NGIP AGMARK

NGIP AGMARK LIMITED

ANNUAL REPORT | 2013

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Chairman's Report | For the Year Ended 31 December 2013

The past year (2013) represented a year of stabilization in the ongoing results of the business as it recovered to profitability after the losses of 2012. The profit result was mostly driven by three unique positive events.

- The company recovered levies that had been unlawfully collected by the Cocoa Board.
- The sale of the Aircorps Road property in Lae realized a substantial capital profit.
- For the first time our Coffee Operations (NCTS) has been fully integrated into our consolidated company results. This contributed incremental revenue of k32.6m and an operating loss of K1.8M to the overall operations.

I am pleased to report the improved result of a net profit for the business of K1,837,872 compared to the previous (2012) year's loss of K 5,643,490

Our flagship Cocoa Export trade business was basically flat compared to 2012. Lower volumes were offset somewhat by improving world cocoa prices and more favorable exchange rate conditions for exports from PNG particularly in the latter half of 2013. Cocoa Pod Borer continued to have an impact in 2013. It is hoped that as newly created seedling variants that are more resistant to Cocoa Pod Borer come on stream over the next two to three years we will see some gradual improvement in production volumes. We however still expect mixed financial results in the short term and specifically expect our Agri– Production plantation business to continue giving mixed results for the next couple of years.

The Coffee Business grew slightly in revenue versus 2012 (+6.2%), but as stated above represents incremental revenue from the total business as this is the first time accounts have been consolidated. The operating loss was driven by exposure to old debts brought across with the business purchase that needed to be written off. We expect further revenue growth and profit delivery from this Division over coming years.

Overall, (after taking out the impact of the Coffee Business) our Group's sales increased by 8.3% during 2013 (from K194.6M in 2012 to K210.9M in 2013). Total assets (including Coffee) grew from K165,911,890 during 2012 to K177,314,272. Shareholders' funds have also increased from K92,913,315 to K99,189,509.

The Properties (+4.1%), Steel Fabrication (+20.2%) and Shipping Divisions (+27.4%) all showed solid sales growth year on year. Our Hardware business (-1.5%) was slightly down on sales when compared with 2012, as it continued to be challenged by slow economic conditions. Machinery also slowed (-16.1%) with the economic impact, plus surplus of competing machinery flooding the market place following the completion of the LNG project being the main challenge. Our other subsidiaries were either break-even or had moderate increases on sales.

Our current focus is on continuing to support the recovery of cocoa volumes around Papua New Guinea. We continue transforming and modernizing our technology and processes. We have identified Hardware stock problems and are dealing aggressively with these issues.

I wish to thank our Management, all our staff for their dedication, loyalty and hard work, our Directors for their guidance and support, and our Shareholders for their confidence and support during good times and bad times. We must continue to stand together and support our company.

Donald Manoa
Chairman

Directors' Report | For the Year Ended 31 December 2013

Your Directors present their report, together with the statement of The Group, being the company and its controlled entities, for the financial year ended 31 December 2013.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	Position	Appointed/Resigned
Don Manoa MBE	Chairman	
John Nightingale	Director	
Paul Arnold	Director	
Darrie Nightingale	Director	
Nicholas Lyons	Director	
Himson Waninara	Director	
Robin Fleming	Director	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of The Group during the financial year were:

- Cocoa Wholesale Division
- Hardware and Computers Retail Division
- Machinery Retail and Service Division
- Engineering
- Property Management Division
- Investment
- Transport & Coastal Shipping Division
- Coffee Division

There have been no significant changes in the nature of The Group's principal activities during the year.

2. Operating Results and Review of Operations for the Year

Operating Results

Review of operations

i. Cocoa Export and Agricultural Production Divisions

While volumes were slightly behind 2012 levels, and remain at historically 10 year low levels, the overall revenue movement was limited to just 0.3% reduction year on year as volumes were offset by improved prices in the second half of 2013 due mainly to the weaker Kina.

We are hopeful the weaker Kina and improving world cocoa prices allow for some improvement in 2014. All areas remain impacted by Cocoa Pod Borer. The company has initiated, lead and has proven that CPB can be managed and continues to lead the way in training farmers in the management of CPB based on EVERY POD – EVERY TREE – EVERY WEEK.

The culture of growing cocoa has to change to that of a business rather than a way of life if the industry is to survive and compete in the world of cocoa. PNG produces less than 1% of the world's cocoa. It produced 2.5% in the mid 1970's.

The costs to maintain field advisory staff remain high.

The ongoing low copra prices have made our remote north coast plantations unviable. Our Plantation activities sustained a loss of K1.5M in 2013. This loss continues to be absorbed by the group as we search for medium term improvements needed to make the business sustainable, as well as exploring viable alternatives for the longer term.

ii. Hardware and Building Supplies Division

The Hardware Division was impacted by the weakening in domestic economic conditions, due to what has been an agricultural recession in the Islands region caused by the collapse of cocoa production in East New Britain and aggravated by very low copra and palm oil prices reducing the disposable incomes of most farmers. The Kimbe store in particular dropped over 40% in Revenue due to the low prices of Palm Oil and Copra. Overall Revenue from the Division was flat, with Madang and Kokopau recording growths that offset the Kimbe slow down.

Managers recruited from overseas are now in charge of a number of key branches and overseeing stock management processes. Stock taking procedures continue to be updated and improved. One issue recognised and accounted for in 2013 has been the higher volumes of old and obsolete stock. The board has seen it prudent to increase significantly our obsolete stock provision which had a negative impact of K3M in the 2013 financial year. However management attention is strongly focussed on recovering cash value for these old stocks wherever possible during the 2014 year.

