

**ONKWAWISTA LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the period from 12th May 2006 (Date of incorporation) until 31st March 2007**



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ONKWAWISTA LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the period from 12th May 2006 (Date of incorporation) until 31st March 2007

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**ONKWAWISTA LIMITED****Company Information**

		Date Appointed	Date Resigned
<b>Directors</b>	T.M. O'Carroll	12-May-06	15-May-07
	C.G. Hepburn	12-May-06	19-Sep-07
	M.J. Quayle	15-May-07	-
	D.J. Palmer	19-Sep-07	04-Oct-07
	C.G. Hepburn	04-Oct-07	-
	D.A. Harris (Alternate to T.M. O'Carroll)	20-Jul-06	15-May-07
	M.J. Lewin (Alternate to C.G. Hepburn)	11-Feb-08	-
<b>Secretary</b>	C.G. Hepburn	12-May-06	09-May-07
	IFG International (Secretaries) Limited	09-May-07	-
<b>Registered office</b>	International House Castle Hill Victoria Road Douglas Isle of Man IM2 4RB		
<b>Registered Number</b>	116496C		

**ONKWAWISTA LIMITED****DIRECTORS' REPORT****For the period from 12th May 2006 (Date of incorporation) until 31st March 2007**

The Directors hereby submit their report on the activities and the audited financial statements of the Company for the period ended 31 March 2007 which have been prepared in accordance with the provisions of the Isle of Man Companies Acts, 1931-2004.

**Activities and Business Review**

The Company's principal activity is that of an investment company.

**Results and Dividend**

The results for the period are set out on page 5. The Directors have declared a dividend of CAD 1,800,000 during the period ended 31 March 2007.

**Directors and their interests**

The Directors who served during the period and to the date of the signing of these financial statements and their interests in the Company are as stated below:

	Ordinary shares	
	31Mar2007	12May2006
T.M. O'Carroll	-	-
C.G. Hepburn	-	-
M.J. Quayle	-	-
D.J. Palmer	-	-
C.G. Hepburn	-	-
D.A. Harris (Alternate to T.M. O'Carroll)	-	-
M.J. Lewin (Alternate to C.G. Hepburn)	-	-

**Statement of the Directors' Responsibilities with regard to the Financial Statements**

The Directors are responsible for preparing the financial statements in accordance with applicable law and Generally Accepted Accounting Practice in the United Kingdom.

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements the Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 1931-2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

**Auditors**

In accordance with Section 12 (2) of the Isle of Man Companies Act 1982, KPMG Audit LLC were appointed as auditors on 3 April 2007. A resolution proposing that KPMG Audit LLC be reappointed as auditors of the Company will be put to the Annual General Meeting.

By order of the Board:

(Secretary)

FOR & ON BEHALF OF  
IFG INTERNATIONAL (SECRETARIES) LIMITED

Dated..... 20 February 2008

## Report of the Independent Auditors, KPMG Audit LLC, to the members of Onkwawista Limited

We have audited the financial statements of Onkwawista Limited for the period from 12 May 2006 (date of incorporation) to 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### *Respective responsibilities of Directors and Auditors*

The Directors' responsibilities for preparing the financial statements in accordance with applicable Isle of Man company law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Isle of Man Companies Acts 1931 to 2004. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' transactions with the Company is not disclosed.

We read the Directors' Report and any other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements or inconsistencies within it.

### *Basis of opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the UK Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Onkwawista Limited (continued)

*Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2007 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004; and
- the information given in the Directors' Report is consistent with the financial statements.

  
Chartered Accountants  
Date 25 February 2008

Heritage Court  
41 Athol Street  
Douglas  
Isle of Man  
IM99 1HN

**ONKWAWISTA LIMITED****PROFIT AND LOSS ACCOUNT****For the period from 12th May 2006 (Date of incorporation) until 31st March 2007**

	Notes	<u>2007</u> <u>CAD</u>
INCOME	1.2	
Bank interest		38,044
Dividend receivable		1,947,600
		----- 1,985,644 -----
EXPENDITURE	1.3	
Professional fees		4,358
Bank charges and interest		308
		----- (4,666) -----
PROFIT FOR THE PERIOD		1,980,978
Dividend Payable		(1,800,000)
Retained profit carried forward		----- 180,978 =====

There are no recognised gains or losses other than the profit above.

The Directors consider that all results derive from continuing activities.

The notes on pages 7 and 8 form an integral part of these Financial Statements.

