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Confidential

Mr Gregory Casagrande
President
South Pacific Business Development Microfinance (Fiji) (Ltd)
Bidesi Building
250 Waimanu Road
SUVA

28 April 2016

Dear Sir

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) (LTD)
AUDITED FINANCIAL STATEMENTS - 31 DECEMBER 2015

Enclosed please find two bound and one unbound copy of the audited financial statements for South Pacific Business Development Microfinance (Fiji) (Ltd) for the year ended 31 December 2015.

Please do not hesitate to contact us should you require further information or clarification.

Yours faithfully
BDO

Jerad Dias
Director - Assurance & Advisory Services

Encl.

SOUTH PACIFIC BUSINESS DEVELOPMENT
MICROFINANCE (FIJI) (LTD)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) (LTD)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of South Pacific Business Development Microfinance (Fiji) (Ltd) (the company) as at 31 December 2015, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:

Gregory F Casagrande
Peter Lowing

Principal Activities

The principal activities of the company during the year were to provide financial assistance to economically disadvantaged people particularly women who cannot easily access savings and loan products from traditional banks and maintaining money savings account.

There were no significant changes in the nature of these activities during the financial year.

Results

The loss after income tax for the year was $555,051 (2014: $1,103,649).

Dividends

The directors recommend that no amounts be paid by way of dividends for the year ended 31 December 2015.

Reserves

It is proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Going Concern Basis of Accounting

Notwithstanding the company's net liability position, accumulated losses and negative operating cash flows, the financial statements have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of the financial statements on the basis that the company will continue to receive financial support and other ongoing support from the founder of the company and the holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited which will enable the company to meet its funding requirements for operations and to meet its obligations as and when they fall due.

Furthermore, the directors believe that the company has plans and strategies to generate adequate profit and cash flows from its operations, and together with the financial and other support of the founder, holding company and lenders of the company, the company will be able to continue in operation for at least 12 months from the date of this financial statements and the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

DIRECTORS' REPORT [CONT'D]

Current and Non-Current Assets

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current and non-current assets in the company's financial statements misleading.

Loan Loss Allowance

Prior to the completion of the company's financial statements, the directors took reasonable steps to ascertain that action has been taken in relation to writing off of loan loss and the making of allowance for loan loss. In the opinion of the directors and the management, adequate allowance has been made for loan loss.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for loan loss, or the allowance for loan loss in the company, inadequate to any substantial extent.

Unusual Transactions

In the opinion of the directors, the results of the operations of the company during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the company in the current financial year.

Events Subsequent to Balance Date

Subsequent to balance date, in February 2016, tropical cyclone Winston hit Fiji and severely affected certain parts of the Western, Northern and Eastern divisions of Viti Levu and various outer Islands. As a consequence, large number of members of the company have been significantly affected.

The company has put in place comprehensive plans to offer grace periods for certain loans, reschedule other loans and to provide new finance for persons who have lost a home or business. The company's related entities have successfully handled significant natural disasters in the past in both Samoa and Tonga. Based on the experience in Samoa and Tonga subsequent to natural disasters, the management and the directors are of the view that the company's loan portfolio will grow in 2016 and cost of funding will decrease in 2016 due to the generosity of its social investor. Management and directors believe that these opportunities will exceed the increased risk of any potential deterioration in its loan portfolio.

DIRECTORS' REPORT [CONT'D]

Other Circumstances

As at the date of this report:

(i) no charge on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the company could become liable; and

(iii) no contingent liabilities or other liabilities of the company have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

Directors' Benefits

No director has received or become entitled to receive a benefit (other than those disclosed in the financial statements) by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 31st day of March 2016.

Director

Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the board of directors of South Pacific Business Development Microfinance (Fiji) (Ltd), we state that in the opinion of the directors:

[i] the accompanying statement of profit or loss and other comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2015;

[ii] the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 December 2015;

[iii] the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2015;

[iv] the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 December 2015;

[v] the financial statements have been prepared in accordance with International Financial Reporting Standards, in conformity with the Disclosure Guidelines for Financial Reporting by Microfinance Institutions and with the requirements of the Companies Acts, 1983;

[vi] at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due; and

[vii] all related party transactions have been adequately recorded in the books of the company.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 31st day of March 2016.

....
Director

....
Director

BDO

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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Members of South Pacific Business Development Microfinance (Fiji) (Ltd)

We have audited the accompanying financial statements of South Pacific Business Development Microfinance (Fiji) (Ltd) (the company), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 8 to 38.

The statement of profit or loss and other comprehensive income and the statement of financial position together with the notes thereon have been drawn up in conformity with the Disclosure Guidelines for Financial Reporting by Microfinance Institutions.

Director's and Management's Responsibility for the Financial Statements

Directors and management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, in conformity with the Disclosure Guidelines for Financial Reporting by Microfinance Institutions and with the requirements of the Companies Act, 1983, and for such internal control as the directors and management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the company as at 31 December 2015, and its financial performance, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards, and in conformity with the Disclosure Guidelines for Financial Reporting by Microfinance Institutions.

To the Members of South Pacific Business Development Microfinance (Fiji) (Ltd) (Cont'd)

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matter:

Going Concern

As disclosed in Note 20 of the financial statements, the financial position and other conditions indicate the existence of a material uncertainty about the company's ability to continue as a going concern. The appropriateness of the going concern assumption on which the financial statements are prepared is critically dependent on its ability to achieve profitable operations, generate sufficient cash flows to meet its obligations on a timely basis and continued financial support and other ongoing support from the founder of the company and the holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

Report on Other Legal and Regulatory Requirements

In our opinion:

(a) proper books of account have been kept by the company, so far as it appears from our examination of those books;

(b) the financial statements are in agreement with the books of account; and

(c) to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1983 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