The purchase of new "point of sale" software and the replacement of outdated accounting software was implemented firstly in Madang in late November. The opening of the new Madang Store, with its improved layout and smoother POS facilities is a strong signal about the way forward for the hardware division.

Market conditions remain keenly competitive.

iii. Machinery Division

Revenue from the sales of machines, parts and service slowed in 2013 on the back of increased market competition – primarily LNG project second hand machinery leaking back into the local market.

There was another change in divisional management during the year. We now have stable management. However due to the large resource projects there has been a lot of competition for staff resulting in increased mobility in service personnel. Training and development of sales staff is an area we are focussing on.

The Port Moresby branch has moved to a more spacious area with improved service facilities.

The JCB Dealership remains the division's key strength and opportunity – and this relationship remains strong with a broader product range planned for 2014.

iv. Engineering and Steel Fabrication Division

This division continues to grow steadily, both in its revenue growth (20.2%) and its profitable contribution to the overall organisation.

2013 saw the introduction of a slipway facility at Raburua which allows us to bring more of the maintenance of our own shipping fleet in house as well as deliver revenue through the servicing of external ships.

v. Property Division

Income showed a steady increase over 2012 resulting in another profitable year. Our property values continue to improve. Rental charges are reviewed annually.

The main Lae property realised a profit of over K4M. This cash has been reinvested into new Property opportunities – in particular a purchase of land in Hohola Port Moresby which has excellent potential for development and capital growth.

Plans have been finalised for the development of our 19,000 square metres of commercial land two miles from the centre of Lae. Our coffee, cocoa, machinery and some hardware activities will be relocated to this site later in 2015. This will result in current rents that are paid externally of nearly K1 million being kept within the group. We have also committed to a second stage Development of the Kokopo Commercial Centre which will be completed by the middle of 2014. It is already being keenly sought after for its retail and residential space opportunity.

We now have a strong property portfolio well positioned around the country, along with a record of prudent selection and development. This should remain a growth area for the business in coming years.

vi. Transport and Shipping Division

Shipping had a strong year with revenue growth of over 27% and delivering a profit for the business. The improvement was based on greater availability of ships and good volumes on the Rabaul – Kimbe -Bialla route and Bougainville routes. 2014 sees the arrival of our new ship the Guria Trader, which will place us in a good position to pursue larger charter work around the region.

The transport division has now diversified into stevedoring and shipping agency operations which became established towards the end of the year– a move which consolidates its profitability and revenue growth outlook.

vii. Coffee Division

As mentioned in the Chairman's report – the coffee division, better known commercially as NCTS, is now fully integrated into our consolidated business accounts. While the division saw some moderate revenue growth in 2013, it again recorded a loss. This loss was related to the need to recognise in the books a full provision for old debts accumulated through advances supplied to coffee grower groups under previous ownership. The management is committed to ensuring Advances for coffee to suppliers is soundly managed, as well as seeking to recover on these older debts wherever possible.

The outlook for 2014 is for a strong coffee season supported with higher world prices where we hope to increase our market presence and volumes.

viii. Agmark Gurias Rugby League

The team had a somewhat frustrating on field year being knocked out in the preliminary final. The division can be proud however of the development to the ground, which saw a new stand erected at Kalabond stadium in time for the very successful hosting of the PM 13 Game in September. We are grateful for the support of the ENB Provincial Administration

Agmark is also playing a key part in delivering events management for the newly created SP Hunters team whose home games are also being hosted at Kalabond Stadium during 2014.This is very positive for East New Britain and the exposure gained in Australia.

ix. Head Office Operations

It also bears mentioning that the Head Office in Talina suffered a fire in November 2013. Impacts were limited to the accounting office area and the fire was prevented from spreading to the Hardware store below. The loss was fully insured and there should be no ongoing impact on profitability, although the loss of the office space has caused vast inconvenience in staff location and management.

Notwithstanding this setback, the business successfully implemented a new General Ledger platform SAP B1 for the entire business, and this system will provide the back end infrastructure to allow us to pursue the system improvements we need to deliver through the operational units – such as the hardware iRIPPLE implementation.

Directors' Report | For the Year Ended 31 December 2013

3. Financial review

Financial position

- The net assets of The Group have increased by PGK6,276,194 from 31 December 2012 to PGK99,189,509 in 2013.

4. Other items

Significant Changes in State of Affairs

No significant changes in The Group's state of affairs occurred during the financial year.

Dividends Paid or Recommended

Dividends paid or declared for payment during the financial year are as follows:

a. Interim Ordinary dividend paid on 29 November 2013, as recommended in last year report	K917,814

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of The Group, the results of those operations or the state of affairs of The Group in future financial years.

Future Developments, Prospects and Business Strategies

To further improve the Group's profit and maximise shareholder wealth, the following developments are intended for implementation in the near future:

Event 1 - Expansion of the commodities business

Event 2 - Expansion of the hardware retail and Machinery business

Event 3 - Commercial and residential property development

Event 4 – Expansion of Transport and Shipping

The company is actively seeking business acquisitions in it's core operating areas of commodity wholesaling and hardware retail.

Environmental Issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Information of Directors

Don Manoa MBE	**Chairman**
Qualifications	Electrical Engineer
Experience	General Manager PNG Electricity Commission, General Manager of Shell (PNG) Limited.
Interest in Shares and Options	71,000 Ordinary Shares
Interest in Contract	Nil
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	PNG Sustainable Development Program Ltd, Kina Fund Management Limited, First Investment Finance Limited (resigned 2013).

