



**NATIONWIDE
MICROBANK**
GROW WITH US

ANNUAL REPORT

2011

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Our Vision

To be the most innovative micro bank in Papua New Guinea and the Pacific region.

Our Mission

To enable access to banking services for the un-banked and small business; offering superior customer service by delivering innovative banking solutions, and providing long term shareholder value through an inspired team.

Our Slogan

Grow with us

Chairman's Report

What a difference a year makes!

Last year at this time I was justifiably in a sombre mood as I reflected upon the hard decisions that the Board had to make to write-off considerable losses that had covertly arisen over a number of years, due to corrupt data produced by the old management information system that Nationwide Microbank had inherited from Wau Microbank.



Mr Ray Clark

In my last Report, however, I did express confidence that 2010 would be regarded as a watershed year for Nationwide Microbank and that having established a sound financial information base the Bank would grow strongly and consistently. And this started to happen dramatically in 2011.

Whilst we have recorded just a small profit at the end of 2011, the figures behind this result are exciting to say the least and reflect unequivocally the magnificent efforts and the response of the management team and staff to the Board's direction.

By the end of 2011 -

- Annual revenue had increased from K8.585m to K12.465m – an increase of 45%
- the loan book had been increased to K21.3m – an increase of 53%
- deposits had increased to almost K72m – an increase of 17%
- total assets had been increased to K79.7m – an increase of 17.5%
- portfolio at risk (PAR) on loans provided since July 2010 remained at below 2%, whilst on the overall loan book it was down to 11%
- operating expenses had more or less been contained to what they were for 2010.

Details on these are contained in the Managing Director's Report and the Financial Statements.

Apart from good management, the results have been achieved through the introduction of some innovative new products – *Microbank Vehicle Loans*, *Microbank Payroll Loans*, *Microbank Insurance* and latterly *MiCash*. *MiCash* is a unique approach to using a mobile phone as a basic tool for managing a bank account and performing most of the services available through normal Branch banking. Our pilot program commenced in West New Britain in November 2011 and *MiCash* promises to be a saviour for the very many people in remote areas who until now have not had any access to financial services. I recall that 'branchless banking' was on the Board's Agenda very shortly after the Bank was incorporated in 2007. It has taken us almost 5 years to get there but it was time well spent as I am confident that Nationwide Microbank is utilising the most up-to-date technology to provide an unequalled service to the people of Papua New Guinea and – who knows – many other developing Nations. *MiCash* will be released generally throughout the Country once the evaluation of the trial has been carried out and outcomes are to the satisfaction of the Central Bank.

During 2011 considerable focus was placed on our customers and their needs. We now have over 100,000 customers and it was gratifying to see that our 100,000 customer, who joined us through the newly opened Goroka Branch, was indeed a person in need of the financial services that Nationwide is able to provide, as described in the Managing Director's Report. Another initiative has been the introduction of the Nationwide Microbank Customer Call Centre whereby customers can learn of the opportunities that we can provide or ask questions on any of our services simply by phoning a toll free number. It's as simple as 16789!

If 2010 was a watershed year, 2011 was a year of consolidation - consolidation of our resources, systems, products and services, such that we can look to the future with strength and total confidence. There's an old dictum - 'if you fail to plan you plan to fail'. The Board, wary of this, and aware that so many changes had come about since Nationwide's earlier Corporate Plan was produced, embarked upon the development of a new Strategic Plan. This was finalised in December 2011 and sets out Nationwide's strategies and targets through to the end of 2015. Whilst the targets may be seen by some to be ambitious, the Board strongly believes that they are realistic and achievable, particularly as the impact of MiCash being available throughout PNG starts to be felt. This has not been factored into the Plan and it is my personal 'gut-feel' that it will be quite an extraordinary impact.

What Nationwide Microbank has achieved in the past twelve months is largely due to the drive and devotion of our Managing Director, Tony Westaway, and on behalf of the Board I express sincere appreciation for his sterling efforts. He has been consistently supported by an active and involved Board of Directors, of which I feel privileged to be the Chairman, a competent and dedicated senior management team and a diligent, conscientious staff, all of whom I thank, for without them we could not have had such a successful year.

Nationwide Microbank has also benefitted immensely through our association with a number of programs funded by the United Nations, AusAID, ADB, and the European Union and I express my gratitude for the assistance of the various agencies that they have funded and our friends who manage those agencies. The support and advice that we have received from the Bank of PNG is also acknowledged and very much appreciated.

On the commercial front we have developed sound working relationships with Digicel, Craft Silicon, Telepin Software, Oceanic Communications, MicroSave, BSP and the PNGIBBM and we look forward to maintaining and strengthening these over the years ahead.

By continuing to work together towards providing financial services for the 85% unbanked people of Papua New Guinea at the grassroots level, we will grow together and our Nation will grow. Grow with us.

Mr Ray Clark
Chairman

Managing Directors Report

Following a challenging year in 2010, our performance in 2011 has seen a dramatic turnaround as evidenced by all major indices. To revert to profit in 2011 and to exceed budget expectations has been a credit to the Management team and Staff of Nationwide Microbank.



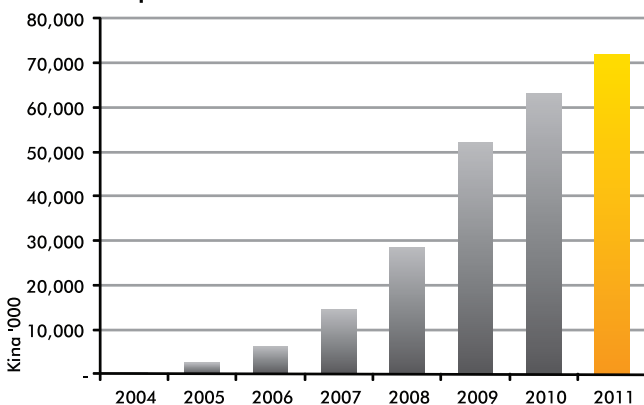
Mr Tony Westaway

During 2011 our Loan Book grew 53% from K13.9 M to K21.3M. In that same period our Portfolio at Risk (PAR) and non performing loans continued to decline. We currently have approximately 100,000 customers and over K71M in depositor's funds. In 2011 we launched our website, opened a new Branch in Goroka, and commenced our MiCash Mobile Money pilot in West New Britain.