BDO

SUVA, FIJI
31 MARCH 2016

BDO
CHARTERED ACCOUNTANTS

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) (LTD)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes		2015	2014
Financial Income				
Development fee		$	156,779	94,893
Interest on loans			1,120,698	898,479
Life insurance fee			215,996	290,466
Membership fee			501,787	-
Resignation fee			11,380	15,170
Savings withdrawal fee			7,286	7,121
Total financial income			2,013,926	1,306,129
Financial Expenses				
Life insurance fee			(51,430)	(181,440)
Interest and other financial charges on borrowed funds			(294,381)	(350,970)
Interest on savings deposits			(21,210)	(17,886)
Loan loss allowance			(13,814)	-
Total financial expenses			(380,835)	(550,296)
Net financial income			**1,633,091**	**755,833**
Other operating income	6		91,305	67,579
Total operating income			**1,724,396**	**823,412**
Administration and operating expenses	7		(2,279,447)	(1,927,061)
Operating loss before income tax			**(555,051)**	**(1,103,649)**
Income tax expense	8 (a)		-	-
Loss for the year			**(555,051)**	**(1,103,649)**
Other comprehensive income			-	-
Total comprehensive loss for the year		$	**(555,051)**	**(1,103,649)**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) (LTD)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital	Accumulated Losses	Total
	$	$	$
Balance as at 1 January 2014	250,000	(3,462,850)	(3,212,850)
Loss for the year	-	(1,103,649)	(1,103,649)
Issue of preference shares (Note 17)	2,556,876	-	2,556,876
Other comprehensive income	-	-	-
Balance as at 31 December 2014	**2,806,876**	**(4,566,499)**	**(1,759,623)**
Loss for the year	-	(555,051)	(555,051)
Other comprehensive income	-	-	-
Balance as at 31 December 2015	**2,806,876**	**(5,121,550)**	**(2,314,674)**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE (FIJI) (LTD)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes		2015	2014
CURRENT ASSETS				
Cash on hand and at bank		5	505,529	544,919
Loan portfolio outstanding	10		3,427,389	2,071,025
Receivables	11		88,042	86,517
Total current assets			4,020,960	2,702,461
NON-CURRENT ASSETS				
Property, plant and equipment	12		215,068	102,205
Total non-current assets			215,068	102,205
TOTAL ASSETS			4,236,028	2,804,666
CURRENT LIABILITIES				
Clients' savings deposits	13		1,514,360	1,361,510
Payables	14		137,220	102,909
Provisions	15		32,897	12,649
Interest bearing borrowings	16		637,464	150,248
Total current liabilities			2,321,941	1,627,316
NON-CURRENT LIABILITIES				
Interest bearing borrowings	16		4,228,761	2,936,973
Total non-current liabilities			4,228,761	2,936,973
TOTAL LIABILITIES			6,550,702	4,564,289
NET LIABILITIES			(2,314,674)	(1,759,623)
SHAREHOLDERS' FUND DEFICIT				
Share capital	17		2,806,876	2,806,876
Accumulated losses			(5,121,550)	(4,566,499)
TOTAL SHAREHOLDERS' FUND DEFICIT		5	(2,314,674)	(1,759,623)

The above statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the board and in accordance with a resolution of the directors.

Director

Director

		2015 Inflows/ (Outflows)	2014 Inflows/ (Outflows)
Cash flows from operating activities			
Interest, development, loan and other fees received	$	2,013,926	1,306,129
Loans to clients and staff		(6,597,950)	(4,585,600)
Repayments from clients and staff		5,227,772	4,284,876
Client savings deposit, net		152,850	273,472
Payments to suppliers and employees		(2,030,149)	(1,964,086)
Interest and other financial charges paid on loans		(310,517)	(279,489)
Net cash used in operating activities		(1,544,068)	(964,698)
Cash flows from investing activities			
Payments for property, plant and equipment		(184,814)	(61,368)
Proceeds from sale of fixed asset		-	9,050
Net cash used in investing activities		(184,814)	(52,318)
Cash flows from financing activities			
Proceeds from/ (repayments to) related entities, net		919,565	(355,075)
Proceeds from term loans		916,560	2,268,413
Repayment of term loans		(146,633)	(677,829)
Net cash provided by financing activities		1,689,492	1,235,509
Net (decrease) / increase in cash and cash equivalents		**(39,390)**	**218,493**
Cash and cash equivalents at the beginning of the year		544,919	326,426
Cash and cash equivalents at the end of the year (Note 9)	$	**505,529**	**544,919**

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1. GENERAL INFORMATION

a) Corporate information

South Pacific Business Development Microfinance (Fiji) (Ltd) (SPBD) is a company incorporated and domiciled in Fiji.

The registered office and principal place of business of the company is located at Bidesi Building, 250 Waimanu Road, Suva.

b) Principal Activities

The principal activities of the company during the year were to provide financial assistance to economically disadvantaged people particularly women who cannot easily access savings and loan products from traditional banks and maintaining money savings account.

There were no significant changes in the nature of these activities during the financial year.

NOTE 2. BASIS OF PREPARATION

a) Basis of Preparation

The financial statements have been prepared on the basis of historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of International Financial Reporting Standards (IFRS), management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 5.

b) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as required by the Fiji Institute of Accountants and in compliance with the requirements of the Companies Act, 1983.

The financial statements have also been prepared in accordance with the Disclosure Guidelines for financial reporting of Microfinance Institutions whereby guidelines are voluntary norms recommended by a group of international donors under the Consultative Group to Assist the Poor (CGAP) and by the members of the Social Enterprise Education and Promotion Network (SEEP).

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Going Concern Basis of Accounting

Notwithstanding the company's net liability position, accumulated losses and negative operating cash flows, the financial statements have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of the financial statements on the basis that the company will continue to receive financial support and other ongoing support from the founder of the company and the holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited which will enable the company to meet its funding requirements for operations and to meet its obligations as and when they fall due.

Furthermore, the directors believe that the company has plans and strategies to generate adequate profit and cash flows from its operations, and together with the financial and other support of the founder, holding company and lenders of the company, the company will be able to continue in operation for at least 12 months from the date of this financial statements and the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

d) Comparatives

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

e) Changes in accounting policies

New standards, interpretations and amendments effective from 1 January 2015

A number of amendments are effective for the first time for annual periods beginning on (or after) 1 January 2015. None of the amendments have a material effect on the company's annual financial statements.

New standards, interpretations and amendments that have been issued but are not mandatorily effective as at 31 December 2015

There are certain new standards, interpretations and amendments, which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the company's future financial statements. The Company intends to adopt these standards, interpretations and amendments, if applicable, when they become effective.

1. IFRS 9 : Financial Instruments
2. IFRS 15 : Revenue from Contracts with Customers
3. IFRS 16 : Leases
4. Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
5. Amendments to IAS 1 : Disclosure Initiative

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Revenue Recognition

Revenues are presented as financial income in the statement of profit or loss and other comprehensive income which is comprised of income generated from providing financial services to its target clientele. The main sources of financial income are:

(i) *Interest income on loans*

In accordance with the Disclosure Guidelines for Financial Reporting of Microfinance Institutions, interest income on loans is recognised using a cash-based method where they are recognised at the time they are received. Hence, if the loan (with the interest) is paid before it is due, then the interest income is recognised at the time of collection, whereas if the loan (with the interest) is in arrears then no interest income is recognised.