John Nightingale	**Managing Director**
Qualifications	Member Australian Institute of Agricultural Science and Technology
Experience	Managing Director Agmark Pacific Limited
Interest in Shares and Options	710,000 Ordinary Shares (held jointly with Darrie Nightingale)
Interest in Contract	Purchases of Cocoa (59,612), Sales of Hardware (16,105), Rental (72,000), Consultancy Fees (752,927)
Special Responsibilities	Contract negotiation
Directorships held in other listed entities during the three years prior to the current year	Agmark Pacific London Limited, Temna Limited, Davaon Properties Limited, Michael PNG Limited, Watta Plantations Limited, Escential Extracts Limited, Niugini Coffee Tea & Spice Co. Limited

Paul Arnold	**Director**
Qualifications	Bachelor of Arts (UPNG), Diploma in Labour and Cooperatives (AAI), Diploma in Agro-Business, Certificate in Agricultural Project Analysis.
Experience	General Manager END Development Corporation, Managing Director NGIP and Executive Director Growers Association Inc.
Interest in Shares and options	94,100 Ordinary Shares
Interest in Contract	Nil
Special Responsibilities	Audit Committee
Directorships held in other listed entities during the three years prior to the current year	Essential Extract Limited

Directors' Report

For the Year Ended 31 December 2013

Darrie Nightingale	**Director**
Experience	Manager of Watta Plantation (1981-1987)
Interest in Shares and Options	710,000 Ordinary Shares (held jointly with John Nightingale)
Interest in Contract	Purchases of Cocoa (59,612), Sales of Hardware (16,105), Rental (72,000)
Special Responsibilities	Nil
Directorships held in other listed entities during the three years prior to the current year	

Nicholas Lyons	**Director**
Qualifications	HNC (Applied Biology) North East Surrey College of Technology, LRI Biol (UK)
Experience	Managing Director – RMI Limited (2002-2014), General Manager Industrial Division Steamships Limited (1998-2002)
Interest in Shares and Options	556,699 Ordinary Shares
Interest in Contract	Sales of Hardware (283,828), Purchase of Hardware Stock (2,082,041), Rental (61,855)
Special Responsibilities	Management contract (132,000)
Directorships held in other listed entities during the three years prior to the current year	RMI Limited, Niugini Coffee Tea & Spice Co Limited, Agmark Pacific London Limited

Himson Waninara	**Director**
Interest in Shares and Options	Nil
Interest in Contract	Nil
Special Responsibilities	Audit Committee
Directorships held in other listed entities during the three years prior to the current year	Bank of Papua New Guinea

Robin Fleming	**Director**
Qualifications	Graduated from Charles Stuart University (Australia) with an MBA and Master of Management
Experience	CEO with BSP and has worked in the Papua New Guineas Banking Industry for over 30 years
Interest in Contract	Nil
Special Responsibilities	Audit Committee
Directorships held in other listed entities during the three years prior to the current year	BSP Rural Limited, BSP Convertible Notes Limited (Fiji), BSP Capital Stockbrokers Limited, BSP Capital Securities Limited and BSP Capital Holdings Limited, BSP Life (Fiji) Ltd, BSP Health Care (Fiji) Ltd, BSP Services (Fiji) Ltd, BSP Investments (Fiji) Ltd, BSP Services (PNG) Ltd, Capital Nominees Ltd, Malagan Ltd, Carpark Ltd, BSP Nominees Ltd

Company Secretary

The following person held the position of company secretary at the end of the financial year:
Junias Tamur. Joined NGIP Company Limited in March 1987 and was appointed Company Secretary in 2005.

He holds a Bachelor of Technology in Accountancy from the University of Technology, Lae (1978),
He is a current member of the CPA PNG (Accounting Technician).

He is a Director and Secretary of Rung Creek Holdings Limited.

Meetings of Directors

During the financial year, six (6) meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee Meetings		Nominating Committee Meetings		Human Resources Committee Meetings		Operations Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Don Manoa MBE	6	6	-	-	-	-	-	-	-	-
John Nightingale	6	6	-	-	-	-	-	-	-	-
Paul Arnold	6	6	5	5	-	-	-	-	-	-
Darrie Nightingale	6	3	-	-	-	-	-	-	-	-
Nicholas Lyons	6	6	-	-	-	-	-	-	-	-
Himson Waninara	6	6	5	5	-	-	-	-	-	-
Robin Fleming	6	4	5	3	-	-	-	-	-	-

Indemnifying Officers or Auditors

During or since the end of the financial year the company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums for any current or past directors

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Companies Act 1997. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the year 31 December 2013

	2013 PGK	2012 PGK
Tax Advice and Compliance	13,000	12,500
Preparation of financial statements and income tax returns of subsidiary companies	19,000	17,000
	32,000	29,500

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2013 has been received and can be found on page 14 of the financial report.

Remuneration Report

Remuneration details for the year ended 31 December 2013

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group and, to the extent different, the five Groups executives and five company executives receiving the highest remunerations:

Table of benefits and payments

Band From	To	2013	2012
K100,000	K110,000	2	0
K110,000	K120,000	2	2
K130,000	K140,000	0	1
K140,000	K150,000	1	2
K150,000	K160,000	1	0
K160,000	K170,000	0	1
K170,000	K180,000	1	1
K180,000	K190,000	0	1
K210,000	K220,000	2	0
K220,000	K230,000	0	2
K230,000	K240,000	1	0
K250,000	K260,000	1	1
K260,000	K270,000	1	0
K280,000	K290,000	0	1
K310,000	K320,000	1	0
K330,000	K340,000	0	2
K340,000	K350,000	1	0
K370,000	K380,000	0	1
K380,000	K390,000	0	1
K420,000	K430,000	1	0
Total Number of Executive Employees		15	16

Signed in accordance with a resolution of the Board of Directors:

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

Don Manoa MBE **John Nightingale**

Dated this 26th day of May 2014

Auditors Independence Declaration under the Companies Act 1997. To the Stockholders NGIP AGMARK LIMITED and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2013 there has been:

(i) no contraventions of the auditor independence requirements as set out in the Companies Act 1997 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

DFK Hill Mayberry
Chartered Accountants

Michael Mayberry CSM MBE
Registered under the Accountant Act 1996

Dated opinion formed 26th day of May 2014

Port Moresby

NGIP AGMARK LIMITED

Income Statement | For the Year Ended 31 December 2013

		Consolidated		Parent	
		2013	2012	2013	2012
	Note	PGK	PGK	PGK	PGK
Sales revenue		**243,454,265**	194,649,108	**210,854,025**	194,649,108
Cost of sales		**(146,768,698)**	(132,246,723)	**(120,567,963)**	(132,246,723)
Gross profit		**96,685,568**	62,402,385	**90,286,063**	62,402,385
Other revenue		**963,466**	3,359,154	**963,466**	3,359,154
Distribution costs		**(30,526,884)**	(9,132,737)	**(28,248,270)**	(9,132,737)
Marketing costs		**(1,320,059)**	(2,576,058)	**(1,310,933)**	(2,576,058)
Occupancy costs		**(10,764,281)**	(6,864,118)	**(18,481,788)**	(6,864,118)
Administrative costs		**(45,980,945)**	(32,304,834)	**(31,761,853)**	(32,304,834)
Finance costs		**(7,611,498)**	(6,477,740)	**(7,489,794)**	(6,477,740)
Listing Expenses			(148,305)		(148,305)
Other expenses		**392,504**	(13,901,239)	**(345,127)**	(13,901,239)
Income/(loss) before income taxes		**1,837,872**	(5,643,490)	**3,611,764**	(5,643,490)
Profit attributable to members		**1,837,872**	(5,643,490)	**3,611,764**	(5,643,490)

NGIP AGMARK LIMITED

Statement of Financial Position | For the Year Ended 31 December 2013

		Consolidated		Parent	
		2013	**2012**	**2013**	**2012**
	Note	**PGK**	**PGK**	**PGK**	**PGK**
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2	**8,765,377**	3,168,677	**8,734,312**	3,168,677
Trade and other receivables	3	**23,095,331**	26,804,694	**19,812,951**	26,804,694
Inventories	4	**56,895,191**	60,232,060	**55,168,089**	60,232,060
Other financial assets	5	**22,372,100**	14,535,203	**22,372,100**	14,535,203
TOTAL CURRENT ASSETS		**111,128,000**	104,740,634	**106,087,453**	104,740,634
NON-CURRENT ASSETS					
Investments accounted for using the equity method	14	**102**	102	**102**	102
Property, plant and equipment	6	**66,186,172**	61,171,154	**65,668,943**	61,171,154
TOTAL NON-CURRENT ASSETS		**66,186,274**	61,171,256	**65,669,045**	61,171,256
TOTAL ASSETS		**177,314,274**	165,911,890	**171,756,498**	165,911,890
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	7	**14,868,599**	4,794,278	**11,800,997**	4,794,278
Borrowings	9	**46,871,372**	52,851,088	**48,186,562**	52,851,088
Current tax payable		**3,676,416**	3,676,416	**3,676,416**	3,676,416
Provisions	10	**2,009,802**	1,768,915	**1,932,282**	1,768,915
Other liabilities	8	**4,413,325**	2,467,302	**436,139**	2,467,302
TOTAL CURRENT LIABILITIES		**71,839,513**	65,557,999	**66,032,395**	65,557,999
NON-CURRENT LIABILITIES					
Borrowings	9	**2,622,329**	4,203,239	**2,557,814**	4,203,239
Other liabilities	8	**3,662,921**	3,237,337	**3,662,921**	3,237,337
TOTAL NON-CURRENT LIABILITIES		**6,285,250**	7,440,576	**6,220,735**	7,440,576
TOTAL LIABILITIES		**78,124,763**	72,998,575	**72,253,130**	72,998,575
NET ASSETS		**99,189,509**	92,913,315	**99,503,368**	92,913,315

		Consolidated		**Parent**	
		2013	**2012**	**2013**	**2012**
	Note	**PGK**	**PGK**	**PGK**	**PGK**
EQUITY					
Issued capital	11	**458,907**	458,907	**458,907**	458,907
Reserves		**51,501,789**	44,658,812	**44,658,812**	44,658,812
Distributable reserve	12	**47,228,813**	47,795,596	**54,385,649**	47,795,596
TOTAL EQUITY		**99,189,509**	92,913,315	**99,503,368**	92,913,315

NGIP AGMARK LIMITED

Statement of Changes in Equity | For the Year Ended 31 December 2013

2013		Parent				
		Share Capital				
	Note	Ordinary Shares PGK	Retained Earnings PGK	Capital Profits Reserve PGK	Asset Revaluation Surplus PGK	Total PGK
Balance at January 01, 2013		458,907	47,795,596	21,335,372	23,323,440	92,913,315
Profit or loss attributable to members of the parent entity		-	3,611,764	-	-	3,611,764
Capital profit on sale of investments transferred from retained earnings to capital profits reserve		-	3,896,103	-	-	3,896,103
Transfer revaluation increment to asset realisation reserve		-	-	-	-	-
Sub-total		458,907	55,303,463	21,335,372	23,323,440	100,421,182
Dividends paid or provided for		-	(917,814)	-	-	(917,814)
Balance at 31 December 2013		458,907	54,385,649	21,335,372	23,323,440	99,503,368

