred by the Purchaser in complying with the Vendor's requests shall be payable by the Vendor to the Purchaser on demand.

18. **TERMINATION OF EMPLOYMENT**

All persons currently employed by the Company at the date of this Agreement shall continue to be employed by the Company on the Settlement Date unless the Purchaser has by one day's notice in writing indicated to the Vendor that it is desirous of all or any of the employees' employment to be terminated. The Vendor warrants that adequate provision for any long service leave holiday pay gratuity or superannuation that has accrued in respect of the employees has been made in the Balance Sheet.

19. **WHOLE AGREEMENT**

This Agreement and documents to be executed in pursuance of it shall comprise the whole of the agreement between the parties in respect of the transactions and matters referred to and all representations or warranties (if any) prior to or outside this Agreement in any way touching upon the transactions and matters are negated.

20. **NON MERGER**

The provisions of this Agreement shall not merge into any instrument of transfer of shares and each provision shall, notwithstanding such a conveyance, stand as a separate and independent covenant.

21. **FURTHER ASSURANCES**

The parties jointly and severally covenant with each other that they will execute and do all such further documents acts matters and things as shall be requisite or necessary for effecting the provisions of this Agreement.

22. **GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of Papua New Guinea and the parties submit to the exclusive jurisdiction of the National Court of Justice of Papua New Guinea.

23. NOTICES

23.1 Method of Giving Notices

A notice required or permitted to be given by one party to another under this Agreement shall be in writing, addressed to the other party and:

- (a) delivered to that party's address;
- (b) sent by prepaid mail to that party's address; or
- (c) transmitted by facsimile to that party's address.

23.2 Time of Receipt

A notice given to a party in accordance with Clause 23.1 is treated as having been duly given and received:

- (a) if delivered to a party's address on the day of delivery if a Business Day, otherwise on the next following Business Day;
- (b) if sent by prepaid airmail on the seventh Business Day after posting; and
- (c) if transmitted by facsimile to a party's address and a correct and complete transmission report is received on the day of transmission if a Business Day, otherwise on the next following Business Day.

23.3 Address of Parties

For the purpose of Clause 23.1, the address of a party is the address set out below or another address of which that party may from time to time give notice to each other party.

Vendor: : **BOGASI INVESTMENTS LIMITED**
Address : C/- PO Box 32, Port Moresby 121, NCD, PNG
Facsimile : :

Purchaser : **EMINENT SERVICES LIMITED**
Address : C/- PO BOX 1076, Port Moresby 121, NCD, PNG
Facsimile: : :

24. ARBITRATION

- 24.1 Any dispute concerning the meaning or the interpretation of this Agreement or the obligation of the parties hereunder shall be referred to arbitration and this provision is pursuant to the provisions of the *Arbitration Act (Chapter 46)* of Papua New Guinea.

- 24.2 The arbitration shall be commenced by either party giving to the other notice in writing stating the subject matter and details of the dispute or difference and that party's desire to have the matter referred to arbitration.
- 24.3 The arbitration shall be by one arbitrator if the parties can agree upon one and, if not, then by three arbitrators, one to be appointed by each party and their umpire before they begin to consider the dispute or difference.
- 24.4 The award in the arbitration shall be final and binding on the parties.

SCHEDULE 1

ITEM 1:
DATE OF AGREEMENT : _____ day of May 2014

ITEM 2:
VENDOR : BOGASI INVESTMENTS LIMITED

ITEM 3:
PURCHASER : EMINENT SERVICES LIMITED

ITEM 4:
SHARES : Share numbered 1

ITEM 5:
COMPANY : CIVIL CONTRACTORS PACIFIC LIMITED

ITEM 6:
DEPOSIT : K2, 000, 000.00

ITEM 7:
PURCHASE PRICE : K6, 500, 000.00

ITEM 8:
SETTLEMENT DATE : 1 July 2014

ITEM 9:
BALANCE DATE : 31 October 2013

ITEM 10:
VENDOR'S LAWYERS : NIL

EXECUTED as an Agreement.