(ii) *Development fees*

The company charges a fee on the principal loan amount to be used to cover the cost of training clients, loan evaluation and monitoring. The company charges a fee of 2.5% of the principal amount is being charged. This fee is deducted from the loan proceeds, and are recognised in the period received.

(iii) *Life insurance fee*

Commencing December 2011, the company had entered into an agreement with the Life Insurance Corporation of India (LICI) for a group loan insurance programme named SPBD Life Guardian Programme where qualified SPBD clients and employees are enrolled in the programme. The company charges $18 per quarter to the programme enrolees as life insurance fee. The company in turn pays a quarterly premium of $15 to LICI for each enrolee covered and retain $3 for its administrative costs. The death benefit of each qualified enrolee is $5,000 (or $10,000 in case of accidental death). The benefits are given to the beneficiaries of the client after deducting outstanding principal plus interest as applicable.

The life insurance fee is treated as income as it is not refundable to the client and is recognised in the period in which they are received. The premium payments to LICI, in turn, are recognised as expenses in the period in which they are paid to LICI.

The company is no longer using the services of LICI effective from July 2015.

(iv) *Membership fee*

Effective from 1 August 2015, a membership scheme has been introduced and a membership fee is charged to the members for entitlements given by the company. The members have been categorised in to three levels in charging membership fee for the year as follows:

a) Members with Loans maturing after 31 December 2015 are exempted from paying the membership fee for year 2015. They can immediately pay the membership renewal fee of $75 for year 2016, not later than 30 November 2015.

b) Members with loans maturing before 31 December 2015 pay only $37.50 (which is 50% of the annual membership renewal fee of $75) for their membership fee for year 2015. In addition, they will pay $75 annual membership renewal fee for year 2016 not later than 30 November 2015.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Revenue Recognition (Cont'd)

(iv) *Membership fee (Cont'd)*

c) Members with no existing loans (as at 31 July 2015) -pay only $37.50 (which is 50% of the annual membership renewal fee of $75) for their membership fee for year 2015. In addition, they will pay $75 annual membership renewal fee for year 2016 not later than 30 November 2015.

Membership fees is non-refundable and recognised as income at the time they are received. The renewal of membership is on an annual basis before 30 November of the relevant financial year.

(v) *Savings withdrawal fee*

A fee of $2 is charged by the company to its members when they withdraw from their savings accounts and are recognised in the period received.

(b) Foreign Currency Translation

Functional and presentation currency

The company operates in Fiji and hence its financial statements are presented in Fiji dollars, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the Fijian currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

(c) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable profit nor accounting profit.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Income Tax (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is recognised in equity through other comprehensive income.

(d) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

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 company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

Depreciation is calculated so as to write off the net cost of property, plant and equipment over its expected useful life.

The principal annual rates employed are as follows:

Leasehold improvements	50% (2 years)
Furniture and fittings	20% (5 years)
Motor vehicles	20% - 33% (3 - 5 years)
Computer equipment & peripherals	33% (3 years)
Office equipment	50% (2 years)
Software and electronics system	33% (3 years)

Profits and losses on disposal of property, plant and equipment are taken into account in determining the results for the year.

(e) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Company as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in statement of profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

(g) Financial Assets

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. The company's loans and receivables comprise loan portfolio outstanding and receivables as disclosed in Notes 10 and 11, respectively in the financial statements.

(h) Loans Portfolio Outstanding

Loans, net of loan loss allowance and loan insurance loss reserve, include direct financial assistance provided to economically disadvantaged people particularly women who cannot easily access savings and loan products from traditional banks.

They are carried at recoverable amount represented by the gross value of the outstanding balance adjusted for loan loss allowance and loan insurance loss reserve.

(i) Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand and cash in banks.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready 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 profit or loss in the period in which they are incurred.

(l) Client Savings Deposits

Client savings deposit is recorded as current liabilities in the statement of financial position.

A savings account is required to be established by client in order for consideration for loan by depositing $10. An existing member without an open savings account is required to make an initial deposit of $20 when applying for second loan.

All members are required to have a compulsory savings account and make a deposit of $2 per week per cumulative terms of the previous loan cycles. The compulsory savings amount cannot be withdrawn while the client is a member of the SPBD Centre.

All members are required to maintain a minimum balance in their savings account.

A member with or without an outstanding loan must maintain a required compulsory savings balance equivalent the value of cumulative term of the loan (previous and current) expressed in weeks multiplied by $2. A withdrawal is not allowed if the resulting balance will be less than the member's required balance.

The 50% of the equivalent savings amount used to top up the client's succeeding loan is "locked in" and forms part of the additional maintaining balance of the client.

Any savings amount that is above the required minimum compulsory savings balance (plus "locked-in" savings) is considered to be voluntary savings. Voluntary savings can be withdrawn at any time and the minimum savings that can be made is $1 during centre meeting and $10 at the centre office.

A withdrawal fee of $2 is imposed for every withdrawal transaction. A full withdrawal of a member's savings account balance is only possible if the member has fully paid the loan and wishes to resign from the program. In this event, the initiation deposit of $10 is forfeited as resignation fee.

A member can make weekly loan repayments from her savings account for her loan or another member's loan. Members who belong to a centre in which there is a loan defaulter cannot make withdrawals from their savings accounts until the defaulting loan is repaid in full.

The savings accounts earn interest at the rate of 1.5% per annum and this interest rate may be modified by the company based on the prevailing interest rates amongst commercial banks.

(m) Payables

Accounts payables are recognized when the company becomes obliged to make future payments resulting from the receipt of goods and services.

(n) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Provisions (Cont'd)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Provision is made for the company's liability to employees for annual leave and members for death benefit on the basis of statutory or contractual requirements.

(o) Employee Benefits

Wages, salaries and sick leave

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates prevailing at that time.

Annual leave

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

(p) Share Capital

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 4. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk, regulatory risk and capital risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

(a) Market Risk

i) Foreign exchange risk

The company undertakes transactions denominated in foreign currencies: consequently, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amount of the company's foreign currency denominated monetary liabilities at the end of reporting year are as follows:

	2015	2014
USD	400,000	400,000
AUD	600,000	-
NZD	-	75,000

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market Risk (Cont'd)

i) Foreign exchange risk (Cont'd)

Foreign currency sensitivity analysis

The company is mainly exposed to the currency of USA, Australia and New Zealand.

