

# INTER-RACIAL JOINT ENTERPRISES IN PAPUA NEW GUINEA

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## I. What is meant by inter-racial joint venture companies:-

Inter-racial joint venture companies are businesses which are owned and operated jointly by Papua New Guinean nationals and expatriates. These companies range from giants like Bougainville Copper to smaller firms such as the Moresby Bus company. We focus in the article on the smaller enterprises. Inter-racial joint venture companies were created initially by expatriates who had been living this country for a long time. Many of them had been prominent in local and national affairs and had extensive commercial investments in Papua New Guinea. They set up inter-racial joint venture companies not only to help themselves but also to help nationals around them. This motive, however, is dwindling. Recently the most common cause for establishing joint venture companies has been the change in the political climate. When Papua New Guinea became self governing, it ceased to follow the Australian administration policy of protecting Australian businessmen. Instead, the Papua New Guinea government assumed a policy of protecting promoting the interests of local entrepreneurs. This policy is illustrated in the government's announcement that its first preference in awarding contracts would go to local tenderers or to companies with some local involvement. Under this policy, the government awards contracts to companies which have Papua New Guinean nationals, even though that company's tender is higher than that of a company which only has expatriates (so long as the company's tender is below the required 10% loading).

A case study done by the authors revealed that these joint venture companies take as many as seven forms in the way they try to be categorized as multi-racial joint venture companies:

1. Papua New Guineans take up equity in public companies.
2. Papua New Guineans take up share holdings in businesses.
3. Papua New Guineans take out public share issues.

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4. Papua New Guineans become joint owners of a business that was set up under expatriate ownership.
5. Papua New Guineans set up a business as fully locally owned and later draw into it some expatriates.
6. Expatriates take part only in the management of the business.
7. A company which is wholly locally owned has a share of its equity taken out by an expatriate company but, provisions are embedded so that further interests in the company will be extended only to locally based firms. An example of this last form is the arrangement of Guava Holdings P/L with Bougainville Beverages P/L.

The types of expatriates who originally created joint venture companies can be categorized as follows:-

1. Some had been in Papua New Guinea over a long period and have taken a part in the bettering the lives of people in the areas where they live. These persons help local people as members of Local Government Councils of Parliament, as community officers or as someone who has married into a local group.
2. Some were promoting local enterprise through existing church organisations.
3. Some wished to aid their long-service employees in business development.

Multi-racial joint venture companies tend to concentrate in specific fields, probably because those are the fields where promoters are mostly likely to make a profit. The attached table illustrates the types of activities in which joint venture companies were engaged up to 1973.<sup>1</sup> The companies concentrated their activities in those fields that the Papua New Guinea government protects in order to encourage local businessmen. Two examples of this are transport and building construction. The transport industry has been protected for local people in the last two years as a result of government policy which gives locally owned companies preferences in tenders for government carriage contracts.<sup>2</sup> In the building industry there

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1 The information in the Table One comes primarily from the records of the Tenders Board and the Public Works Department.

2 Interview conducted on 29th April 1975 with J. Kelly, Chief Purchasing Officer of the Supplies and Tenders Board.

has been an acceleration of interest in seeking local partners, as a result of government policy in awarding contracts on a restricted tender basis which would give preference to companies where there was some local participation.<sup>3</sup>

Another reason why the activities of joint venture companies tend to be restricted to certain fields is found in the regulations of the National Investment and Development Authority, a statutory body created to channel and control foreign investment. This authority maintains a reserve list, which prevents expatriate companies from engaging in businesses that are restricted to nationals. NIDA is enable to enforce these restrictions by the law requiring all foreigners who wish to enter into the capitalistic arena in Papua New Guinea to register with NIDA.<sup>4</sup>

TABLE ONE

ACTIVITIES OF MULTI-RACIAL JOINT VENTURE COMPANIES

(Through 1973)

<u>No. of Companies</u>	<u>Type of Company</u>	<u>Business Activity</u>	
<u>TRANSPORT - INCLUDES</u>			
2	Public	i.	Taxi
4	Proprietary	ii.	Bus Service
1	Corporation	iii.	Long Distance Haulage
4	Partnership	iv.	Cartage of Primary Products
2	Proprietary	i.	Car Sales
		ii.	Fuel Sales
1	Public	iii.	Garage Repair Workshop