Our Products

In 2011 NMB launched to the market Insurance products under the banner of *Microbank Insurance*. Underwritten by Pacific MMI Insurance Limited, we now provide all types of Insurance that are commonly available here in PNG. But we are also exploring the opportunity of promoting Micro Insurance to the grass roots. Micro Insurance is designed to spread financial security specifically for low-income people. The key is to deliver such products in a cost effective manner. NMB is conducting research in both Central Province and West New Britain Province to identify customer needs which will lead to further develop our Insurance suite of products. We are of the view that Mobile Money can be one of the delivery channels that will be an enabler for this to occur.

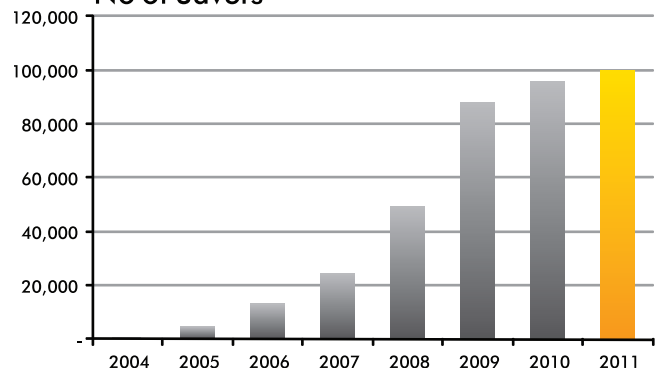
Deposits



Our mission to support the low income families, rural dwellers and grass roots of Papua New Guinea has not altered. However we have ventured in to new markets which support our lending portfolio and provide increased sustainability for the Bank. These include *Microbank Vehicle Loans*, *Microbank Insurance* and *Microbank Payroll Loans*.

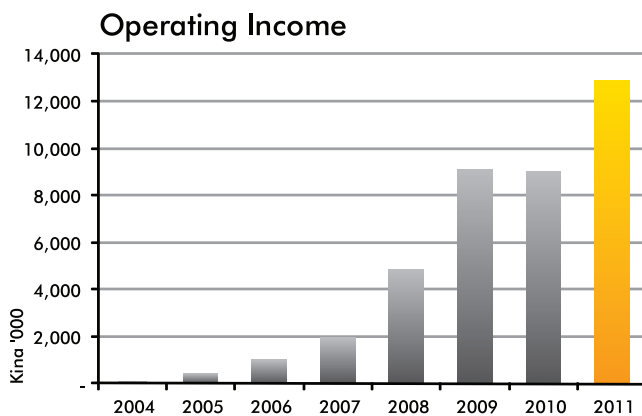
By any measure NMB is now a significant financial services franchise in PNG, dedicated to ordinary Papua New Guineans.

No of Savers



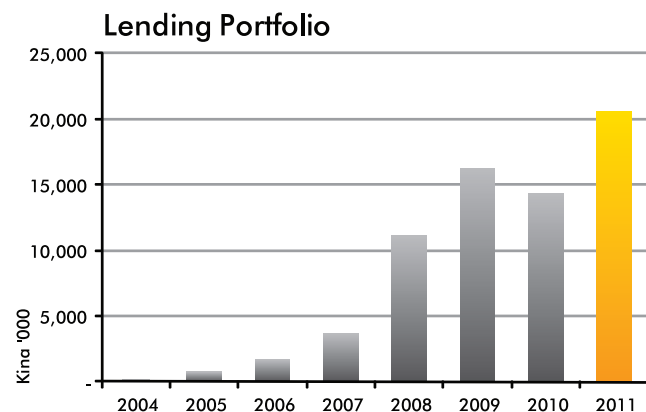
Microbank Vehicle Loans was launched in 2011. This provided the opportunity for NMB to tap in to the emerging middle class market that has more available

cash as a result of the PNG LNG project. It has enabled the Bank to lengthen the maturity profile of our loan book and provide the book with further underlying stability. *Microbank Payroll Loans* was also launched in 2011. The Microbank Payroll Loan is designed to meet the needs of all Government employees on the Concept Payroll. Meanwhile NMB is proud to continue to provide loans to micro and small businesses throughout PNG.



Our Customers

In 2011 NMB achieved the significant milestone of opening a Savings Account for the Bank's 100,000th customer. Tommy Seriate a 49 year old widow from Koropa Village, Upper Bena in the Unggai Bena District of Eastern Highlands Province. Tommy Seriate has 4 children and 8 grandchildren. She maintains a small coffee garden for subsistence. Our Goroka Branch team Led by Branch Manager Paul Laho visited the Kusaro market which is approximately 2 hours by road north of Goroka. At the market the team addressed the people about the services offered by NMB, which prompted Tommy Seriate to open an account. She previously had failed attempts to open a savings account at two commercial banks in Goroka town.



So this is a story that goes beyond loans and deposits and number of customers. It's a story that provides hope to people. This Bank has a commitment to partner with ordinary Papua New Guineans who have difficulty in obtaining access to financial services. It has a commitment to improve the net wealth and provide self esteem to our grass roots people. It has a commitment to ensure that women have as equal an access to financial services as men. Therefore our Microbank extends beyond the walls of our branches and works within the communities, whether they are street vendors, small tucker box retailers, bakers, or subsistence farmers. We seek these people out and we Bank them. We are advised by Asian Development Bank (ADB) that 85% of Papua New Guineans remain un-banked. We have a huge untapped market out there!

Our People

Our strength is in our people. Our Core Values of Integrity, Transparency, Commitment, Passion, Teamwork and Service have led to a quality team. We have respect for the individual and as a result our staff turnover continues to decline, as we strive to be an employer of choice.

Ongoing training and development of our people is core to growing the Business. In 2011 we completed 188 training days at the Institute of Banking & Business Management (IBBM). We also had staff undertake Micro insurance training in Fiji, courtesy of Pacific Financial Inclusion Programme (PFIP) and staff undertake training in providing credit to SMEs courtesy of International Finance Corporation (IFC). In addition 8 of our staff received training in Process Mapping from MicroSave as a prelude to the introduction of Mobile Money. Our Chief Operating Officer Ravindra Ranjith, also facilitates formal training workshops in all aspects of Lending, Telling and General Banking.