Vendor:

THE COMMON SEAL of BOGASI INVESTMENTS LIMITED

was hereunto affixed by authority of its Board of Directors in the presence of:

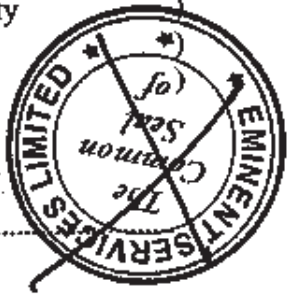


[Handwritten Signature]
.....
Director
[Handwritten Signature]
.....
Secretary

Purchaser:

THE COMMON SEAL of ~~EMINENT~~ SVA SERVICES INVESTMENTS LTD

was hereunto affixed by authority of the Board of Directors in the presence of:



[Handwritten Signature]
.....
Director - *Mano Augustine*

[Handwritten Signature]
.....

Signature of Witness

M. Nake
.....

Name of Witness

Lawyer, McDonald Nake, P.O. Box 201, U.N.I. 134 NCD.
.....

Occupation & Address of Witness



A

HLB Niugini

Registered Public Accountants and Auditors

17 January 2014

The Board of Directors
Civil Contractors Pacific Limited
PO Box 2091
Port Moresby
National Capital District

Dear Sir,

Subject: Desk top valuation of Civil Contractors Pacific Limited (Civpac) as at 31 October 2013.

Introduction:

The board of directors of Civpac have requested us to perform a desk-top valuation of the company as at 31 October 2013.

Principles of Valuation:

The value attributable to the company is the fair price that a willing buyer will be justified to pay to a willing but not anxious seller acquire total ownership of the company. The transaction between the buyer and seller is assumed to be purely a commercial transaction completed at arms length basis.

Methodologies considered for valuation:

There are many acceptable methods of valuation used, but the most appropriate method, in our view that could be used for Civpac is as follows

- ***Fair value of net assets basis:*** This method is generally considered appropriate for capital intensive business or industry where the ability of the business to generate profits is to a large extent dependent upon its Property Plant and Equipment.
- ***Discounted cash flow model:*** Where cash flows expected to be generated are forecast either based on specific forecast information available or on the basis of previous historical financial data available for the company. These cash flows can then be discounted using an appropriate discount factor to arrive at the net present value of future cash-flows.

We have not been provided with a list of contracts already won by the company or likely to be won by the company in the immediately foreseeable future. Consequently we are unable to create a discounted cash-flow model that could be used under this methodology to arrive at valuation.

Global in Reach, Local in Touch

Level 4, Suite 8B, Garden City Shopping Centre, Angau Drive, Boroko, National Capital District,
P.O. Box 32, Port Moresby, Papua New Guinea. Telephone: +675 311 2452 Facsimile: +675 311 2084
E-mail: hlb@hlbniugini.com.pg

HLB Niugini

Registered Public Accountants and Auditors

Sources of information:

- Unaudited financial statements for the year ended 31 December 2012 prepared by Civpac's accountants - innovative Business Consultants
- Unaudited management accounts for the 10 month period ended 31 October 2013.
- Expert valuation on the Plant and Equipment and Land and Buildings as advised by management of Civpac.

Disclaimer and Potential Conflict of Interest:

This report is prepared solely on the request of the share holders and board of directors of Civpac. As such we do not take any responsibility for any 3rd party relying on this report or acting based on the conclusions of our report.

We have not performed any audit / verification procedures to satisfy ourselves on the completeness, accuracy, and reasonableness of the financial numbers / valuation of Plant and Machinery provided to us by management. Any misstatement on the financial information provided would have an impact on the valuation exercise.

At the time of preparing this report the only other service undertaken by HLB Niugini for Civpac is acting as one of the authorized cheque signatories of Civpac. The primary objective of this role is to provide more comfort to the board that executive management do not have uncontrolled access to the withdrawal of funds. We do not take part in any management decisions / board decisions.