3 Interview conducted on 30th April 1975 with N. Boku, Contracts Officer, Public Works Department.

4 *National Investment and Development Act 1974, Part VI.*

<u>No. of Companies</u>	<u>Type of Company</u>	<u>Business Activity</u>
<u>GENERAL TRADING</u>		
5	Proprietary	i. Importing
5	Public	ii. Distribution
1	Association	iii. Wholesale/Retail
		iv. Wholesale
		v. Retail
		vi. Trading is just one of the number of areas in which they are engaged.
2	Proprietary	i. Building Construction
<u>PLANTERS</u>		
8	Proprietary	i. Processors of primary products.
9	Public	ii. Pastoral Activity
1	Partnership	iii. Mixed Farming with Market Gardening.
		iv. Planters
		v. Buyers and/or Processors Cash Crops and other Industries (e.g. cattle)
3	Proprietary	i. Surveying
		ii. Construction Engineering.
		iii. Earth Moving.
1	Proprietary	i. Bakeries
2	Public	
1	Public	
1	Proprietary	i. Furniture manufacturing

8	Companies	Investing or Holding
		<u>FISHING</u>
1	Proprietary	
1	Proprietary	i. Fishing
2	Public	ii. Fish Processing
		iii. Fish Marketing
		iv. Preparation of take-away food.
2	Proprietary	i. Timber Mills
1	Public	
1	Proprietary	i. Manufacturing of jewellery Paper Products.
1		ii. Soft Drinks
1		iii. Boat Building
1		iv. Wool Weaving.

## II. Benefits of Inter-Racial Joint Venture Status

Current government policy gives first preference in contract awards to fully-indigenised firms. Government contracts are tendered by the plant and Transport Authority, Public Works Department, Department of Post and Telegraphs and the director of the Supplies and Tenders Board, which is a division of the Department of the Interior. All these agencies give first priority to firms whose shareholding section is wholly indigenised.

Second preference goes to firms that are partially localized. Joint venture companies have inter-racial, expatriate and indigenous composition at the shareholding level. The indigenous component may come from private individuals as shareholders, from the government holding shares, or from firms wholly-owned by Papua New Guineans holding shares in the company. The companies analyzed in this article are small-scale firms that have Papua New Guinean and expatriate involvement.

Since the government's policy is to give preference to firms that have total or partial local involvement, wholly expatriate owned firms will not stand a good chance in tendering for government contracts. Therefore, to be a

successful tenderer for government contracts, a firm should be fully or partially indigenised.

The Supplies and Tenders Board and the Public Works Department effectuate the government's policy by checking the shareholding position of each of the tenderers to see if there is any indigenous involvement before they give out or contracts to any of them.<sup>5</sup> They are supposed to look not only for indigenous involvement but also for the extent of indigenous involvement. At times, though infrequently, they check with the Registrar General to establish the precise position (as to shareholding) of the companies who are tendering for government contracts.

The government's policy is that where companies fully-owned by expatriates and those fully-owned by indigenous people are competing for government contracts, the government would allow the indigenous company to win, so long as its proposed charges are no more than 10 percent higher than what the foreign company would charge for completing the contract.

The Supplies and Tenders Board is uncertain how to effectuate the government's policy of 10% loading in favour of companies with 100% local equity, but it does give more favourable treatment to companies with 100% local equity over others.<sup>6</sup> The Department of Public Works gives the 10 percent loading in favour of companies wholly owned by Papua New Guineans, and reduces the loading by 2 percent on every 10% less indigenous equity in a company. For instance, where a company has 90% local equity and 10% expatriate equity it gets 8% loading, and where a company has 80% local equity and 20% expatriate equity, it gets 6% and so on. As a result, a company that is one-half expatriate and one-half local equity will get no favourable treatment. But any joint venture company will be afforded some favourable treatment, provided it has more than 50% local equity.