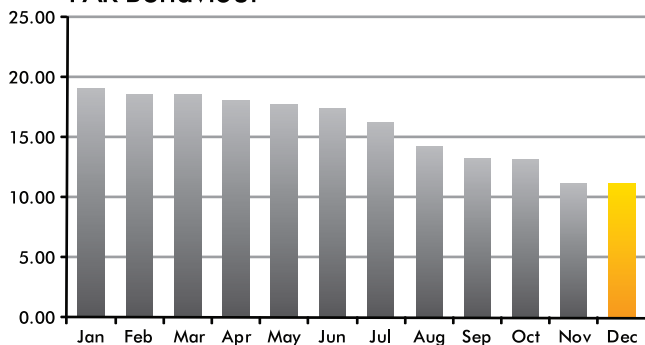
Mobile Money

In the latter part of 2011 NMB launched its Mobile Money Pilot in West New Britain Province of Papua New Guinea. The BPNG has noted that this is the first Bank-Led Mobile Money (not SMS Banking) deployment in the South Pacific.

The ability to execute financial transactions through a mobile device is commonly referred to as 'Mobile Money'. Whilst it is estimated that 85% of Papua New Guineans do not have a Bank account, many of these 'un-banked'

Managing Directors Report

PAR Behaviour



citizens do have a mobile phone. In the developing world, Mobile Money deployments are occurring at a rapid rate to provide people in poor or rural areas with access to financial services. NMB has introduced Mobile Money to facilitate the provision of financial services to all Papua New Guineans. We call the product *MiCash*, which is a fully integrated Bank Account and Mobile Wallet.

Current *MiCash* transactions include person to person transfers (P2P), depositing (Cash in) and withdrawing (Cash out) through an Agent network, balance checks, purchase of air time top up, and the ability buy goods and services and pay bills. In the near future customers will be able to use their *MiCash* wallets to apply for loans, pay insurance premiums and receive claims and much more.

A team of *MiCash* Ambassadors for NMB led by our Head of Sales & Customer Service Trudi Egi, are currently opening *MiCash* Bank Accounts throughout West New Britain Province. The first *MiCash* account was opened was for an Oil Palm farmer from Bialla. In 2012 we look forward to extending *MiCash* beyond the pilot to all areas of PNG.

The implementation of *MiCash* has received the support of the Pacific Financial Inclusion Program (PFIP) and the Asian Development Bank's (ADB) Pacific Private Sector Development Initiative (PSDI). PFIP is a Pacific-wide program that is helping to provide sustainable financial services to low income households. It is funded by the United Nations Capital Development Fund, AusAID, the European Union, and the United Nations Development Programme (UNDP). PSDI is a regional technical assistance project co financed by AusAID. PSDI is designed to support efforts by ADB's Pacific developing member countries to encourage private sector-led, sustainable economic growth.

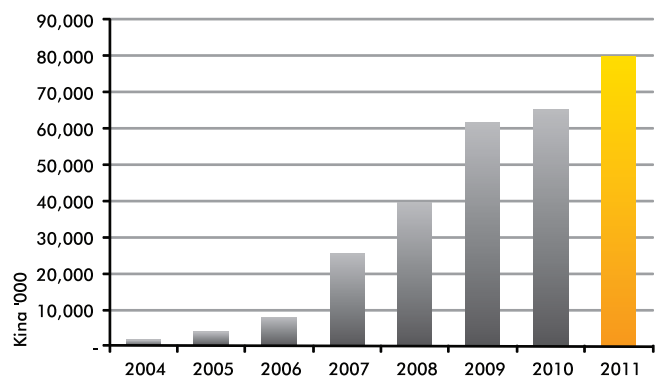
Risk Management

At Board level we maintain Board Committees on Audit & Risk, Credit, and Remuneration & Appointments.

The Audit & Risk Committee is very active in NMB and serves as a means of communication between the Board, Auditors and Management and has oversight of the Bank's financial statements, internal controls and the Bank's Internal Audit functions.

The Internal Audit team led by the Manager Audit is responsible for ensuring that the operations of the Bank are in compliance with the internal control systems and procedures of the Bank. The Manager Audit reports directly to the Board Audit & Risk Committee with dotted reporting line to the Managing Director for administrative and day to day operating requirements. This ensures the independence of the Internal Audit function.

Total Assets



Our Future

Today NMB is a vibrant and dynamic financial institution which prides itself on innovation. The Bank will continue to develop new products to meet the needs of our target markets, and will continue to deepen the value proposition of its Mobile Money initiative. In 2012 additional focus will be brought to bear on Womens Banking, Micro Insurance and Financial Literacy Training. The use of technology will continue to drive our delivery methods. This is quite evident in our recent entry into the social media, using facebook and twitter to get our message across. I thank our customers for their ongoing support. I also value the trust placed on us by our shareholders and development partners to continue to deliver financial services to the more needy citizens of PNG.

Tony Westaway
Managing Director

Our Products

**MICROBANK
PAYROLL
LOANS**

AVAILABLE
TO ELIGIBLE
GOVERNMENT
EMPLOYEES

**"GROW
WITH US!"**

Fast, simple and affordable way to fulfill your personal needs

The advertisement features a yellow background with a red starburst containing the text 'AVAILABLE TO ELIGIBLE GOVERNMENT EMPLOYEES'. Below the starburst are four small icons: a laptop, a computer monitor, a beach chair under an umbrella, and a stack of books with a pencil. The slogan 'GROW WITH US!' is written in a stylized font.

MiCash

Simply dial
***678#**
for
**MiCash
Menu**

If you've got
a mobile
you've got
a bank!

The advertisement shows a hand holding a mobile phone. The phone screen displays the text 'If you've got a mobile you've got a bank!'. The background is yellow with a black box containing the 'MiCash' logo.

MAKE SURE OF THEIR
EDUCATION WITH A

**NATIONWIDE
MICROBANK
SCHOOL FEES
LOAN**

**"GROW
WITH US!"**

You want the best education possible for your children

The advertisement features a photograph of a group of children smiling and looking at books. The text is overlaid on the image in various colors and fonts.