**ONKWAWISTA LIMITED****BALANCE SHEET**  
**as at 31st March 2007**

	Notes	<u>2007</u> CAD
<b>Fixed Assets</b>		
Unquoted Investments	3	14,550,000
<b>Current Assets</b>		
Debtors	4	1,947,600
Cash at bank		31,449
		-----
		1,979,049
Creditors: amounts falling due within one year	5	(16,347,961)
		-----
Net current (liabilities)		(14,368,912)
		-----
<b>TOTAL NET ASSETS</b>		<u><u>181,088</u></u>
<b>Capital and Reserves</b>		
Called up share capital	6	110
Profit and Loss account	7	180,978
		-----
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u><u>181,088</u></u>

These Financial Statements were approved by the Board of Directors on the 20 day of February 2008  
on its behalf by:-

  
.....  
Director

  
.....  
Director

The notes on pages 7 and 8 form an integral part of these Financial Statements.



**ONKWAWISTA LIMITED****Notes forming part of the financial statements****For the period from 12th May 2006 (Date of incorporation) until 31st March 2007****1. Accounting Policies****1.1. Basis of Accounting**

The financial statements are prepared under the historical cost convention and in accordance with the Isle of Man SORP. Compliance with the SORP indicates the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005) have been met, as applicable to companies registered in the Isle of Man.

**1.2. Turnover**

Turnover represents the total net income receivable during the period.

**1.3. Expenditure**

All expenses are provided for on an accruals basis.

**1.4. Investments**

Fixed asset investments are stated at cost less provision for permanent diminution in value.

**1.5. Foreign Currency Translation**

Transactions in foreign currencies are translated at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Gains and losses arising on translation are taken to the Profit & Loss account.

**2. Taxation**

The Company is subject to 0% tax on its profits in the Isle of Man. Therefore the Directors have not made any provision for taxation.

**3. Unquoted Investments**

	<u>2007</u> CAD
<b>Cost</b>	
At 12th May 2006	-
Additions	14,550,000
Disposals	-
	-----
as at 31st March 2007	14,550,000
	-----
<b>Net book values</b>	
as at 31st March 2007	14,550,000
	-----
as at 12th May 2006	-
	-----

**Holdings of 20% or more**

The company holds 20% or more of the share capital of the following companies:

Company	Country of incorporation	Shares held class	Proportion of shares held
Continent 8 Technologies Plc	Isle of Man	Ordinary	39.54%

**4. DEBTORS**

	<u>2007</u> CAD
Dividend income receivable	1,947,600
	-----
	1,947,600
	-----

**ONKWAWISTA LIMITED**Notes forming part of the financial statementsFor the period from 12th May 2006 (Date of incorporation) until 31st March 2007

<b>5. CREDITORS: amounts due within one year</b>	<b>2007</b>
	<b>CAD</b>
Unsecured loans payable	14,547,961
Dividend payable	1,800,000
	-----
	16,347,961
	-----

The above loan is unsecured, interest free and repayable on demand.

<b>6. Share Capital</b>	<b>2007</b>
	<b>CAD</b>
<b>Authorised</b>	
1,500 Ordinary 'A' Shares of US\$1.00 each	1,650
1,500 Ordinary 'B' Shares of US\$1.00 each	1,650
	-----
	3,300
	-----
<b>Allotted, called up and fully paid</b>	
50 Ordinary 'A' Shares of US\$1.00 each	55
50 Ordinary 'B' Shares of US\$1.00 each	55
	-----
	110
	-----

<b>7. Reserves</b>	<b>Profit and loss account</b>	<b>Total</b>
<b>At 12th May 2006</b>	-	-
Retained profit for the period	1,980,978	1,980,978
Dividend Payable	(1,800,000)	(1,800,000)
	-----	-----
<b>At 31st March 2007</b>	180,978	180,978
	-----	-----

**8. Immediate parent undertaking**

The immediate parent undertaking is Onkwawista Holdings Limited, a company registered in the Isle of Man.

**9. Profit and Loss Account**

All expenses associated with maintaining the company in good statutory order are borne by a third party directly.

**10. Commitments**

The Company entered into a charge on 30th June 2006 whereby the Company has agreed to charge to Continent 8 Technologies Plc the Company's total holding of shares in Continent 8 Technologies Plc as security for the performance of Mohawk Institute of Technology's obligations under the DC & ISP Agreement.

**11. Related Party Transactions**

During the period, the company received a loan from Onkwawista Holdings Limited, the immediate parent company (see note 5).