### III. Case Studies of Joint Venture Companies

The inter-racial joint venture companies enjoy major benefits that are not available to wholly foreign firms. The joint venture companies are more likely to get contracts from the government, which is the single greatest source of business for most companies operating in Papua New Guinea. In some cases, because of the NIDA legislation, companies

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5 Interviews conducted on 29th and 30th April 1975 with J. Kell, Chief Purchasing Officer of the Supplies and Tenders Board, and N. Boku, Contracts Officer, Public Works Department.

6 *Ibid.*

can not operate in Papua New Guinea at all unless they include Papua New Guinean shareholders on their rosters. The government introduced its preferential policies in order to give nationals of Papua New Guinea the opportunity to participate in the economy of their own nation. But our research has revealed that the government's policy is being thwarted, because many joint venture companies are not, in fact, joint ventures.<sup>7</sup> Though Papua New Guineans are nominally included as shareholders, or directors, they are prevented from active participation in many of the companies or from adequate shares in the profits. Many joint venture companies are screens, behind which the foreign owners continue to operate as they always have. The following case studies and the tabulations of Table Two<sup>8</sup> describe the various methods that some of these firms have devised for subverting the government's policies, through unbalanced shareholding, through management or directorial control, or through discriminatory provisions in the articles of association.<sup>9</sup>

*Pangia Construction.* There are only two expatriates holding one-third of the company's shares and eleven Papua New Guineans who hold two-thirds of the shares, thus qualifying the company for preferential tenders. But there is no manager, so control of the company is exercised by its directors. And the company's two directors are its expatriate shareholders. No Papua New Guinean shareholder is a director.

*Totima Construction.* The expatriates hold four more shares than do the indigenous shareholders, but management control is balanced, with one foreign and one Papua New Guinean manager of the directors, one is a foreigner and two are Papua New Guineans and there is no special provision

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7 Reports on companies were compiled from the files of the Registrar of Companies.

8 Table Two will be found at the end of this article.

9 We include in our list a cross-section of as many smaller-scale companies as possible, so that readers can get a picture of the percentage that are honestly joint venture companies compared to the percentage that are actually dominated by and foreigners. Thus, of the 14 companies studied, 3 are balanced with foreigners and Papua New Guineans having approximately equal access to control of company, 2 might give Papua New Guineans more control than the expatriates have, and 9 operate essentially as expatriate concerns with a few Papua New Guineans as window-dressing.

in the articles of association that favours to the expatriates over the Papua New Guinea shareholders.<sup>10</sup>

*Doa Motors.* Neither side holds more shares than the other. There are four local people on the Board of Directors and only one expatriate director.

*Unit Holdings and Uni Transport.* Papua New Guineans hold more shares in the company than expatriates do, but this is only window-dressing for control is held by the expatriates. Uni Transport is owned by Uni Holding, and the governing director's of both firms have special voting powers by virtue of Article 102 of the Company's Constitutions of both companies. The governing director of Uni Transport is an expatriate, since all the directors are expatriates, and as governing director he has a bloc vote in matters concerning Uni Transport. The vesting of this special power in him may provide room for the expatriate interest to override other interests and considerations.

Management control also is solely held by expatriates in both companies. Apart from two Papua New Guinean directors in Uni Holdings, all managers and directors in both companies are expatriates.

*Moresby Bus Holdings.* There are two types of classes of shares in this country, A-class and B-class shares. A-class shares are held exclusively by an expatriate-owned company called Minibus Pty. Ltd. B-class shares are held by the Papua New Guinea Investment Corporation, by Motuan Taxis Pty. Ltd. (which is locally owned) and by Papua New Guinea Industries Pty. Ltd.<sup>11</sup>

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10 There is a subtle but important problem with companies that have, on paper, either equality or Papua New Guinean domination. Because of the colonial heritage and the vast differences in technology between Australia and Papua New Guinea, many Papua New Guineans feel themselves inferior to Australians and are easily led by them. Thus, even one Australian on a board of directors could sway the Papua New Guinean members to his position. To find this out, however, would require a study beyond the scope of our research. It would be necessary to select several companies and to attend their meetings and analyse their operations over a period of time. We recommend that such a study be done before the government makes the mistake of assuming that a mere paper majority of local shareholding or even of membership on board of directors guarantees Papua New Guinean control.