The following table details the company's sensitivity to a 10% increase and decrease in Fiji dollar against the relevant US, Australian and New Zealand dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. If the FJD strengthens/weakens by 10% against the USD, AUD and NZD with all other variables held constant, pre- tax profit impact is as follows:

	Profit / (Loss)			
	Strengthen		Weaken	
	2015 FJD	2014 FJD	2015 FJD	2014 FJD
Australian Dollar - AUD	86,388	-	(105,585)	-
US Dollar - USD	78,777	73,521	(96,283)	(89,859)
New Zealand Dollar - NZD	-	10,902	-	(13,325)

ii) Interest rate risk

The principal risk to which lending portfolios are exposed to is the risk of the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows of the company.

The objective of interest rate risk control is to minimize these fluctuations in value and net interest income over time, providing secure and stable sustainable net interest earnings in the long term.

As interest rates and yield curves change over time, the company may be exposed to a loss in earnings due to the sensitivity that arises from mismatches in the re-pricing dates, cash flows and other characteristics of the assets and their corresponding liability funding. These mismatches are actively monitored and managed by the company.

Majority of the borrowings of the company are at fixed interest rates however, the company is also exposed to interest rate risk on certain borrowed funds which are at variable interest rates. The risk is monitored and managed by directors within the approved parameters.

(b) Regulatory Risk

The company is subject to the provisions of the Microfinance Institutions (Examination and Assessment) Decree 2010. Under Section 3 (1) of the Decree, the Reserve Bank of Fiji may conduct examinations, onsite or otherwise, of any microfinance institution.

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit Risk

Credit risk is the risk of financial loss to the company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's loans to clients.

As part of its risk control procedures, an assessment of the credit quality of a new client, taking into account its financial position, past experience and other factors, is carried out prior to the credit approval. Individual credit risk limits are then set based on the assessments done. The utilisation of credit limits is regularly monitored. Loans to clients are settled via weekly deductions.

(d) Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations from its financial liability. Prudent and careful management of the company's liquidity position is essential in order to ensure that adequate funds are available to meet the company's ongoing financial obligations.

The company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Fixed maturity dates			
	2016	2017-2018	2019-2020	2021-2022	Total
	$	$	$	$	$
Financial liabilities as at 31 December 2015:					
Client savings deposit	1,514,360	-	-	-	1,514,360
Payables	137,220	-	-	-	137,220
Interest bearing borrowings	544,980	2,215,635	2,058,432	45,306	4,864,353
	2,196,560	2,215,635	2,058,432	45,306	6,515,933
Financial liabilities as at 31 December 2014:					
Client savings deposit	1,361,510	-	-	-	1,361,510
Payables	102,909	-	-	-	102,909
Interest bearing borrowings	150,248	1,936,155	965,344	35,474	3,087,221
	1,614,667	1,936,155	965,344	35,474	4,551,640

NOTE 4. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Capital Risk

The company's objectives when managing capital is to safeguard its ability to continue as a going concern in order to provide consistent returns for shareholders to maintain an optimal capital structure to reduce the cost of capital and be in compliance with statutory requirements. In order to maintain the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

(i) To comply with the capital requirements set by the Reserve Bank of Fiji;

(ii) To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders; and

(iii) To maintain a strong capital base to support the development of the company's business.

Capital adequacy and the use of regulatory capital are monitored by the management of the company.

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments in Applying the Company's Accounting Policies

(a) Impairment of loans

Impairment of loans balances is assessed at an individual as well as on a collective level. A loan loss allowance is made based on the appraisal carried out at year end and in accordance with the Disclosure Guidelines for Financial Reporting of Microfinance Institutions (refer Note 10 (a)).

(b) Deferred tax assets

Deferred tax assets are recognized on deductible temporary differences and for all tax losses to the extent it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely level of future taxable profits together with future planning strategies. The management's assessment of taxable profit forecast involves making a judgment, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

(c) Death benefit provision

Death Benefit provision is made to cover death benefit claims from members based on actuarial studies conducted by Colombia Business School. Colombia Business School has considered certain assumptions in making the actuarial valuation such as assessing the credit life for clients, life insurance rates and insurance claim loss methods to determine the death benefit provision for the year.

NOTE 6. OTHER OPERATING INCOME

		2015	2014
Financial booklet	$	3,978	35,648
Gain on sale of fixed asset		2,178	2,383
Interest from bank		221	389
Loan write-off recoveries		39	1,345
MPAiSA commission		3,736	15,732
Miscellaneous income		26,721	12,082
Recharge commission		2,568	-
SPBD Awards night, net		7,838	-
Sales commission		6,289	-
Vehicle rental		37,737	-
Total other operating income		91,305	67,579

NOTE 7. ADMINISTRATION AND OPERATING EXPENSES

	2015	2014
Auditors' remuneration for:		
- Audit fees	24,000	26,450
- Other services	16,299	24,018
Bank charges	5,417	2,574
Commission - M Paisa agents	2,399	11,525
Death benefit	100,000	-
Depreciation	74,129	49,709
Electricity and water	19,759	19,915
Exchange loss, net - unrealised	46,010	54,031
Exchange loss, net - realised	43,502	46,631
FNPF contribution	62,218	53,014
Fringe Benefit Tax	479	479
Loss on disposal of fixed asset	-	3,542
Management fees	348,196	148,824
Membership and subscriptions	644	894
Office expenses	33,120	38,159
Other expenses	80,455	30,127
Overseas traveling	31,557	15,747
Printing and office stationeries	38,461	36,272
Professional fees	7,846	8,191
Postage, telephone and communication	28,293	31,726
Rent	124,190	116,797
Repairs and maintenance	11,239	17,672
Salaries and wages	633,557	710,827
SPBD awards day	-	5,702
Staff benefits	125,828	123,539
Training and development - Staff and client	61,095	40,961
Transportation, fuel and oil	360,754	309,735
	$ 2,279,447	1,927,061

NOTE 8. INCOME TAX

(a) Income Tax Expense

The prima facie income tax expense on loss is reconciled as follows:

		2015	2014
Loss before income tax	$	(555,051)	(1,103,649)
Prima facie tax thereon at 20%		(111,010)	(220,730)
Tax effect of:			
Non-deductible expenses		6,318	5,956
Temporary difference not recognized on deferred tax assets		6,291	14,436
Deferred tax assets on tax losses not recognized		98,401	200,338
Income tax expense		-	-

(b) Deferred Tax Assets Not Recognised

The deferred tax assets relating to estimated tax losses and temporary differences amounting to approximately $807,041 (2014: $782,653) have not been brought to account as its realization is not considered probable. The deferred tax assets will only be realised if:

(i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

(ii) the company continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

NOTE 9. NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash on hand and at bank

	2015	2014
Petty cash	4,000	4,000
Vodafone M-Paisa account	259,396	140,855
Cash at bank	242,133	400,064
Total cash on hand and at bank	505,529	544,919

Cash and cash equivalents included in the statement of cash flows comprise the above statement of financial position amounts.

b) Non-cash transaction

Acquisition of computer equipment

During the year, the company acquired certain new computer equipment through trade-in of old computer equipment for a value of $2,178.