GET INTO
YOUR OWN
**WHEELS
SOONER**
WITH A
MICROBANK
VEHICLE LOAN

**"GROW
WITH US!"**

**FAST, SIMPLE
VEHICLE FINANCE**

The advertisement shows a hand holding a set of car keys in front of a red car. The background is yellow with a black box at the bottom containing the text 'FAST, SIMPLE VEHICLE FINANCE'.

**NATIONWIDE MICROBANK
CUSTOMER CALL CENTRE**

CALL US
NOW
ON OUR
TOLL FREE
NUMBER
16789
(DIGICEL PHONE ONLY)

FAST, SIMPLE SERVICE

The advertisement features a photograph of a man wearing a headset, representing a customer service representative. The text is overlaid on a yellow background.

**BE SURE
WITH MICROBANK
INSURANCE**

**PROTECT
YOURSELF
FROM THE
UNEXPECTED**

FAST, SIMPLE, INSURANCE

The advertisement features a black umbrella on a yellow background with a blue, rainy sky. The text is overlaid on the image.

Board of Directors

Mr Ray Clark Chairman



Ray Clark was associated with the establishment and development of the PNG-ADB Microfinance Project at its inception in 2002. This Project led to the opening of the Wau Microbank in 2004, which subsequently became Nationwide Microbank Limited. In addition to an in-depth knowledge and understanding of the financial services industry, over a lengthy career he has gained diverse business experience in airlines, mining, stock broking, telecommunications and public utilities. He was formerly the Executive Director of the PNG Institute of Banking and Business Management (IBBM) from 1995 to 2011, has served on a number of Boards, is a Fellow of the Australian Institute of Company Directors and is a Founding Member of the PNG Institute of Directors.

Mr Douglas Anayabere Deputy Chairman



Douglas Anayabere commenced his career in October 1993 with Renison Gold field as a Financial Accountant based initially in Port Moresby and later in Sydney, Australia. In January 1996 Douglas joined Coopers & Lybrand as a Graduate Auditor and was promoted to Audit Supervisor, the position which he held up to the time of his resignation in October 1997. He also worked in leading private sector companies such as Remington Technologies Group and Kiddie & Associates. In 2002 Douglas established his own accounting practice as A&A Associates. Douglas holds an MBA in Accounting from Trinity University, Utah, USA, a Degree in Accounting from the PNG University of Technology and is an Associate Practicing Accountant (CPAPNG). He is the Chairman of the NMB Audit and Risk Committee.

Mr Tony Westaway Managing Director



Tony has been a career Banker for over 30 years, more than half of those years connected with Papua New Guinea. In his dual role as Director of Banklink Limited and Chief Manager Operations for Bank of South Pacific (BSP), Tony was instrumental in the early development of electronic banking in PNG. In 2002 as General Manager Integration & Delivery systems for BSP Tony led the merger exercise for BSP and PNG Banking Corporation and subsequent to a transformation exercise was appointed General Manager Retail Bank. In July 2010 Tony was appointed Managing Director of NMB. Tony is a Fellow of the Financial Services Institute of Australasia. He has participated in many community interests in PNG.

Mr Brian Komun Director



Brian is a founding director of the Nationwide Microbank. He started his relationship with the NMB as a foundation member of the Project Steering Committee under the BPNG/ADB Microfinance Employment Project in 2000 representing the Small Business Development Corporation (SBDC). Brian was involved in the Wau microfinance pilot project through the Project Steering Committee. He was the CEO of the SBDC for more than 6 years. He has also worked with a number of organizations in the public sector in a wide range of capacities. Brian is a graduate of the University of PNG with a Bachelor of Commerce Degree. He is a certified Micro Finance trainer through a program developed by UNCDF and delivered by ADBI and the World Bank. He is a member of the NMB Audit & Risk Committee and a professional member of the PNG Institute of Directors since 2007.

Mr Anthony Smare Director



Anthony has a Bachelor of Law and Bachelor of Applied Science (Geology) from the Queensland University of Technology. He is Lawyer with expertise in corporate finance and natural resources law and practiced law in Australia and PNG. Formerly a partner in the Port Moresby office of Australian law firm Allens Arthur Robinson, he is currently General Manager – Corporation & Legal for Barrick Gold (PNG) Limited, owners of the Pogera Gold Mine. He is the Chairman of the Board of Directors of PNG mobile phone company, beMobile Limited, and is on the board of Directors of Kalang FM Limited and PNG Mineral Resources Authority. He is also Executive Trustee of disaster fund Halvim Wantok Disaster Fund and a director of the Kumul Foundation. Anthony is a member of the Bank's Board Sub Committee on Credit.

Mr Garry Tunstall Director



Garry Tunstall is an experienced international Banker with 40 years involvement from Institutional Banking to Microfinance. Now based in Australia, Garry was a former Country Head for ANZ Group in both the Pacific region and the Middle East. His most recent position was that of CEO of North West Pacific for ANZ. Garry is a Fellow of the Financial Services Institute of Australasia and holds qualifications in Accounting and Banking. Garry is the Chairman of the Board's Credit Committee.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2011

The Directors of NATIONWIDE MICROBANK LIMITED have pleasure in presenting the annual report of the company for the year ended 31st December 2011.

ACTIVITIES

The principal activity was the provision of banking services including credit and savings to the general public of Papua New Guinea. During the year the company continued to expand its banking network within Papua New Guinea.

RESULTS

The operating profit for the year before taxation amounted to K60,392 (2010 – a loss before taxation of K7,005,056).

DIVIDEND

No dividend was paid or declared during the year.

AUDITOR

The financial statements for the company have been audited by Sinton Spence Chartered Accountants and should be read in conjunction with the Independent Audit Report set out on page 11.

FURTHER DISCLOSURES

In compliance with Section 212(3) of the Companies Act 1997 the company has obtained consent from all of its shareholders not to disclose the matters required under Section 212(1)(a) and (d) to (j) of the Companies Act 1997.