11 Information from the Registrar of Companies.

As far as shareholding goes, local holding is in a minority, and especially if the A-class shares carry special rights and privileges over B-class shares, the expatriates are in a more favourable situation than their Papua New Guinean counterparts.

There are two expatriate and 2 Papua New Guinean directors. Article 66 was recently altered. Before its alteration, it protected expatriate interests even further than they are protected now. Other directors were to exercise only such power and authorities as were delegated to them by one Charles Thomas Parry, an expatriate director.

*Highlands Commodity Exchange.* The shares are divided into A and B class; 16 expatriate and 1 Papua New Guinean hold A-class shares. All the B class shares are held by 2,139 Papua New Guineans. There are special rights or restrictions on each of the two classes of shareholders. The B class shareholders, who are all Papua New Guineans, are not entitled to receive notice of or to attend and vote at any meeting of the company except at special meetings of B class shareholders. The one Papua New Guinean holding A class shares would be in a minority at any meeting of A class shareholders. Therefore, the expatriate interests would receive the support of the majority in company meetings.

*Transearch.* Shareholding in the company is almost equal, with 2 more shares in favour of the Papua New Guinean shareholders. However, the management control is wholly in the hands of an expatriate, and on the board of directors, there is one Papua New Guinean and three expatriates. Article 3A of the company's Articles of Association says that shares numbered 1 to 4 are 'management' shares and shares 5 to 10,000 inclusive are 'ordinary' shares, and that the holders of management shares have certain rights and privileges. The holder of the management shares is an expatriate. The Articles also give to the expatriate manager a special voting power over others, by reason of his holding management power.

*T.A.C.T. Pty. Ltd.* More expatriates than Papua New Guineans hold A-class shares (722 to 110). The holders of B-class shares are almost equal, with 98 expatriate shares and 108 Papua New Guineans, giving the latter a slight majority. On the whole then, Papua New Guineans have only a minority of shareholding in the company.

Directorship control is substantially in the hands of expatriates with four expatriate directors as opposed to one Papua New Guinean director.<sup>12</sup>

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12 Information from Registrar of Companies.

*Jimi River Cattle.* Out of a total of over 80,000 shares, the expatriates hold just 1,603 more shares than the Papua New Guinean shareholders. There are two Papua New Guineans and two expatriates on the board of directors.

*Lae Coffee Mill.* In this company, expatriates hold more than twice as many shares as their Papua New Guinean counterparts, but there are four Papua New Guineans and one expatriate on the board of directors.

*Giligili.* A-class shares are mostly held by expatriates, while the majority of B and C-class shares are held by Papua New Guineans. Management control is solely in the hands of an expatriate while the board of directors is composed of two expatriates and one Papua New Guinean, so both management and directorship control is mostly enjoyed by the expatriates.

Article 35 of the company's constitution restricts A-class shares to an expatriate, Dennis Young, and B-class shares to Damuni Economic Association and persons or trustees of unincorporated bodies normally resident in the Milne Bay District. No one can hold B-class shares unless he has the approval of the board of directors the company, which has an expatriate majority.

The holders of C-class shares have no right to receive notice of meetings or to attend or vote at meetings.

*Pacific Helicopters.* One Papua New Guinean and one expatriate each hold 1,000 shares, but the control rests in the board of directors which is composed of two expatriates and one Papua New Guinea.

*Ampan Development Co.* Three expatriates hold approximately 40 percent of the shares, while 14 Papua New Guineans hold sixty percent. Management control is in the hands of one Papua New Guinea. The directorship or hold approximately Management control is in the hands of Papua New Guinean. The directorship is composed of three expatriates and six Papua New Guinea.

#### IV. Conclusions and Recommendation

Our research demonstrates that many joint venture companies are inter-racial in name only. If the government is to effectuate its policy of preferential treatment for Papua New Guinean businesses, then it must ensure that the companies its supports are, in fact, managed or owned by nationals.