NOTE 10. LOANS PORTFOLIO OUTSTANDING

Movement:

		2015	2014
Opening balance		2,071,025	1,770,301
Disbursements		6,597,950	4,585,600
Repayments		(5,246,015)	(4,284,876)
Net movement in Loan loss allowance		4,429	-
Closing balance	$	3,427,389	2,071,025

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

Accumulative Since Inception:		2015	2014
Total loan disbursements	$	20,449,841	13,851,891
Repayments		(16,835,353)	(11,589,338)
Interest income capitalised to restructured loan		8,180	8,180
Restructure fee capitalised to restructured loan		5,299	5,299
Loan insurance loss reserve - write-offs - principal		(3,956)	(3,956)
Loan loss allowance - write-offs - principal		(172,041)	(172,041)
Gross loans portfolio outstanding		3,451,970	2,100,035
Loan loss allowance (a)		(24,581)	(27,175)
Loan insurance loss reserve (b)		-	(1,835)
Net loans portfolio outstanding		3,427,389	2,071,025

(a) Loan Loss Allowance and Write-Offs

Loan loss allowance is increased by annual loan loss provisioning expense and decreased by loan write-offs.

Movement in Loan Loss allowance

Opening balance		27,175	27,175
Loan loss expense for the year		13,814	-
Transfer from loan insurance provision		1,835	-
Loans written off in the year		(18,243)	-
Closing balance	$	24,581	27,175

The company conducts loan loss provisioning every quarter to maintain an adequate reserve for doubtful loans. The reserve is determined by applying predicted loss percentages to aged loans grouped by lateness of payment. A loan becomes late as a weekly scheduled payment is missed. The company applies the following conservative predicted loss ratios.

Allowance Ratios for Group Loans

Loan Aging	Loan Loss Allowance	Loan Outstanding ($)	Loan Loss Allowance Amount ($)
1 week to 4 weeks late	5%	65,550	3,278
5 weeks to 8 weeks late	10%	10,560	1,056
9 weeks to 12 weeks late	25%	2,098	525
13 weeks to 16 weeks late	50%	-	-
17 weeks to 20 weeks late	75%	1,941	1,456
21 weeks or more	100%	18,266	18,266
Allowance Required as of 31 December 2015		**98,415**	**24,581**

The company provides a 100% provision for loan losses for loans overdue for 21 weeks or more.

Write-Offs

The decision as to which loans to write off and to which to provide loan allowance in 2015 was made taking into account the age of the outstanding loan, the balance of the outstanding loan compared to the cost effectiveness of recovery and management's own evaluation of the likelihood of recovery. Loans write-off requires an approval by the President of the company.

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(b) Loan Insurance Loss Reserve

		2015	2014
Loan insurance loss reserve	$	-	1,835

(c) Portfolio Composition

The company adopts the Grameen Bank's group solidarity lending methodology. The company's loan portfolio consists of loans to clients and staff. Group loans are made under the provisions of SPBD Credit Manual. Staff loans are made under the provisions of the employee loan program under SPBD Human Resources Policy Manual.

The company offers one group loan product with variable terms and pricing depending on the loan amount as shown in the following table:

Minimum Loan Amount $	Maximum Loan Amount $	Loan Term	Add-on-interest
250	300	13 weeks	8%
350	550	26 weeks	14%
600	850	39 weeks	20%
900	5,000	52 weeks	25%

The loan product is unsecured and is amortised in weekly equal instalments. The first loan (regardless of loan product) should be used exclusively to expand or establish a microenterprise to be managed by the client or by a household member (husband, son, daughter, etc.). Subsequent loans can be used only for any or a combination of the following purposes: business, home improvement and education of children. All loans are disbursed via Vodafone's MPAiSA mobile money services while loan repayments are collected at the village-based meetings by the company staff. Repayment of loan via Vodafone's MPAiSA mobile money services is also available to the clients. A loan must be paid off before another loan is issued to the same client.

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(c) Portfolio Composition (Cont'd)

Loans Disbursed during 2015			
Loan Type	Number of New Loans	Principal Amount	Amount as % of Total Portfolio
		$	
Group loans (New)	2,860	1,753,700	27%
Group loans (Existing)	3,850	4,516,250	68%
White Goods loans	234	191,450	3%
Staff loans	71	136,550	2%
Total	7,015	6,597,950	100%
Average loan size at disbursement		$941	

Loans Disbursed during 2014			
Loan Type	Number of New Loans	Principal Amount	Amount as % of Total Portfolio
		$	
Group loans (New)	2,124	1,079,700	24%
Group loans (Existing)	3,288	3,424,600	75%
Staff loans	67	81,300	1%
Total	5,479	4,585,600	100%
Average loan size at disbursement		$837	

The clients must use the first loans for starting or expanding micro-businesses. If these micro-businesses are doing well, they can then apply for housing improvement and educational loans for their subsequent borrowings. Housing improvement loans are typically used to buy concrete, timber, roofing, plumbing or electrical supplies to significantly upgrade their homes. Educational loans are typically used to pay for school fees, school uniforms and text books.

White goods loans are given to clients for purchase of white goods and housing materials for further expansion of their micro-business. These loans are given by way of vouchers redeemable from Court's Fiji Limited and RC Manubhai and Company Limited.

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(d) Portfolio Quality

The company loans is staff's number one priority to keep the loan portfolio healthy. They strictly apply the credit rules and policies outlined in SPBD Credit Manual. As the company offers only unsecured loans, it relies on good client and project selection as a primary tool to ensure portfolio quality. When a client does not make a payment, the company applies the group guarantee policy and asks her group members to make a payment for that client. The principle of group guarantee is clearly communicated and explained in program training, knowledge test, loan application and loan interview; and is regularly reinforced through weekly meetings and periodic trainings.