Signed at

This 29th day of February 2012

For and on behalf of the Board of Directors



DIRECTOR



DIRECTOR

STATEMENT BY THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2011

In the opinion of the Directors of NATIONWIDE MICROBANK LIMITED:-

1. (a) The statement of comprehensive income is drawn up so as to give a true and fair view of the results of the business of the company for the year ended 31st December 2011,
(b) the statement of financial position is drawn up so as to exhibit a true and fair view of the state of affairs of the company as at 31st December 2011,
(c) the statement of cash flows is drawn up to exhibit a true and fair view of the movements in cash of the company for the year ended 31st December 2011,
(d) the statement of changes in equity is drawn up to exhibit a true and fair view of the changes in equity for the financial year ended 31st December 2011,
(e) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due.
2. The financial statements have been prepared in accordance with International Financial Reporting Standards adopted in Papua New Guinea and the Companies Act 1997 of Papua New Guinea.
3. The key risks facing the company are identified on a continuous ongoing basis. Systems have been established to monitor and manage risks including setting and adhering to a series of prudential limits and by adequate and regular reporting. These risk management systems are operating effectively and are adequate having regard to the risks they are designed to control.

Signed at

For and on behalf of the Board of Directors

This 29th day of February 2012



DIRECTOR



DIRECTOR

INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2011

Report on the Financial Statements

We have audited the accompanying financial statements of NATIONWIDE MICROBANK LIMITED which comprise the statement of financial position as at 31st December 2011, the statement of 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 notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 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.

Independence

As auditor, we are required to be independent of the company and free of interests that could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by Certified Practising Accountants Papua New Guinea.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of NATIONWIDE MICROBANK LIMITED as of 31st December, 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Papua New Guinea Companies Act 1997.

Signed at Boroko

This 29th day of February 2012



By J. S. SPENCE

(Registered under the Accountants Act - 1996)

SINTON SPENCE CHARTERED ACCOUNTANTS

2nd Floor Brian Bell Plaza, Turumu Street, Boroko NCD

PO Box 6861, Boroko NCD

Papua New Guinea

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2011

	NOTES	2011 K	2010 K
Revenue from principal operations		12,464,878	8,585,318
Finance expenses			
Interest and charges		947,484	835,931
		11,517,394	7,749,387
Operating expenses			
Depreciation		1,128,737	1,007,667
Staff costs		5,257,754	5,175,524
Other operating expenses		5,439,376	8,821,623
		11,825,867	15,004,814
Loss before other income		(308,473)	(7,255,427)
Other income		368,865	250,371
Loss before taxation	3	60,392	(7,005,056)
Taxation	11		
Current period		-	-
Deferred taxation		(78,106)	(2,152,907)
		(78,106)	(2,152,907)
Total comprehensive income for the year after taxation		138,498	(4,852,149)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31ST DECEMBER 2011

	NOTES	2011 K	2010 K
SHAREHOLDERS' EQUITY			
Issued share capital	4	9,518,506	8,150,202
Reserves		(4,041,529)	(4,180,027)
SURPLUS OF SHAREHOLDERS' EQUITY		5,476,977	3,970,175
Represented by:			
ASSETS			
CURRENT ASSETS			
Cash and equivalents	14	40,736,830	39,063,495
Consumer loans	7	7,985,670	10,498,192
Receivables	8	805,883	489,542
		49,528,382	50,051,229
NON CURRENT ASSETS			
Consumer loans	7	12,631,647	2,292,921
Deferred tax	12	2,382,449	2,304,343
Investments	13	11,854,242	9,522,448
Goodwill on acquisition	10	122,371	146,321
Fixed assets	15	3,214,555	3,556,682
		30,205,264	17,822,715
TOTAL ASSETS		79,733,646	67,873,944
LIABILITIES			
CURRENT LIABILITIES			
Payables	5	1,580,862	1,855,218
Deposits	6	71,992,068	61,620,686
Provision for employee benefits	9	127,277	78,405
Provision for cash theft	11	140,000	-
Provision for taxation	12	229,477	229,477
		74,069,684	63,783,786
NON CURRENT LIABILITIES			
Provision for employee benefits	9	186,986	119,983
		186,986	119,983
TOTAL LIABILITIES		74,256,670	63,903,769
NET ASSETS		5,476,977	3,970,175

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2011

	SHARE CAPITAL K	ACCUMULATED LOSS K	TOTAL K
Balance at 31.12.2009	8,350,203	672,122	9,022,325
Total comprehensive loss for the year after taxation	-	(4,852,149)	(4,852,149)
Share application pending issue converted to grant	(200,001)	-	(200,001)
Dividend	-	-	-
Balance at 31.12.2010	8,150,202	(4,180,027)	3,970,175
Total comprehensive income for the year after taxation	-	138,498	138,498
Share application pending issue	1,368,304	-	1,368,304
Dividend	-	-	-
Balance at 31.12.2011	K9,518,506	K(4,041,529)	K5,476,977

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2011

	NOTES	2011 K	2010 K
Profit/(loss) before taxation		60,392	(7,005,056)
Depreciation		1,128,737	1,007,667
Equity converted to grant		-	(200,001)
Gain on fixed asset disposal, net		(8,606)	(5,534)
Amortisation of goodwill		23,950	23,950
Provision for cash theft		140,000	-
Provision for doubtful debts		305,009	1,151,392
Bad debts		733,687	(525,710)
Provision for employee benefits		138,602	159,286
Taxation paid		-	(38,490)
Write off of ledger differences		13,418	-
		2,535,189	(5,432,496)
Movements in working capital			
- Decrease in receivables		(316,341)	658,941
- Increase in payables		10,435,372	11,209,059
		10,119,031	11,868,000
Net cash flow from operating activities		12,654,220	6,435,504
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(897,886)	(932,032)
Sale of fixed assets		74,997	61,270
Investment at BSP Capital		(2,331,794)	(2,713,544)
Net cash from investing activities		(3,154,683)	(3,584,306)
CASH FLOW USED IN FINANCING ACTIVITIES			
Loan disbursements - net of collections		(7,826,203)	2,403,772
Net cash used in financing activities		(7,826,203)	2,403,772
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,673,335	5,254,970
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		39,063,495	33,808,525
CASH AND CASH EQUIVALENTS AT END OF YEAR	14	40,736,830	39,063,495

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented in accordance with the Papua New Guinea Companies Act 1997 and comply with applicable financial reporting standards and other mandatory professional reporting requirements approved for use in Papua New Guinea by the Accounting Standards Board (ASB). The ASB has adopted International Financial Reporting Standards (IFRS) and interpretations issued by the Standing Interpretations Committee as the applicable financial reporting framework.