2013		Consolidated				
		Share Capital				
	Note	Ordinary Shares PGK	Retained Earnings PGK	Capital Profits Reserve PGK	Asset Revaluation Surplus PGK	Total PGK
Balance at January 01, 2013		458,907	46,456,036	21,335,372	30,166,417	98,416,732
Profit attributable to members of the parent entity		-	1,837,872	-	-	1,837,872
Capital profit on sale of investments transferred from retained earnings to capital profits reserve			(147,281)	-	-	(147,281)
Transfer revaluation increment to asset realisation reserve		-	-	-	-	-
Sub-total		458,907	48,146,627	21,335,372	30,166,417	100,107,323
Dividends paid or provided for		-	(917,814)	-	-	(917,814)
Balance at 31 December 2013		458,907	47,228,813	21,335,372	30,166,417	99,189,509

NGIP AGMARK LIMITED

Statement of Cash Flows | For the Year Ended 31 December 2013

	Note	Consolidated		Parent	
		2013	**2012**	**2013**	**2012**
		PGK	**PGK**	**PGK**	**PGK**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**259,493,601**	194,649,108	**226,852,247**	194,649,108
Payments to suppliers and employees		**(240,645,768)**	(197,595,005)	**(206,075,156)**	(197,595,005)
Interest paid		**(7,030,890)**	(6,477,740)	**(6,953,946)**	(6,477,740)
Income taxes paid		**(420,029)**	-	**(1,524,106)**	-
Net cash provided by (used in) operating activities		**11,396,914**	(9,423,637)	**12,299,039**	(9,423,637)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant and equipment		**417,289**	-		-
Proceeds from sale of investment			-		-
Dividends received		**960,833**	941,056	**960,833**	941,056
Purchase of property, plant and equipment		**(1,050,618)**	(2,428,510)	**(1,250,614)**	(2,428,510)
Net cash provided by (used in) investing activities		**327,504**	(1,487,454)	**(289,781)**	(1,487,454)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		**769,813**	2,948,886	**(861,282)**	2,948,886
Repayment of borrowings			-		-
Payment of finance lease liabilities			-		-
Payment of transaction costs			-		-
Dividends paid by parent entity		**(917,814)**	(1,141,652)	**(917,814)**	(1,141,652)
Net cash provided by (used in) financing activities		**(148,001)**	1,807,234	**(1,779,096)**	1,807,234
OTHER ACTIVITIES					
Net increase (decrease) in cash held		**11,576,417**	(9,103,857)	**10,230,162**	(9,103,857)
Cash and cash equivalents at beginning of financial year		**(49,682,411)**	(40,578,554)	**(49,682,411)**	(40,578,554)
Cash and cash equivalents at end of financial year		**(38,105,994)**	(49,682,411)	**(39,452,250)**	(49,682,411)

This financial report includes the consolidated financial statements and notes of NGIP AGMARK LIMITED and controlled entities (The Group), and the separate financial statements and notes of NGIP AGMARK LIMITED as an individual parent entity (Parent).

Notes to the Financial Statements | For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose financial statement that has been prepared in accordance with International Financial Reporting Standards and the Companies Act 1997

International Financial Reporting Standards set out accounting policies that would result in a financial report containing relevant and reliable information about transactions, events and conditions.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by NGIP AGMARK LIMITED at the end of the reporting period. A controlled entity is any entity over which NGIP AGMARK LIMITED has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left The Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in The Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated statement of financial position, income statement and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

1 Summary of Significant Accounting Policies (cont'd)

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer Note 1(i)) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(c) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1 Summary of Significant Accounting Policies (cont'd)

(c) Comparative Figures (cont'd)

When The Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Refer to Note for further details on changes in accounting policy.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the re-valued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

1 Summary of Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment (cont'd)

The cost of fixed assets constructed within The Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to The Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to The Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	
Capital Works in Progress	0%
Freehold Land	0%
Leasehold Land	0%
Buildings	4.5%
Plant and Equipment	11.5% - 30%
Furniture, Fixtures and Fittings	11.5% - 22.5%
Motor Vehicles	15% - 30%
Office Equipment	11.25%
Computer Equipment	11.25% - 30%
Computer Software	11.25% - 30%
Improvements	4.5%
Leasehold improvements	4.5%
Fences, Gates & Grids	4.5%
Vessels	11.25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

1 Summary of Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment (cont'd)

When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Investment Property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined every three years by independent valuers. Changes to fair value are recorded through the asset revaluation reserve.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that The Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts

1 Summary of Significant Accounting Policies (cont'd)

(g) Financial Instruments (cont'd)

(including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is The Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months are the end of the reporting period. (All other investments are classified as current assets.)

If during the period The Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

1 Summary of Significant Accounting Policies (cont'd)

(g) Financial Instruments (cont'd)

(iv) Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets)

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(vi) *Net assets attributable to unit holders*

Units are redeemable at the option of the unit holder and are therefore classified as financial liabilities. Redemption of units obligates the company to deliver cash to the unit holder based on the fair value of the units at the date of redemption. The liability at balance date is measured at fair value with changes recognised through profit or loss.

Derivative instruments

NGIP AGMARK LIMITED and controlled entities designates certain derivatives as either:

(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(ii) hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as The Group’s risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

1 Summary of Significant Accounting Policies (cont'd)

(g) Financial Instruments (cont'd)

(ii) *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, The Group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

1 Summary of Significant Accounting Policies (cont'd)

(g) Financial Instruments (cont'd)

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(h) Impairment of Assets

At each reporting date, The Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information including, dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, The Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(i) Intangibles

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to The Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

1 Summary of Significant Accounting Policies (cont'd)

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(k) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(l) Provisions

Provisions are recognised when The Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by The Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

1 Summary of Significant Accounting Policies (cont'd)

(n) Income Tax (cont'd)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(o) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in The Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1 Summary of Significant Accounting Policies (cont'd)

(o) Leases (cont'd)

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(p) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

Notes to the Financial Statements | For the Year Ended 31 December 2013

1 Summary of Significant Accounting Policies (cont'd)

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Internal Revenue Commission. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within The Group.