Thus, those governmental bodies such as the Supplies and Tenders Board and the Department of Public Works who call for and deal with tenders must have tighter controls or checking mechanisms on the composition of inter-racial joint venture companies. They must not only check on local

equity in the companies, but must also employ technical experts such as accountants and lawyers to examine thoroughly the distribution of control and power at the management and directorship levels and the circulation of capital of the companies. Only in this way can the government assure itself that Papua New Guinean shareholders or directors are more than mere fronts.

Our study revealed that the Public Works Department (the main body tendering government contracts) did not have experts trained in company management structures. The Department should employ lawyers, accountants and business administrators to check into such matters. These experts could determine the true position of joint venture companies and give out government contracts only to those in which local people participate and benefit. The government's current use of untrained officers who aren't familiar with the policy and who have no or little knowledge of company practices should be abolished.

We would further recommend that the government legislate a policy whereby joint venture companies would not be allowed to operate in activities other than those approved by the government. We make this recommendation even for joint venture companies that are adequately involving Papua New Guineans for we feel there are four kinds of companies operating in the country--foreign (or expatriate) firms, joint venture firms, companies owned by Papua New Guineans, and government-owned corporations--and different sectors of the economy are appropriate for each.

We recommend that a committee be set up by the government--perhaps within NIDA--to register joint venture companies, and to make registration depend in part on the extent of Papua New Guinean participation in the company and the integrity of the expatriates involved. Certain forms that joint venture companies now take ought to be prohibited in order to ensure that the expatriates are not using nationals for their own ends. We would prohibit or carefully scrutinize the following:-

- (i) Companies where nationals were invited to take up share holdings in businesses already owned by expatriates.
- (ii) Companies where expatriates constitute the sole management. The law should provide that two out of every three directors must be local persons, and management control should be balanced, with genuine guidance offered to the nationals involved by an expatriate endowed with management skills.

Papua New Guineans should have more participation in all kinds of business activities, either through shareholding or control of the businesses. The practice of allowing companies to be wholly owned by expatriates should be discouraged,

except in certain sectors of the economy, to allow Papua New Guineans increased participation in the economy of this country.

We also recommend the passage of legislation to close up the gaps in joint venture companies which expatriates now use to exploit the local people in disguise. We would suggest that new legislation include the following:-

- (i) No joint venture company's board of directors should be dominated by expatriates.
- (ii) At the founding of the company as a joint venture, a new board of directors should be set up, especially instances where the joint venture company is established through the agreement of local people with a fully expatriate owned company.
- (iii) No expatriate should be allowed to provide in the Constitution of the company that he be the sole director or managing director until he dies, resigns or ceases to hold a certain number of shares, etc. No provisions enabling a person or persons with a majority shareholding or similar suspect qualification to be a director, manager or to exercise special voting powers, qualities and privileges should be inserted in the company's Articles of Association.

We recommend that a committee be set up as soon as possible to look into the matter of legislation for joint venture companies and to recommend appropriate laws that would minimise or combat the problems in the current situation. The committee could report its findings and recommendations directly to cabinet or to the Law Reform Commission. Perhaps, the Law Reform Commission could sponsor this committee. The committee should, among other things look into the constitutions of all inter-racial joint venture companies to prepared legislation against special provisions that discriminate against Prepare legislation against special provisions that discriminate against local participants.

We recommend that the existence of special classes of shares be investigated to ensure that these shares don't put nationals in an unfavourable position. Moreover, legislation should provide either that any classes of shares carrying special privileges should not be held in a majority by one person or group, or that special classes of shares should not confer upon the holders thereof any rights, powers and privileges over other shareholders holding ordinary shares.

Finally, we would urge that this is an area of law and business in which reform is long overdue. The government should pay it particular and immediate attention. The more quickly and effectively we produce reforms in this area, the more quickly we will carry out the national goal of achieving increased participation in the economy by Papua New Guineans.