Proforma Balance Sheet as at 31 October 2013:

Details	Notes	31.12.2012 financial statements (Unaudited) (K'000s)	31.10.2013 Management Accounts (Unaudited) (K'000s)	31.10.2013 Proforma (Unaudited) (K'000s)
Assets / Liabilities				
Current Assets				
Cash and Bank	(1)	11,954	(88)	(1,590)
Trade debtors	(2)	408	2,432	2,432
Other debtors and prepayments		1,724	2,613	2,613
Total Current Assets		14,086	4,957	3,455
Non Current Assets				
Plant and Equipment	(3)	13,098	16,143	15,000
Land and Building	(3a)	4,500	4,413	12,608
Investments	(4)	4,664	4,664	1,064
Work in Progress		200	220	-
Total Non Current Assets		22,462	25,440	28,672
Total Assets		36,548	30,397	32,127

HLB Niugini

Registered Public Accountants and Auditors

Details	Notes	31.12.2012 financial statements (Unaudited) (K'000s)	31.10.2013 Management a/cs (Unaudited) (K'000s)	31.10.2013 Proforma (Unaudited) (K'000s)
Current Liabilities				
Trade creditors		2,743	4,482	4,481
Other creditors and payables		12,992	2,790	2,790
Income Tax Provision	(5)	2,757	2,756	5,000
Total current liability		18,492	10,028	12,271
Non Current Liability				
Suspense account	(6)	4,689	3,013	-
Total Non Current Liability		4,689	3,013	-
Total Liability		23,181	13,041	12,271
Net Assets represented by Equity Shareholders		13,367	17,356	19,856

Note (1): We have been advised by the management to ignore Project account in the pro-forma balance sheet as the funds in the account are have been spent already. This has resulted in a difference between the management accounts figures and the Pro-forma column figures.

Note (2): Based on discussions with management, we are considering only K 2 Million as collectible debtors for the purposes of this exercise.

Note (3): The company has undertaken a professional valuation of its Plant and Equipment which is critical to the running of the business. We have been advised that the valuation figure is AUD\$ 6,000,000. We have converted this into Kina using an average exchange rate of AUD\$0.40 per Kina.

Note 3(a): The management accounts have classified Land and Buildings at Kanudi as Investments where as for the purposes of this exercise (Proforma column) we have reclassified the Kanudi property in Land and Buildings.

The Land and Buildings under the pro-forma column consists of properties at Kanudi, Hohola and 9 Mile. The values are based on management's advise to us as the purported valuation figure of L.J. Hookers valuation report as follows:

- Kanudi K 6.425 Million
- Hohola K4.797 Million
- 9 Mile K1.386 Million
- Total K12.608 Million


HLB Niugini

Registered Public Accountants and Auditors

Note (4): The Investments have been stated at cost. For the purposes of valuation it would be appropriate to value the investments at their fair value. Within the scope of this engagement we have not been provided with the information on the fair value of these investments.

Further as stated in Note 3(a), we have reclassified Kanudi property from Investments as per management accounts to Land and Buildings as per the Proforma balance sheet.

Note (5): Our inquiry with management has indicated that the Provision for Taxation figure has not been adjusted since 2008. We are not aware of the status of assessment and actual position of the tax liability. For the purposes of the valuation we have added K2.5 Million as additional estimated tax liability to arrive at the proforma balance sheet figure.

CONCLUSIONS:

Subject to our disclaimer paragraph of this report, and based on the Net assets basis and the information made available by the management of Civpac, we set out our conclusions of valuation on 3 different scenarios:

- **SCENARIO A: VALUATION WITH ALL ASSETS AND PROPERTIES**

Based on the other information and assumptions we conclude that the value of the company as at 31 October 2013 to be K19.856 Million.

- **SCENARIO B: VALUATION WITH HOHOLA PROPERTY ONLY**

If the land and building properties at Kanudi and 9 Mile are taken out of the consideration, the value of the company would be approximately K 12.045 Million.

- **SCENARIO C: VALUATION WITHOUT ANY PROPERTIES**

If all the Land and building properties are taken out, the value of the company will be approximately K 7.248 Million.

HLB Niugini
Registered Public Accountants and Auditors



Sundaram Srinivasan
Partner

U+2 AIC
~~U+2 AIC~~