The fundamental accounting assumptions recognised as appropriate for the measurement and reporting of results, cashflows and the financial position have been followed in the preparation of these financial statements.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The financial statements have been prepared on a going concern basis.

(a) Historical Cost Convention

The financial statements have been prepared under the historical cost convention and have not been adjusted to take account of the current costs of specific assets or their impact on the operating results, or changes in the general purchasing power of the kina.

(b) Foreign Currency

All amounts are expressed in Papua New Guinean currency unless otherwise stated.

All foreign currency monetary assets and liabilities are revalued at the rates of exchange ruling at balance date.

Unrealised profits and losses arising from these revaluations are recognised immediately in the income statement.

(c) Recognition of Revenue and Expenditure

All revenue and expenditure is taken to account in accordance with the principal of matching income and expenses.

(d) Unearned Income

Unearned income on instalment loans and leasing is brought to account progressively over the term of the contract.

(e) Fee and Commission Income

Fee and commission income are generally recognised when the service has been provided.

(f) Interest Income and Expenses

Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accruals basis using the effective yield method based on the purchase price. Interest income includes coupons earned on fixed income investment and trading securities and accrued discount and premium on treasury bills and other discounted instruments. Interest income is suspended when the collection of a loan becomes doubtful, such as when overdue by more than 90 days, or when the borrower or securities issuer defaults, if earlier than 90 days. Such income is excluded from interest income until received.

(g) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the recorded value of the identifiable net assets acquired.

Goodwill is amortised over the anticipated period from which economic benefits are expected to be derived from the goodwill.

(h) Bad and Doubtful Debts

Provisions for doubtful debts comprise a specific provision for identified doubtful debts and general provisions, where necessary, to cover unidentified risks inherent in the overall loan portfolio which experience has indicated could emerge in the future. Specific provisioning is raised against the income account as and when appraisals of all outstanding advances determine that recovery is doubtful with subsequent favourable appraisals being re-credited to the income account. The general provision is raised periodically through the year based upon average bad debts experience and growth in the overall level of loans and advances.

Interest calculated after accounts are considered doubtful is fully provided against. Bad debts are written off against the provision in the year in which the debt is recognised as being unrecoverable.

Where not previously provided, bad debts are written off directly against the income account.

Debts previously written off and subsequently recovered are written back to the income account in the year in which they are recovered.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

(i) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. The carrying amount of fixed assets is reviewed annually by the directors to ensure it is not in excess of the recoverable amount for those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. Depreciation is calculated on the diminishing value method so as to write off the net costs of the various classes of fixed assets during their effective working lives.

Additions are depreciated from the date of purchase in the year of acquisition.

The principal annual rates in use are: -

Furniture and fittings	20%
Plant and equipment	20%
Motor vehicles	20%
Leasehold improvements	20%

(j) Investments

Investments brought to account are at the lower of cost or net recoverable value. The carrying amount of investments is reviewed annually by the directors to ensure it is not in excess of the recoverable amount of the investments. The recoverable amount is assessed from the current market value or the underlying net assets in the particular entity.

(k) Cash and Equivalents

For the purposes of the statements of cash flows, cash includes cash on hand and in "at call" deposits with banks or financial institutions investments in money market instruments maturing within six months, net of bank overdrafts.

(l) Employee Benefits

The liability or amounts expected to be paid to employees for their pro-rata entitlement to long service leave, annual leave and leave fares are accrued annually at current pay rates having regard to period of service and statutory obligations.

(m) Income Tax

The company has adopted tax effect accounting procedures whereby the income tax expense in the income account is matched with the accounting profit (after allowing for permanent differences). The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation. Income tax on net cumulative timing differences is set aside to the deferred income tax and future tax benefit accounts at the rates which are expected to

apply when those timing differences reverse.

The current rates have been used for this purpose.

(n) Leases

Where the company is the lessor

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

Net lease rentals receivable after more than one year are shown as non-current assets.

Where the company is the lessee

The company recognises the asset and liability in the balance sheet at the amount equal to the fair value of the leased asset. The leased asset is depreciated over its useful life and the lease payments apportioned between the finance charge and the reduction of the outstanding liability.

(o) Financial Assets

The company classifies its financial assets in the following categories: loans and receivables and held to maturity investments. Management determines the classification of its investments at initial recognition.

(i) 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 arise when the company provides money directly to a debtor with no intention of trading the receivable. They are carried at recoverable amount represented by the gross value of the outstanding balance adjusted for provisions for impairment losses and unearned income. Third party expenses, such as legal fees, incurred in securing a loan are treated as part of the cost of the transaction.

(ii) Held to maturity

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. Where the company is to sell other than an insignificant amount of held to maturity assets, the entire category would be tainted and reclassified as available for sale.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

(p) Impairment of Financial Assets

The company assesses at balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets are impaired and impairment losses are incurred, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the company about the following loss events:-

- (i) Significant financial difficulty of the issuer or obligor;
- (ii) A breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) The company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider;
- (iv) It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (v) The disappearance of an active market for that financial asset because of financial difficulties; or
- (vi) Observable data indicating that there is a measurable decrease in the estimate of future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - Adverse changes in the payment status of borrowers in the group; or
 - National or local economic conditions that correlate with defaults on the assets in the group.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets

with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

A credit risk provision is established if there is sufficient evidence as determined by management that the company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount.

Impaired loans are loans and lease debts where income may no longer be accrued ahead of its receipt because reasonable doubt exists as to the collectability of principal and interest. This includes exposures where contractual payments are 90 or more consecutive days in arrears where security is insufficient to ensure repayment.

When a loan is uncollectible, it is written off against the related provision for loan impairment in the year in which the debt is recognised as being irrecoverable. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequently recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors' credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account.

The amount of reversal is recognized in the income statement.

(q) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the relevant taxation authority. In which case it is not recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of the GST recoverable from or payable to, the taxation authority included with other receivables or payables in the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows or payables in the statement of financial position.