2 Cash and Cash Equivalents

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
	PGK	**PGK**	**PGK**	**PGK**
Cash on hand	**104,007**	539,925	**72,942**	539,925
Cash at bank	**8,661,370**	2,628,752	**8,661,370**	2,628,752
	8,765,377	3,168,677	**8,734,312**	3,168,677

Reconciliation of cash

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
	PGK	**PGK**	**PGK**	**PGK**
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:				
Cash and cash equivalents	**8,765,377**	3,168,677	**8,734,312**	3,168,677
Bank overdraft	**(46,871,372)**	(52,851,088)	**(48,186,562)**	(52,851,088)
	(38,105,994)	(49,682,411)	**(39,452,249)**	(49,682,411)

A floating charge over cash and cash equivalents has been provided for certain debts.

3 Trade and Other Receivables

	Consolidated		Parent	
	2013	2012	2013	2012
	PGK	PGK	PGK	PGK
CURRENT				
Trade receivables	**23,469,138**	23,295,041	**14,705,155**	23,295,041
Provision for impairment of receivables	**(6,419,225)**	(708,262)	**(792,726)**	(708,262)
Deferred Tax Asset	**1,248,800**		**-**	
	18,298,712	22,586,779	**13,912,429**	22,586,779
Loans to directors, managers and employees	**14,312**	23,031	**6,467**	23,031
Prepayments	**968,108**	536,846	**881,734**	536,846
Advances to smallholders	**2,651,432**	196,139	**240,624**	196,139
Other receivables	**1,031,649**	3,479,100	**945,732**	3,479,100
Amounts receivable from:				
- wholly-owned subsidiaries	**131,118**	(17,201)	**3,825,965**	(17,201)
Total current trade and other receivables	**23,095,331**	26,804,694	**19,812,951**	26,804,694

4 Inventories

	Consolidated		Parent	
	2013	2012	2013	2012
	PGK	PGK	PGK	PGK
CURRENT				
At Cost				
Raw materials and stores	**78,821**	745,455	**78,821**	745,455
Finished goods (At net realisable value)	**57,358,940**	54,941,939	**55,631,838**	54,941,939
Goods in transit	**5,948,650**	7,067,833	**5,948,650**	7,067,833
Stock Provision	**(6,491,220)**	(2,523,167)	**(6,491,220)**	(2,523,167)
	56,895,191	60,232,060	**55,168,089**	60,232,060

5 Other Financial Assets

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
	PGK	**PGK**	**PGK**	**PGK**
CURRENT				
Available for sale financial assets	**22,372,100**	14,535,203	**22,372,100**	14,535,203
Total Current Assets	**22,372,100**	14,535,203	**22,372,100**	14,535,203

6 Property, Plant and Equipment

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
	PGK	**PGK**	**PGK**	**PGK**
LAND AND BUILDINGS				
Leasehold land				
At independent valuation	**11,086,290**	11,906,290	**11,086,290**	11,906,290
At cost	**-**	-	**-**	-
Total land	**11,086,290**	11,906,290	**11,086,290**	11,906,290
Building				
At independent valuation	**35,410,348**	34,345,244	**35,410,348**	34,345,244
At cost	**722,841**	805,367	**722,841**	805,367
Accumulated depreciation	**(8,592,414)**	(8,029,538)	**(8,592,414)**	(8,029,538)
Total buildings	**27,540,775**	27,121,073	**27,540,775**	27,121,073
Total land and buildings	**38,627,065**	39,027,363	**38,627,065**	39,027,363
PLANT AND EQUIPMENT				
Capital works in progress				
At cost	**9,219,491**	2,249,470	**9,179,442**	2,249,470
Total capital works in progress	**9,219,491**	2,249,470	**9,179,442**	2,249,470
Plant and equipment				
At cost	**10,273,416**	8,522,118	**9,789,042**	8,522,118
Accumulated depreciation	**(5,004,635)**	(4,161,268)	**(4,895,852)**	(4,161,268)
Total plant and equipment	**5,268,781**	4,360,850	**4,893,190**	4,360,850

6 Property, Plant and Equipment (cont'd)

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
	PGK	**PGK**	**PGK**	**PGK**
Furniture, fixture and fittings				
At cost	**1,241,454**	1,164,009	**1,170,905**	1,164,009
Accumulated depreciation	**(623,943)**	(505,519)	**(577,585)**	(505,519)
Total furniture, fixture and fittings	**617,512**	658,490	**593,320**	658,490
Motor vehicles				
At cost	**10,973,454**	10,778,211	**10,845,430**	10,778,211
Under lease	**-**	370,243	**-**	370,243
Accumulated depreciation	**(6,386,050)**	(5,236,193)	**(6,319,253)**	(5,236,193)
Total motor vehicles	**4,587,404**	5,912,261	**4,526,177**	5,912,261
Office equipment				
At cost	**2,075,545**	1,878,525	**1,925,914**	1,878,525
Accumulated depreciation	**(1,532,237)**	(1,227,863)	**(1,398,776)**	(1,227,863)
Total office equipment	**543,308**	650,662	**527,137**	650,662
Leasehold improvements				
At cost	**1,189,994**	668,314	**1,189,994**	668,314
Accumulated amortisation	**(73,556)**	(67,085)	**(73,556)**	(67,085)
Total leasehold improvements	**1,116,438**	601,229	**1,116,438**	601,229
Vessels				
At cost	**12,923,384**	13,761,229	**12,923,384**	13,761,229
Accumulated depreciation	**(6,717,211)**	(6,050,400)	**(6,717,211)**	(6,050,400)
Total property, plant and equipment UD1	**6,206,173**	7,710,829	**6,206,173**	7,710,829
Total plant and equipment	**27,559,107**	22,143,791	**27,041,877**	22,143,791
Total property, plant and equipment	**66,186,172**	61,171,154	**65,668,943**	61,171,154

The Group's land and buildings were re-valued at 31 December 2010 by independent valuers. Valuations were made on the basis of open market value. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.