		31 December 2015		
Loan Types	Number of Accounts	Outstanding Principal Balance	PAR > 30 days Amount	PAR > 30 Days
		$	$	
Group Loans				
Current	5,043	3,175,008		
1-4 weeks late	103	65,550		
5-8 weeks late	24	10,560	10,560	0.31%
9-12 weeks late	5	2,098	2,098	0.06%
13-16 weeks late	-	-	-	-
17-20 weeks late	4	1,941	1,941	0.06%
Over 20 weeks late	133	18,266	18,266	0.53%
Total	**5,312**	**3,273,423**	32,865	0.95%
White Goods Loan				
Current	209	114,240		
1-4 weeks late	9	6,134		
5-8 weeks late	1	499	499	0.01%
Total	**219**	**120,873**	499	0.01%
Staff Loans				
Current	31	56,212		
1-4 weeks late	-	-		
5-8 weeks late	-	-	-	-
9-12 weeks late	-	-	-	-
13-16 weeks late	-	-	-	-
17-20 weeks late	-	-	-	-
Over 20 weeks late	2	1,462	1,462	0.04%
Total	**33**	**57,674**	1,462	0.04%
Total Group and Staff Loan				
Current	5,283	3,345,460		
1-4 weeks late	112	71,684		
5-8 weeks late	25	11,059	11,059	0.32%
9-12 weeks late	5	2,098	2,098	0.06%
13-16 weeks late	-	-	-	-
17-20 weeks late	4	1,941	1,941	0.06%
Over 20 weeks late	135	19,728	19,728	0.57%
Total	**5,564**	**3,451,970**	34,826	1.01%

NOTE 10. LOANS PORTFOLIO OUTSTANDING (CONT'D)

(d) Portfolio Quality (Cont'd)

The company defines portfolio at risk (PAR) as:

= Outstanding principal amount of all loans that have one or more instalments of principal past due by 30 days/ Gross Loan Portfolio.

A loan is considered in arrears when a due weekly payment is missed and that group guarantee does not work. The company does not have any late or penalty fees. The company staff then follows the procedures outlined in the SPBD Credit Manual to get clients in arrears back on track as soon as possible. Parallel to these efforts, the company creates provisions to ensure that adequate reserves are maintained for potential losses as outlined under SPBD Loan Loss Provisioning and write-off policies outlined in note 10 (a) above.

(e) Subsequent event - Impact of tropical cyclone Winston

Subsequent to balance date, in February 2016, tropical cyclone Winston hit Fiji and severely affected certain parts of the Western, Northern and Eastern divisions of Viti Levu and various outer Islands. As a consequence, large number of members of the company have been significantly affected (Refer note 21).

NOTE 11. RECEIVABLES

		2015	2014
Prepayments and other receivables	$	48,102	47,747
Deposits		39,940	38,770
Total receivables	$	88,042	86,517

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	Leasehold improvements	Furniture and fixtures	Office equipment	Computer equipment and peripherals	Motor vehicles	Software and electronics system	Total
	($)	($)	($)	($)	($)	($)	($)
Gross carrying amount							
Balance at 1 January 2014	27,294	68,649	13,286	70,294	26,000	13,291	218,814
Additions	2,100	4,650	590	19,631	21,500	12,758	61,229
Disposal	-	-	(3,925)	(3,223)	(13,000)	-	(20,148)
Balance at 31 December 2014	29,394	73,299	9,951	86,702	34,500	26,049	259,895
Additions	250	6,952	-	17,388	156,255	6,147	186,992
Disposal	-	-	-	(4,000)	-	-	(4,000)
Balance at 31 December 2015	29,644	80,251	9,951	100,090	190,755	32,196	442,887
Accumulated depreciation							
Balance at 1 January 2014	26,127	22,003	6,442	41,717	10,803	10,967	118,059
Depreciation	1,574	14,159	1,778	20,351	9,349	2,498	49,709
Disposal	-	-	(2,611)	(647)	(6,820)	-	(10,078)
Balance at 31 December 2014	27,701	36,162	5,609	61,421	13,332	13,465	157,690
Depreciation	1,327	15,297	1,588	18,497	32,301	5,119	74,129
Disposal	-	-	-	(4,000)	-	-	(4,000)
Balance at 31 December 2015	29,028	51,459	7,197	75,918	45,633	18,584	227,819
Net book value							
Balance at 31 December 2014	1,693	37,137	4,342	25,281	21,168	12,584	102,205
Balance at 31 December 2015	616	28,792	2,754	24,172	145,122	13,612	215,068

NOTE 13. CLIENT SAVINGS DEPOSITS		2015	2014
Number of Savings Accounts		9,120	7,774
Client savings balance	$	1,514,360	1,361,510

A savings account is required to be established by client in order for consideration for loan by depositing $10. An existing member without an open savings account is required to make an initial deposit of $20 when applying for second loan.

All members are required to have a compulsory savings account and make a deposit of $2 per week per cumulative terms of the previous loan cycles. The compulsory savings amount cannot be withdrawn while the client is a member of the SPBD Centre.

All members are required to maintain a minimum balance in their savings account.

A member with or without an outstanding loan must maintain a required compulsory savings balance equivalent the value of cumulative term of the loan (previous and current) expressed in weeks multiplied by $2. A withdrawal is not allowed if the resulting balance will be less than the member's required balance.

The 50% of the equivalent savings amount used to top up the client's succeeding loan is "locked in" and forms part of the additional maintaining balance of the client.

Any savings amount that is above the required minimum compulsory savings balance (plus "locked-in" savings) is considered to be voluntary savings. Voluntary savings can be withdrawn at any time and the minimum savings that can be made is $1 during centre meeting and $10 at the centre office.

The savings accounts earn interest at the rate of 1.5% per annum and this interest rate may be modified by the company based on the prevailing interest rates amongst commercial banks.

NOTE 14. PAYABLES

Payable to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited (a)	326	21,996
Payable to Transformative Ventures LLC (b)	19,538	465
Accrued interest	9,075	25,211
Other accruals	108,281	55,237
Total payables	137,220	102,909

(a) Payable to holding entity, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited relate to charges for reimbursement of travelling expenses.

(b) Payable to director related entity, Transformative Ventures LLC relates to charges for reimbursement of travelling expenses.