(r) Provisions

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

2 FINANCIAL INSTRUMENTS

Nature of activities and management policies with respect to financial instruments.

(i) Financial risk management

The company's activities expose it to a variety of financial risks, including the effects of changes in market prices and interest rates. The company monitors these financial risks and seeks to minimise the potential adverse effects on the financial performance of the company. The company does not use any derivative financial instruments to hedge these exposures.

(ii) Currency risk

The company does not undertake any significant transactions in foreign currencies and consequently is not exposed to any foreign currency risks.

(iii) Credit risk

In the normal course of its business the company incurs credit risk from trade debtors, consumer borrowers and financial institutions. The company performs credit evaluations of its borrowers and there are no significant concentrations of credit risk except as noted elsewhere on the financial statements. The company maintains its cash and bank balances with financial institutions which have a high credit standing. The company has satisfactorily provided for bad debts at balance sheet date.

(iv) Interest rate risk

The company has short term deposits with various financial institutions and commercial banks at commercial rates of interests. The company's management monitors the interest rate risk arising from the interest rate differences in its lending assets and deposit liabilities.

(v) Liquidity risk

The company aims to prudently manage liquidity risk by maintaining sufficient cash and other liquid assets or the availability of funding through uncommitted credit facilities to meet its financial obligations as and when they arise.

(vi) Fair value

The face value less any estimated credit adjustments for financial assets and liabilities are assumed to approximate their fair values.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 K	2010 K
3 LOSS BEFORE TAXATION		
The loss before taxation is arrived at after charging and crediting the following: -		
After charging:-		
Auditor's remuneration		
- Audit	30,000	30,000
- Other services	10,000	57,275
Amortisation - goodwill	23,950	23,950
Depreciation	1,128,737	1,007,667
Directors' fees	175,572	209,651
Interest and charges	947,484	835,931
Loss on disposal of fixed assets	6,955	-
Provisions		
- doubtful debts	305,009	1,151,392
- employee benefits	138,602	123,740
- cash theft	140,000	-
And crediting:-		
Interest from lending	4,991,996	5,179,935
Interest from deposits	1,895,015	1,523,947
Proceeds from grants	353,305	200,002
Proceeds from membership and loan fees	5,577,867	1,881,436
Profit on disposal of fixed assets	15,561	5,534
4 SHARE CAPITAL		
Issued and fully paid		
8,150,202 ordinary shares of K1.00 per share	8,150,202	8,150,202
Share application funds received	1,368,304	-
	9,518,506	8,150,202
5 PAYABLES		
Accruals and sundry creditors	496,156	255,218
Guarantee funds	1,084,706	1,600,000
	1,580,862	1,855,218
6 DEPOSITS		
Deposit liabilities	71,962,068	61,644,258
Interbranch transactions	30,000	(23,572)
	71,992,068	61,620,686
7 CONSUMER LOANS		
Loans to customers	21,280,005	13,882,479
Less: Provision for doubtful debts	(662,688)	(1,091,366)
	20,617,317	12,791,113
Comprised of:		
Current	7,985,670	10,498,192
Non current	12,631,647	2,292,921
	20,617,317	12,791,113

Provision for doubtful debts

At 31st December 2011, the company had provided K662,688 for doubtful debts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 K	2010 K
8 RECEIVABLES		
Staff advances	13,744	51,245
Rental deposits	234,657	187,575
Interest withholding tax	273,594	-
Interest receivable on loan	33,999	-
Prepayments	214,342	203,297
Reimbursement branch costs	5,084	(1,472)
Due from tellers	26,771	48,897
Sundry debtors	3,692	-
	805,883	489,542
9 PROVISION FOR EMPLOYEE BENEFITS		
Provision for annual leave	127,277	78,405
Provision for long service leave	186,986	119,983
	314,263	198,388
10 GOODWILL ON ACQUISITION		
Goodwill	239,496	239,496
Accumulated amortisation	(117,125)	(93,175)
	122,371	146,321
11 PROVISION FOR CASH THEFT		
Cash theft	140,000	-
12 TAXATION		
Income account charge		
Prima facie tax on accounting profit/(loss)	18,118	(2,101,517)
Tax effect - permanent difference	(96,225)	(51,388)
Tax effect - timing differences	(51,841)	235,490
Transfer to taxation loss	129,949	1,917,415
	-	-
Provision for taxation		
Taxation payable at 1.1.11	229,477	267,967
Taxation charge for the year	-	-
Taxation paid during the year	-	(38,490)
Taxation payable at 31.12.11	229,477	229,477
Deferred taxation		
Timing differences with respect to:		
- taxation loss	6,824,546	6,391,390
- employee benefits provisions	314,263	198,388
- bad debts provision	662,688	1,091,366
- cash theft provision	140,000	-
	7,941,497	7,681,144
Deferred tax at 30%	2,382,449	2,304,343
13 INVESTMENTS		
BSP Capital notes, maturing on 9th June 2019	5,000,000	5,000,000
BPNG Inscribed stock, maturing on 15th February 2013	4,281,320	4,281,320
BPNG Inscribed stock, maturing on 15th February 2014	2,442,362	-
Accrued interest	130,560	241,128
	11,854,242	9,522,448

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 K	2010 K
14 RECONCILIATION OF CASH		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments.		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows: -		
Cash on hand	800,182	651,488
Cash at bank	5,808,317	3,730,790
Deposits with bank - Bank of PNG	33,821,816	34,460,426
Interest accrued on IBD	306,515	220,791
Cash and equivalents	40,736,830	39,063,495

15 FIXED ASSETS

	Cost K	Additions K	Disposals K	Total K
Furniture and fittings	181,556	73,451	-	255,007
Motor vehicles	1,663,290	89,771	283,030	1,470,031
Plant and equipment	2,022,563	726,283	-	2,748,846
Leasehold improvements	1,598,705	8,381	8,149	1,598,937
	5,466,114	897,886	291,179	6,072,821
	Accum. Deprec. K	Deprec. K	Disposals K	Total K
Furniture and fittings	83,381	41,902	-	125,283
Motor vehicles	697,067	340,788	175,692	862,163
Plant and equipment	596,096	426,679	-	1,022,775
Leasehold improvements	532,888	319,368	4,211	848,045
	1,909,432	1,128,737	179,903	2,858,266
Written down value 31st December 2011				3,214,555
Written down value 31st December 2010				3,556,682

16 STATUTORY COMPLIANCE

In accordance with the requirements of the Banks and Financial Institutions Act 2000, the following information is disclosed with respect to Nationwide Microbank Limited.