7 Trade and Other Payables

	Consolidated		Parent	
	2013	2012	2013	2012
	PGK	PGK	PGK	PGK
CURRENT				
Unsecured liabilities				
Notes to the Financial Statements				
For the Year Ended 31 December 2013				
Trade payables	**13,054,997**	3,777,695	**9,987,659**	3,777,695
Amounts due under contract of sale (Weightnotes)	**12,093**	24,816	**12,093**	24,816
Salary and wages clearing	**939,963**	569,992	**939,963**	569,992
Superannuation clearing	**458,555**	-	**458,555**	-
Dividend withholding tax	**(88,790)**	(81,477)	**(88,790)**	(81,477)
Dividend cheques un-presented	**479,442**	479,502	**479,442**	479,502
Business Withholding Tax	**12,338**	23,750	**12,074**	23,750
	14,868,599	4,794,278	**11,800,996**	4,794,278

8 Other Liabilities

	Consolidated		Parent	
	2013	2012	2013	2012
	PGK	PGK	PGK	PGK
CURRENT				
GST Payable/(Receivable)	**3,093,441**	(918,166)	**(883,745)**	(918,166)
Cocoa Prefinance	**747,934**	-	**747,934**	-
Accrued Import Cost	**(71,640)**		**(71,640)**	
Bonds	**643,590**	3,385,468	**643,590**	3,385,468
	4,413,325	2,467,302	**436,139**	2,467,302
NON-CURRENT				
Bank Loans	**3,662,921**	3,237,337	**3,662,921**	3,237,337
	3,662,921	3,237,337	**3,662,921**	3,237,337

9 Borrowings

	Consolidated		Parent	
	2013	2012	2013	2012
	PGK	PGK	PGK	PGK
CURRENT				
Secured liabilities				
Bank overdraft	**46,871,372**	52,851,088	**48,186,562**	52,851,088
	46,871,372	52,851,088	**48,186,562**	52,851,088
NON-CURRENT				
Secured liabilities				
Finance lease obligation	**2,622,329**	4,203,239	**2,557,814**	4,203,239
	2,622,329	4,203,239	**2,557,814**	4,203,239
Total borrowings	**49,493,701**	57,054,327	**50,744,376**	57,054,327

Notes to the Financial Statements | For the Year Ended 31 December 2013

(a) Total current and non-current secured liabilities

	Consolidated		Parent	
	2013 PGK	2012 PGK	2013 PGK	2012 PGK
Bank overdraft	**46,871,372**	52,851,088	**48,186,562**	52,851,088
Finance lease obligations	**2,622,329**	4,203,239	**2,557,814**	4,203,239
	49,493,701	57,054,327	**50,744,376**	57,054,327

(b) The carrying amounts of non-current assets pledged as security are:

	Consolidated		Parent	
	2013 PGK	2012 PGK	2013 PGK	2012 PGK
Freehold land and buildings	**38,627,065**	39,027,363	**38,627,065**	39,027,363
Plant and equipment	**27,559,107**	22,143,791	**27,041,877**	22,143,791
Listed investment at market value	**22,372,100**	14,535,203	**22,372,100**	14,535,203
	88,558,272	75,706,357	**88,041,042**	75,706,357

(c) Collateral Provided

The bank debt is secured by a first registered mortgage over the freehold properties owned by The Group and a floating charge over the trade receivables of The Group.

Debentures are secured by floating charges over the assets of the parent entity.

Lease liabilities are secured by the underlying leased assets.

Financial assets that have been pledged as part of the total collateral for the benefit of debenture holders and bank debt are as follows:

The collateral over cash and cash equivalents represents a floating charge. Listed investments cannot be disposed without the consent of banks.

Notes to the Financial Statements | For the Year Ended 31 December 2013

10 Provisions

Consolidated

	Warranties PGK	Employee entitlements PGK	Total PGK
Opening balance at January 01, 2013	**346,276**	**1,422,639**	**1,768,915**
Balance at December 31, 2013	**299,177**	**1,710,625**	**2,009,802**

Parent

	Warranties PGK	Employee entitlements PGK	Total PGK
Opening balance at January 01, 2013	**346,276**	**1,422,639**	**1,768,915**
Balance at December 31, 2013	**299,177**	**1,633,105**	**1.932,281**

Analysis of Total Provisions

	Consolidated		Parent	
	2013 PGK	**2012 PGK**	**2013 PGK**	**2012 PGK**
Current	**2,009,802**	1,768,915	**1,932,282**	1,768,915
	2,009,802	1,768,915	**1,932,282**	1,768,915

11 Issued Capital

	Consolidated		Parent	
	2013 PGK	**2012 PGK**	**2013 PGK**	**2012 PGK**
Ordinary	**458,907**	458,907	**458,907**	458,907
Total	**458,907**	458,907	**458,907**	458,907

The company has authorised share capital amounting to 458,907.