NOTE 15. PROVISION

Employee entitlements		15,613	12,649
Death benefit for members		17,284	-
	$	32,897	12,649

NOTE 16. INTEREST BEARING BORROWINGS		2015	2014
Current			
Unsecured borrowings:			
Jasmine Charitable Trust	$	-	119,923
PIF Foundation loan (a)		30,000	-
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 5 (g)(i)		74,412	-
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 10 (g)(ii)		18,072	-
World Education Australia Limited (WEAL) (b)		36,284	30,325
Total current unsecured borrowings		158,768	150,248
Secured borrowings:			
CreSud S.p.A (c)		346,620	-
Credit Corporation (Fiji) Limited (d)		23,578	-
Fiji Development Bank (e)		108,498	-
Total current secured borrowings		478,696	-
Total current borrowings		637,464	150,248
Non-Current			
Unsecured borrowings:			
Whole Planet Foundation (f)		212,844	212,844
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 5 (g)(i)		223,232	297,644
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 10 (g)(ii)		198,816	216,888
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 15 (g)(iii)		475,134	-
SPBD Microfinance Holdings (Singapore) Pte Ltd loan 16 (g)(iv)		475,135	-
PIF Foundation loan (a)		90,000	120,000
Total non-current unsecured borrowings		1,675,161	847,376
Secured borrowings:			
CreSud S.p.A (c)		519,931	808,734
Credit Corporation (Fiji) Limited (d)		96,657	
Fiji Development Bank (e)		1,937,012	1,280,863
Total non-current secured borrowings		2,553,600	2,089,597
Total non-current borrowings	$	4,228,761	2,936,973

(a) PIF Foundation

Unsecured loan amounting to FJD 120,000 received on 12 July 2012 to assist in financing its activities at an interest rate of 4% per annum. Interest payments will be made annually and are due on 31 July of each year. The first interest payment was made on 31 July 2013. Interest payment is based on the average amount of principal outstanding for the preceding twelve months. The final interest payment will be due on 31 July 2017.

NOTE 16. INTEREST BEARING BORROWINGS (CONT'D)

(a) PIF Foundation (Cont'd)

Principal repayments will begin in the final year of the loan contract. The first principal repayment will be on 31 October 2016. The company will make four quarterly principal repayments of $30,000. The final principal payment must be made by the 31 July 2017.

Since the loan is unsecured, the Funder requires the annual audited financial statements, access to the President or General Manager for general discussion and such other information regarding the company or the loan program as the Funder may reasonably request from time to time.

The funder also requires the following reports within 45 days of the end of each quarter.

- Management report providing update on program activities, intermediate outputs and progress towards targeted outcomes.
- Financial Performance Report.
- Other reports reasonably requested by the Funder including explanation around administrative issues, legal advice and staffing.

The parties will meet by conference call to discuss the contents of the report.

(b) World Education Australia Limited (WEAL)

Loans from World Education Australia Limited (WEAL) was acquired to assist the company in financing its activities. Interest free loans was received from WEAL.

WEAL aggregates and disburses funds received from lenders for loan applicants sourced by the company.

The company undertakes to:

- lend the amount of funding (less any transaction fees agreed with WEAL); and
- use reasonable endeavours to ensure that the funding is used for the purpose(s) notified to WEAL in the initial application.

The company provides details of loan applicant, details of the manner in which the loan applicant proposes to repay the loan together with other details of the loan applicant which is disclosed on the WEAL website. Loan applicant details together with repayments are forwarded to WEAL every month.

Since the loan is unsecured WEAL requires the company to provide regular reports to WEAL containing information required by WEAL from time to time.

(c) CreSud S.p.A

Loan amounting to USD 400,000 received on 22 September 2014 to assist the company in financing its activities is at an interest rate of 9.5% per annum. Principal and Interest payments will be made semi-annually. The first interest payment was due on 31 March 2015 while the first principal payment will be due on 31 March 2016. The final principal and interest payments will be due on 31 March 2018.

The loan is secured by guarantee issued by Microdreams Foundation to CreSud S.p.A for an amount of USD 260,000 until 30 April 2016, USD 160,000 from 1 May 2016 until 30 April 2017 and USD 56,000 from 1 May 2017 to 30 April 2018.

The funder also requires the following:

- quarterly financial statements.
- annual audited financial statements.

NOTE 16. INTEREST BEARING BORROWINGS (CONT'D)

(d) Credit Corporation (Fiji) Limited

During the year, the company obtained a term loan to assist in financing for the purchase of new motor vehicles. The loan is subject to fixed interest rate of 6.5% per annum. The loan is repayable by monthly instalments of $2,957 inclusive of principal and interest over a term of 60 months.

The loan is secured by the Asset Purchase Agreement over motor vehicle HW 439, HW 440 and HW 458.

(e) Fiji Development Bank

In prior year, the company obtained loan to assist in financing its activities. The loan is subject to variable interest rate of 10% per annum. The loan is repayable by Interest only repayments till October 2016. Thereafter, repayment of $68,700 (principal, interest and bank fees) per month is payable.

The loan is secured by cross guarantee from shareholder related entity, South Pacific Business Development Microfinance Holdings (Singapore) Pte Ltd for total liability.

(f) Whole Planet Foundation

Unsecured loan amounting to FJD 212,844 received on 21 August 2014 to assist the company in financing its activities is interest free. Principal repayments will be made in twelve quarterly instalments of FJD 17,737 each with the first repayment due on 30 September 2017. The loan is due in full on 30 June 2020.

Since the loan is unsecured, the funder requires the following:

- Project reports within thirty days following the end of each calendar quarter.
- Final project report within thirty days following full payment or termination of the loan.
- Financial Progress report within thirty days following the end of each six month period.
- Annual Financial report at the end of the borrowers annual accounting period.
- Final Financial report with respect to all expenditures made related to the principal amount.

(g) South Pacific Business Development Microfinance Holdings (Singapore) Pte Ltd

(i) Unsecured loan amounting to FJD 297,644 received on 30 April 2013 is interest free. Principal repayments will begin 38 months after the disbursement of the loan. The first principal repayment will be due on 30 June 2016. The company will make twelve quarterly principal repayments of $24,804 each. The final principal payment must be made on 31 March 2019.

Since the loans are unsecured, the Funder requires the following:

- the annual audited financial statements.
- unaudited quarterly financial statements.
- such other information regarding the company or the Loan Program as the Funder may reasonably request from time to time.

NOTE 16. INTEREST BEARING BORROWINGS (CONT'D)

(g) South Pacific Business Development Microfinance Holdings (Singapore) Pte Ltd (Cont'd)

(ii) Unsecured loan amounting to FJD 216,888 on 10 December 2013 is interest free. The first principal repayment will be due on 15 December 2016. The company will make twelve quarterly principal repayments of $18,072 each. The final principal payment must be made on 15 September 2019.