TABLE TWO

CASE STUDY OF JOINT VENTURE COMPANIES

<u>Name of Company</u>	<u>Shareholding</u>	<u>Main Business Activity</u>	<u>Management Control</u>	<u>Directors Control</u>	<u>Special Provisions in the Articles of Association</u>
Pangia Construction Pty Ltd.	11 PNGs holding 2,200 K1 shares. 2 Expats holding 1,100 K. shares	Traders and Construction Workers	Nil	2 Expats	Nil
Totima Constructions Pty. Ltd.	50,001 PNGs 49,997 Expats	Earthmoving and Construction Specialists	1 PNG 1 Expat	2 PNGs 1 Expat	Nil
Doa Motors Pty. Ltd.	49 Expats 51 PNGs	Garage Proprietors Transport	Nil	1 Expat 4 PNGs	Nil
Uni Holdings Pty. Ltd.	2,698 Expats 7,302 PNGs	Invest Capital Motor Transport Purchase, take, hire, lease rent property	1 Expat	4 Expats 2 PNGs	<u>Article 102:</u> "A governing director shall have the right at any general meeting whether on a show of hands or at a poll of votes to vote equal to 3/4 of the total votes which could be exercised by all shareholders of the company if present at such meeting."
OWNS					
Uni Transport	"	Hauliers, Cartage contractors (Building) Shipping, Invest Capital, Principal Debtor surety, guarantor.	1 Expat	4 Expats	Same provision applies here. All directors are expatriates in this company, so the governing director would be an expatriate.

<u>Name of Company</u>	<u>Shareholding</u>	<u>Main Business Activity</u>	<u>Management Control</u>	<u>Directors Control</u>	<u>Special Provisions in the Articles of Association</u>
Moresby Bus Holding Pty. Ltd.	182,000 A class shares held by Minibus Pty Ltd. which is a co. owned by expats only. 82,100 B class shares held by PNG Investment Corp. 66,400 shares (B class) held by Motuan Taxis Pty Ltd. 900 B class shares held by PNG Industries Pty. Ltd.	Vehicle (Hauliers) Vehicle (builders) Transport Investors.	-	2 Expats including Charles Thomas Parry.  2 PNGs	<u>Article 66:</u> (Now changed): "The said Charles Thomas Parry shall hold office until he dies or resigns or ceases to hold 100 shares in the company. While the said Charles Thomas Parry holds office as a director all powers, authorities and discretions rested in the directors by the Ordinances Table A on these articles shall be vested in him alone and all other directors of the company if any for the time being shall exercise such powers and authorities as Charles Thomas Parry may delegate to them."  PNG holding in this company is a minority.
Highlands Commodity Exchange Pty. Ltd.	K200 000 100 shares of K2 = A class shares of 99,900 shares of K2 each = B class shares.  174 Class shares 16 Expats 1 PNG	Agriculture (Marketing)	-	1 Expat 10 PNGs	<u>Article 3:</u> "The A class shares shall entitle the holders thereof (1) to attend and vote at all meetings of the company except at a special class meeting of another class of shareholders which may be held pursuant to these articles or amendment

<u>Name of Company</u>	<u>Shareholding</u>	<u>Main Business Activity</u>	<u>Management Control</u>	<u>Directors Control</u>	<u>Special Provisions in the Articles of Association</u>
Highlands Commodity Pty. Ltd.	50,959 B class shares all held by 2,139 PNGs				thereof and on the poll to have one vote for each share held. (ii) On a winding up to repayment of the capital paid up thereon after the payment in full to the holders of the B class shares of the capital paid up thereon".
					Paragraph B: "The said A class shares shall not entitle the holders thereof to any share or participation whatsoever in the profits, dividends or bonuses of the company or shall they entitled the holders to any share or participation in the surplus of the company on a winding up.
					Paragraph C: "The B class shares shall not entitle the holders thereof to receive notice or attend or vote at any meeting of the company except at special class meeting of B class shareholders held pursuant to these articles. The said B class shares shall entitle the holders thereof to repayment on the winding up of the capital paid thereon in priority to the holders