12 Retained Earnings

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
	PGK	**PGK**	**PGK**	**PGK**
Retained earnings (accumulated losses) at the beginning of the financial year	**46,456,036**	46,456,036	**47,795,598**	46,456,036
Net profit attributable to members of the company	**1,837,872**	5,643,492	**3,611,764**	5,643,492
Capital profit on sale of investments transferred from retained earnings to capital profits reserve	**(147,281)**	(3,162,278)	**3,896,103**	(3,162,278)
Ordinary dividends	**(917,814)**	(1,141,652)	**(917,814)**	(1,141,652)
Retained earnings at end of the financial year	**47,228,813**	47,795,598	**54,385,649**	47,795,598

13 Revenue and Other Income

Revenue from Continuing Operations

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
	PGK	**PGK**	**PGK**	**PGK**
Sales revenue				
- Sale of goods	**226,477,244**	190,018,359	**193,877,004**	190,018,359
	226,477,244	190,018,359	**193,877,004**	190,018,359
Other revenue				
- Dividend income	**960,833**	941,056	**960,833**	941,056
- rental revenue for property investment	**4,824,484**	4,630,749	**4,824,484**	4,630,749
- Other revenue	**12,152,537**	3,359,154	**12,152,537**	3,359,154
	17,937,854	8,930,959	**17,937,854**	8,930,959
Total Revenue	**244,415,098**	198,949,318	**211,814,858**	198,949,318

14 Investments Accounted for Using the Equity Method

	Consolidated		Parent	
	2013	**2012**	**2013**	**2012**
	PGK	**PGK**	**PGK**	**PGK**
Investments in subsidiaries	**102**	102	**102**	102
	102	102	**102**	102

15 Joint Venture

(a) Interest in Joint Ventures

The Group has a 50% per cent interest in Essential Extracts Limited, whose principal activity is the production and manufacture of plant based oil extracts.

The Group accounts for its interest in the joint venture by applying the Equity Method.

The Group's share of assets employed in the joint venture is NIL

16 Niugini Coffee Tea and Spice Company Limited

The Company is a wholly and subsidiary of NGIP Agmark Limited, acquired in January 2012. It's Financial Statements are not included in the Consolidated 2012 comparatives

17 Company Details

The registered office of the company is:

NGIP AGMARK LIMITED
1st Floor NGIP Haus, Talina
P O Box 1921, Kokopo
East New Britain Province

Directors Declaration | For the Year Ended 31 December 2013

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 19 to 39, are in accordance with the Companies Act 1997 and:

   (a) comply with Accounting Standards; and

   (b) give a true and fair view of the financial position as at 31 December 2013 and of the performance for the year ended on that date of the company and consolidated group;

2. The Chief Executive Officer and Chief Financial Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with the Companies Act 1997;

   (b) the financial statements and notes for the financial year comply with International Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....
Don Manoa MBE

Director ....
John Nightingale

Dated this 26th day of May 2014

DFK
HILL MAYBERRY
CHARTERED ACCOUNTANTS

Independent Audit Report to the members of NGIP AGMARK LIMITED

Report on the Financial Report

We have audited the accompanying financial report of NGIP AGMARK LIMITED (the company) and NGIP AGMARK LIMITED and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 31 December 2013, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and the Companies Act 1997. This responsibility includes establishing and maintaining internal control 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 on the financial report based on our audit. We conducted our audit in accordance with International Auditing Standards. 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.

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 judgement, 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

Independence

In conducting our audit, we have complied with the independence requirements of the Companies Act 1997. We confirm that the independence declaration required by the Companies Act 1997, provided to the directors of NGIP AGMARK LIMITED, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of NGIP AGMARK LIMITED and NGIP AGMARK LIMITED and Controlled Entities is in accordance with the Companies Act 1997, including:

(a) giving a true and fair view of the company and consolidated entity's financial position as at 31 December 2013 and of their performance for the year ended on that date; and

(b) complying with International Financial Reporting Standards and the Companies Act 1997.

DFK Hill Mayberry
Chartered Accountants

Michael Mayberry CSM MBE
Register under the Accountants Act 1996

Dated at Port Moresby this 26th of May 2014

Corporate Governance Statement

Unless disclosed below, all the best practice recommendations of the Port Moresby Stock Exchange have been applied for the entire financial year ended 31 December 2013.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the director's report.

When determining whether a non-executive is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchase made from any individual or entity directly or indirectly associated with the director; and
- none of the director's income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director or the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the finance committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this reflected in the security's prices.

Audit Committee

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of NGIP AGMARK LIMITED, to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

The following additional information is required by the Port Moresby Stock Exchange in respect of listed public companies only.

1. Shareholding

a. **Distribution of Shareholders**

Category (size of holding)		Number Ordinary	Redeemable
1	- 1,000	829,664	-
1,001	- 5,000	4,752,392	-
5,001	- 10,000	2,703,271	-
10,001	- 100,000	6,775,724	-
100,001	- and over	30,829,649	-
		45,890,700	-

b. The number of shareholdings held in less than marketable parcels is -

c. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

d. **20 Largest Shareholders - Ordinary Shares**

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Watta Plantations Limited	16,894,000	36.81
Barakopo Plantation Development Corporation	5,400,000	11.77
Michael PNG Limited	2,790,000	6.08
Kamara Limited	1,000,000	2.18
Darrie Padir Nightingale & Norman John Nightingale	710,000	1.55
Nicholas Jeremy Lyons	556,699	1.21
North Baining LL Govt	500,000	1.09
Kuradubi Company Limited	400,000	0.87
Ken McKenzie	300,000	0.65
Issac Napitalai	267,000	0.58
Thomas Israel Tanasu	205,000	0.45
John Wesley	204,000	0.44
Ben Joe	200,000	0.44
Vin Lote	150,000	0.33
South Bougainville Engineering Limited	150,000	0.33
Kabiu Simon & Kabiu Titus	143,100	0.31
Madala Margaret	136,000	0.30
Narokai James & Theresa James	133,250	0.29
Konio Investments Limited	120,800	0.26
Tagitagi Village Fund	120,200	0.26
	30,380,049	66.20

2. The name of the company secretary is Junias Tamur
3. The address of the principal registered office in PNG is
   First Floor – NGIP Haus,
   Talina, Kokopo, ENB

4. **Stock Exchange Listing**

   Quotation has been granted for all the ordinary shares of the company on the Port Moresby Stock Exchange.

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