Since the loans are unsecured, the Funder requires the following:

- the annual audited financial statements.
- unaudited quarterly financial statements.
- such other information regarding the company or the Loan Program as the Funder may reasonably request from time to time.

(iii) Unsecured loan amounting to AUD 300,000 on 20 November 2015 at an interest rate of 11% per annum. Principal and Interest payments will be made semi-annually. The first interest payment will be due on 31 March 2016 while the first principal repayment of AUD 60,000 will be due on 31 March 2018.

Since the loans are unsecured, the Funder requires the following:

- the annual audited financial statements.
- unaudited quarterly financial statements.
- such other information regarding the company or the Loan Program as the Funder may reasonably request from time to time.

(iv) Unsecured loan amounting to AUD 300,000 on 22 December 2015 at an interest rate of 11% per annum. Principal and Interest payments will be made semi-annually. The first interest payment will be due on 31 March 2016 while the first principal repayment of AUD 60,000 will be due on 31 March 2018.

Since the loans are unsecured, the Funder requires the following:

- the annual audited financial statements.
- unaudited quarterly financial statements.
- such other information regarding the company or the Loan Program as the Funder may reasonably request from time to time.

NOTE 17. SHARE CAPITAL

		2015	2014
Authorised capital			
Ordinary and preference shares (a)	$	10,000,000	10,000,000
Issued and paid up capital			
1,000,000 ordinary shares of $0.25 each		250,000	250,000
2,556,876 preference shares of $1.00 each (b)		2,556,876	2,556,876
Total issued and paid up capital		2,806,876	2,806,876

In prior year, on 7 October 2014:

(a) The shareholders approved the increase of authorized capital of the company to $10,000,000 by creation of additional share capital of $9,000,000.

(b) 2,556,876 preference shares of $1.00 each were issued and allotted to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited and have the following rights and be subject to the following conditions:

- Are redeemable at par value at any time after 5 years from the date of issue and as determined and deemed appropriate by the directors;
- Are entitled to dividends not exceeding 6% per annum depending on profitability and financial position of the company and also, prior consent of Fiji development Bank or such other financial institution or bank from which the company has obtained finance and given covenants regarding dividends;
- Carry similar voting rights as that of ordinary shareholders, and
- Do not entitle the holder to any additional seats on the board of the company.

NOTE 18. COMMITMENTS

a) Capital expenditure commitments as at 31 December 2015 amounted to $Nil (2014: $Nil).

b) Operating lease rental for building spaces used is payable as follows:

		2015	2014
Not later than one year		126,816	114,399
Later than one year but not later than two years		19,120	116,699
Later than two years but not later than five years		4,320	26,400
	$	150,256	383,379

c) Operating lease rental income for motor vehicles are receivable as follows:

		2015	2014
Not later than one year	$	44,664	-
Later than one year but not later than two years		39,600	-
Later than two years but not later than five years		92,400	-
	$	176,664	-

d) The company is committed to pay Transformative Ventures LLC and South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited, management fees of $150,000 (2014: $110,000) and USD 50,000 (2014: $Nil) per annum respectively.

NOTE 19. CONTINGENT LIABILITIES

Contingent liabilities as at 31 December 2015 amounted to $Nil (2014: $Nil).

NOTE 20. GOING CONCERN

As at 31 December 2015, total liabilities of the company exceed total assets resulting in net liability of $2,314,674 (2014: $1,759,623). The company has incurred net operating loss of $555,051 for the year and accumulated losses as at 31 December 2015 was $5,121,550 (2014: 4,566,499).

The company's continuation as a going concern is dependent, among other things, upon its ability to generate adequate cash flows from future operations to meet its obligations on a timely basis and continued financial and other support from the holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited and founder of the company.

Notwithstanding the company's deficiency of net liabilities position, accumulated losses and negative operating cash flows, the financial statements have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of the financial statements on the basis that the company will continue to receive financial support and other ongoing support from the founder of the company and the holding company, South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited, which will enable the company to meet its funding requirements for operations and to meet its obligations and debt repayment commitments as and when they fall due.

The management and the directors have put in place plans and strategies to increase revenue, to control cost and expenses, and to generate adequate profit and cash flows from its operations. The management has implemented measures to control and reduction of administrative costs and thus expand revenue generation assets to sustainable / cash positive level.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts and classification of liabilities that may become necessary should the company be unable to continue as a going concern.

NOTE 21. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date, in February 2016, tropical cyclone Winston hit Fiji and severely affected certain parts of the Western, Northern and Eastern divisions of Viti Levu and various outer Islands. As a consequence, large number of members of the company have been significantly affected.

The company has put in place comprehensive plans to offer grace periods for certain loans, reschedule other loans and to provide new finance for persons who have lost a home or business. The company's related entities have successfully handled significant natural disasters in the past in both Samoa and Tonga. Based on the experience in Samoa and Tonga subsequent to natural disasters, the management and the directors are of the view that the company's loan portfolio will grow in 2016 and cost of funding will decrease in 2016 due to the generosity of its social investor. Management and directors believe that these opportunities will exceed the increased risk of any potential deterioration in its loan portfolio.

NOTE 22. RELATED PARTY DISCLOSURES

(a) Holding company and ultimate holding company

The holding company and ultimate holding company is South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited, a company incorporated in Singapore.

(b) The director related entities are Transformative Ventures LLC and MicroDreams Foundation.

(c) The names of persons who were directors of the company at any time during the year are as follows:

Gregory F Casagrande
Peter Lowing

(d) Transactions with related entities during the year ended 31 December 2015 with approximate transaction values are summarized as follows:

(i) Management fees amounting to \$150,000 (2014: \$110,000) was paid to Transformative Ventures LLC.

(ii) Management fees amounting to \$107,104 (2014: \$Nil) was paid to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.

(iii) Receipt of loan from South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited amounted to \$919,565 (2014: \$589,956) and repayment of loan to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited amounted to \$Nil (2013: \$160,000).

(iv) Interest on loan amounting to \$Nil (2014: \$194,749) was paid to South Pacific Business Development Microfinance Holdings (Singapore) Pte Limited.

(e) Amount due to, and receivable from related entities:

Approximate disclosure of these amounts is contained in the respective notes to the financial statements.

(f) Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the financial year, no compensation was directly paid to key management personnel.

NOTE 23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 31 March 2016.