<u>Name of Company</u>	<u>Shareholding</u>	<u>Main Business Activity</u>	<u>Management Control</u>	<u>Directors Control</u>	<u>Special Provisions in the Articles of Association</u>
cont'd					
Highlands Commodity Pty. Ltd.					to the holders of A class shares and to all dividends and bonuses declared and to any surplus of assets after payment of capital paid up on the A class".
Transearth Pty. Ltd.	50,000 PNGs	Earthmoving	1 Expt	3 Expats	<p>Article 3: "Capital of the Company is K10,000 divided into 100,000 shares of K1 each. Shares 1 to 4 are management shares and shall confer on the holders thereof the following:-</p> <p>(1) Rights, qualities and privileges:-</p> <p>(a) Right to attend and vote in all meetings of the company and have one vote for every management share held by each member.</p> <p>(b)...this shall not confer the right to dividends or to participate in distribution of any profits however made.</p> <p>(c) The right on winding up to return of capital paid up thereon but no further right to participation of certain assets or profits".</p> <p>(2) Shares nod 5 to 10,000 incl. shall be called Ordinary shares"</p> <p>(3B) Notwithstanding other</p>

<u>Name of Company</u>	<u>Shareholding</u>	<u>Main Business Activity</u>	<u>Management Control</u>	<u>Directors Control</u>	<u>Special Provisions in the Articles of Association</u>
cont'd					
Transearth Pty. Ltd.					provisions of these articles before the repayment of all loans accounts outstanding to Allan Ernest Errwy [?] and Walter Mouva [?] such repayment to be certified by the auditor of the company. " The Ordinary shares confer on the holders thereof the right to attend and vote at all company meetings.
T.A.C.T. Pty. Ltd.	A class shares held by 772 Expats and 110 PNGs. B class shares held by 98 Expats and 108 PNGs.	Vehicle Repair	-	4 Expats 1 PNG	Nil
Jimi River Cattle Pty. Ltd.	Expats holding 40,883 shares, PNGs holding 39,280 shares.	Pastoral	-	2 Expats 2 PNGs	Nil
Lae Coffee Mills	Expats holding 7003 shares. PNGs holding 2,100 shares	Coffee Processing	-	1 Expat 4 PNG	Nil

<u>Name of Company</u>	<u>Shareholding</u>	<u>Main Business Activity</u>	<u>Management Control</u>	<u>Directors Control</u>	<u>Special Provisions in the Articles of Association</u>
Gilligilli Pty. Ltd.	A Class shares held by 468 PNGs. Expats hold 2,390 A class shares. Also B and C class shares.	Agricultural and Pastoral	1 Expat	2 Expats 1 PNG	<p><u>Article 35:</u> "A class shares shall confer upon the holders thereof the following rights and be subject to the following conditions. The holding of A class shares shall be restricted to Dennis Charles Young, his executors and administrators, nominees or assigns provided the total number of members holding A class share shall not exceed 10 and other existing members of the company shall be deemed to have had issued to them A class shares".</p> <p>A and B class shareholders have a right to appoint not more than 2 directors. B class shareholding is to go to a company to be formed under the name of Damuni Economic Ass. Ltd. provided that the Damuni Economic Ass. cannot hold more than 4/10th of the shares issued by Gilligilli. B class shareholding shall be restricted to persons or trustees of unincorporated bodies normally resident in the Milne Bay Province as may</p>

<u>Name of Company</u>	<u>Shareholding</u>	<u>Main Business Activities</u>	<u>Management Control</u>	<u>Directors Control</u>	<u>Special Provisions in the Articles of Association</u>
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Giligili Pty. Ltd.

be approved by the directors provided that the total number of members holding B class shares shall not exceed 2/3rds of the members holding C class shares at any one time; they shall be indigenous persons or trustees of unincorporated bodies whose members are pre-dominantly indigenous. Holders of C class shares have no right to receive notice of meetings, attend or vote at meetings.

Nil

2 Expats  
1 PNG

-

Nil

3 Expats  
6 PNGs

1 PNG

Pacific Helicopters 2,000 shares at K1 per share.  
(1 PNG and 1 Expat holding 1,000 shares each)

Helicopter transport service.

3 Expats holding 8001 shares.  
14 PNGs held 11,999 shares.  
\* share K1.

Manufacturers and dealers in woollen dairy products.

Ampan Development Company Pty. Ltd.