Core capital (K'000)	2,887	6,371
Supplementary capital (K'000)	138	(4,532)
Risk weighted assets (K'000)	31,290	25,545
Tier 1 capital adequacy ratio	9.20%	24.90%
Total capital adequacy ratio	9.70%	7.20%
Required tier 1 capital adequacy ratio minimum	8.00%	8.00%
Required total capital adequacy ratio minimum	12.00%	12.00%

17 MATURITY ANALYSIS OF MONETARY ASSETS AND LIABILITIES

As at 31st December 2011	Due in 12 Months or less K	Due after 12 Months to 2 years K	Due after 2 years K	Total K
Assets				
Cash on hand and at bank	6,608,499	-	-	6,608,499
Due from financial institutions	34,128,331	-	-	34,128,331
Consumer loans	7,985,670	11,380,383	1,251,264	20,617,317
Investments	-	6,854,242	5,000,000	11,854,242
Receivables	532,289	273,594	-	805,883
Total Monetary Assets	49,254,788	18,508,219	6,251,264	74,014,271
Liabilities				
Deposits held	71,992,068	-	-	71,992,068
Payables	496,156	1,084,706	-	1,580,862
Total Monetary Liabilities	72,488,224	1,084,706	-	73,572,930

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

18 SEGMENT INFORMATION

Business segment

Nationwide Microbank Limited operates in the business segment of banking and finance.

Geographical segment

Nationwide Microbank Limited operates exclusively in the geographical segment of Papua New Guinea.

19 CONTINGENT LIABILITIES

At the date of this report, the directors were not aware of any contingent liabilities which would materially affect these financial statements.

20 RELATED PARTIES

All transactions with related parties which occurred during the year were in the company's ordinary course of business and based on the company's normal terms and conditions.

21 EVENTS SUBSEQUENT TO BALANCE DATE

The directors are of the opinion that there has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the company, the results of the operations, or the state of affairs of the company in subsequent financial years.

22 EMPLOYEES

The average number of employees in 2011 was 149 (2010: 128).

DETAILED INCOME STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 K	2010 K
INCOME		
Interest on members loans	4,991,996	5,179,935
Interest on investments	1,895,015	1,523,947
Membership and loan fees	5,577,867	1,881,436
	12,464,878	8,585,318
COST OF FUNDS		
Interest	581,955	544,617
GROSS PROFIT FROM FINANCE ACTIVITIES	11,882,923	8,040,701
OTHER INCOME		
Grants	353,304	200,001
Profit on disposal of fixed assets	15,561	5,534
Sundry	-	44,836
	12,251,788	8,291,072
EXPENSES		
Accountancy and audit	40,000	83,995
Advertising and promotion	201,311	155,979
Amortisation of goodwill	23,950	23,950
Bank charges	365,529	291,314
Cleaning	7,622	9,397
Commissions	-	5,176
Consultants	236,645	1,140
Depreciation	1,128,737	1,007,667
Directors fees	175,572	209,651
Donations	-	1,100
Electricity and water	217,966	177,581
Fees and registrations	46,339	66,359
Insurance	168,212	124,274
Legal	83,079	55,218
Loss on disposal of fixed assets	6,955	-
Motor vehicle	237,094	311,054
Office	179,049	127,477
Postage, freight and courier	115,730	127,964
Printing and stationery	48,706	147,495
Provision for cash theft	140,000	-
Provision for doubtful debts	305,009	1,151,392
Provision for employee benefits	138,602	123,740
Recruitment	48,680	6,927
Rent	1,474,612	1,171,590
Repairs and maintenance	73,653	79,620
Salaries and wages	4,499,996	4,251,908
Security	526,831	421,339
Staff training	136,752	109,313
Staff welfare	36,583	31,188
Subscriptions	25,872	15,278
Telephone, facsimile and internet	1,157,228	1,166,327
Theft	61,415	505,837
Travel and accomodation	270,249	325,984
Write off of difference in sub-ledger	13,418	3,008,894
TOTAL EXPENSES	12,191,396	15,296,128
OPERATING LOSS FOR THE YEAR	60,392	(7,005,056)

Corporate directory

Registered Office

1st Floor, Wilson Kamit Building
PNG Institute of Banking & Business Management
ToRobert Training Centre, Vanama Crescent
Konedobu, NCD

Head Office

ToRobert Training Centre
Vanama Crescent
Konedobu, NCD

Postal Address

Nationwide Microbank Limited
PO Box 1178
Port Moresby, NCD

Directors

Anthony Raymond Clark
Anthony Mark Smare
Brian Komun
Douglas Anayabere
Anthony Michael Westaway
Garry Royden Tunstall

Auditor

Sinton Spence Chartered Accountants
2nd Floor Brian Bell Plaza
Turumu Street
Boroko, NCD
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

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Fees and registrations	46,339	66,359
Insurance	168,212	124,274
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Loss on disposal of fixed assets	6,955	-
Motor vehicle	237,094	311,054
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Printing and stationery	48,706	147,495
Provision for cash theft	140,000	-
Provision for doubtful debts	305,009	1,151,392
Provision for employee benefits	138,602	123,740
Recruitment	48,680	6,927
Rent	1,474,612	1,171,590
Repairs and maintenance	73,653	79,620
Salaries and wages	4,499,996	4,251,908
Security	526,831	421,339
Staff training	136,752	109,313
Staff welfare	36,583	31,188
Subscriptions	25,872	15,278
Telephone, facsimile and internet	1,157,228	1,166,327
Theft	61,415	505,837
Travel and accomodation	270,249	325,984
Write off of difference in sub-ledger	13,418	3,008,894
TOTAL EXPENSES	12,191,396	15,296,128
OPERATING LOSS FOR THE YEAR	60,392	(7,005,056)

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