

KADA POROMAN MICROFINANCE LIMITED
FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

KADA POROMAN MICROFINANCE LIMITED

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KADA POROMAN MICROFINANCE LIMITED

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2012.

Directors

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

Henry Tavul (Chairman)

Ezekiel Bangin (Director)

Lady Nerrie Tololo (Director)

Esau Niba (Director)

Ellison Pidik (Director)

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

Operating Results

The loss of the company for the financial year after providing for income tax amounted to PGK167,125.

Review of Operations

A review of the operations of the company during the financial year and the results of those operations show during the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant Changes in State of Affairs

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

Principal Activity

The principal activity of the company during the financial year was provision of microfinance services.

There has been no material change in the Company's business, or classes of business that the company is engaged in and or set up to engage in, during the year that is material to an understanding of the company's business..

After Balance Date Events

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

Likely Developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the company's operations.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of Papua New Guinea.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

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

Chairman



Henry Tavul

Director



Ezekiel Bangin

Dated this 8th day of March 2013

KADA POROMAN MICROFINANCE LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 PGK	2011 PGK
Revenue	2	1,261,672	978,713
Raw materials and consumables used		40,157	-
Employee benefits expense		(490,519)	(383,285)
Transport costs		(380)	(738)
Depreciation and amortisation expenses		(225,830)	(64,088)
Advertising		(71,835)	(58,206)
Other expenses		(679,262)	(547,989)
Borrowing costs expense		(1,128)	-
Profit before income tax expense		(167,125)	(75,593)
Income tax expense		-	-
Profit after income tax expense		(167,125)	(75,593)

KADA POROMAN MICROFINANCE LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2012**

	Notes	2012 PGK	2011 PGK
CURRENT ASSETS			
Cash and cash equivalents	3	2,887,409	476,346
Loan to Customers	4	12,762,729	10,165,817
Inventories	5	40,157	5,858
Prepayments and Staff Advances	6	<u>168,119</u>	<u>10,983</u>
TOTAL CURRENT ASSETS		<u>15,858,414</u>	<u>10,659,004</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	<u>1,217,159</u>	<u>761,326</u>
TOTAL NON-CURRENT ASSETS		<u>1,217,159</u>	<u>761,326</u>
TOTAL ASSETS		<u>17,075,573</u>	<u>11,420,330</u>
CURRENT LIABILITIES			
Customers Savings and other payables	8	14,278,307	10,934,839
Provisions	9	<u>37,305</u>	<u>42,025</u>
TOTAL CURRENT LIABILITIES		<u>14,315,612</u>	<u>10,976,864</u>
TOTAL LIABILITIES		<u>14,315,612</u>	<u>10,976,864</u>
NET ASSETS		<u>2,759,961</u>	<u>443,466</u>
EQUITY			
Contributed equity		331,490	373,102
Reserves	11	3,202,689	852,689
Accumulated losses	12	<u>(774,218)</u>	<u>(782,325)</u>
TOTAL EQUITY	10	<u>2,759,961</u>	<u>443,466</u>

KADA POROMAN MICROFINANCE LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 PGK	2011 PGK
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		1,327,858	(569,562)
Operating grant receipts		200,000	-
Payments to suppliers and employees		(1,722,443)	(1,923,449)
Borrowing costs		(1,128)	-
Net cash used in operating activities		<u>(195,713)</u>	<u>(2,493,011)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		<u>(681,663)</u>	<u>(269,311)</u>
Net cash used in investing activities		<u>(681,663)</u>	<u>(269,311)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		(41,612)	63,382
Proceeds from borrowings		<u>3,330,051</u>	<u>3,004,981</u>
Net cash provided by financing activities		<u>3,288,439</u>	<u>3,068,363</u>
Net increase in cash held		2,411,063	306,041
Cash at beginning of financial year		<u>476,346</u>	<u>170,305</u>
Cash at end of financial year	13	<u><u>2,887,409</u></u>	<u><u>476,346</u></u>

KADA POROMAN MICROFINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity and that the accounting policies adopted are appropriate to meet the needs of the shareholders. The financial report does not comply with International Financial Reporting Standards.

The financial report is prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Income Tax

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

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

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(c) Property, Plant and Equipment

Property, plant and equipment are carried at cost, independent or directors' valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation in shareholders equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

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

(d) Financial Instruments

Investments are carried at cost or at directors' valuation. Dividends are brought to account in the Profit and Loss Account when received. Non-current investments are measured on the cost basis. The carrying amount of investments is reviewed annually by directors' to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for shares in listed companies or the underlying net assets for other non-listed corporations.

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

(f) Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation at reporting date.

(g) Cash and Cash Equivalents

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

KADA POROMAN MICROFINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Trade Creditors and Other Payables

Trade creditors and other payables, including bank borrowings and distributions payable, are recognised at the nominal transaction value without taking into account the time value of money.

(i) Goods and Services Tax (GST)

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

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

(j) Comparative Figures

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

(k) Investments

Investments held are originally recognised at cost which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at reporting date. Movements in fair value are recognised through an equity reserve.

KADA POROMAN MICROFINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 PGK	2011 PGK
NOTE 2: REVENUE			
Sales revenue			
- sale of goods (net)		1,061,672	966,899
- operating grants		200,000	-
- other revenue		-	11,814
		<u>1,261,672</u>	<u>978,713</u>
NOTE 3: CASH AND CASH EQUIVALENTS			
Cash on hand		633	560
Bank South Pacific Ltd - KMF 1		65,176	26,466
Bank South Pacific Ltd - MVDF		50,048	123
Bank South Pacific Ltd - KML 2		1,874,867	449,197
Bank South Pacific Ltd - KML/PPP Operating Account		852,826	-
Main and Teller Cash and Tellers Cash Differences		43,859	-
		<u>2,887,409</u>	<u>476,346</u>
A floating charge over cash and cash equivalents has been provided for certain debts.			
NOTE 4: TRADE AND OTHER RECEIVABLES			
CURRENT			
Loan to Customers		11,571,318	9,380,870
Provision for Bad Loans		(177,612)	(177,612)
		11,393,706	9,203,258
Migration Difference		1,369,023	962,559
		<u>12,762,729</u>	<u>10,165,817</u>
NOTE 5: INVENTORIES			
CURRENT			
Passbook Inventory		40,157	5,858
NOTE 6: OTHER ASSETS			
CURRENT			
Car Rental Deposit		3,236	3,125
Insurance prepayment		34,790	-
Lease Master - Car Rental Deposit		3,458	3,458
Vunapalauva Property		4,400	4,400
Catherine Tommy		4,000	-
Kwila Haus Rental Bond		22,383	-
Bank of PNG Trading License		16,550	-
Prepaid Rent		2,000	-
Loan Suspense Account		51,320	-
COH and CAB Suspense Account		28,282	-
Customers Savings Suspense Account		(2,300)	-
		<u>168,119</u>	<u>10,983</u>

KADA POROMAN MICROFINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 PGK	2011 PGK
NOTE 7: PROPERTY, PLANT AND EQUIPMENT			
LAND			
Leasehold land:			
At cost		<u>400,800</u>	<u>400,800</u>
LEASEHOLD IMPROVEMENTS - BUILDING			
At cost		166,029	7,700
Less accumulated amortisation		<u>(8,912)</u>	<u>(367)</u>
		<u>157,117</u>	<u>7,333</u>
Total land and buildings		<u>557,917</u>	<u>408,133</u>
PLANT AND EQUIPMENT			
(a) Plant & equipment			
At cost		16,990	16,990
Less accumulated depreciation		<u>(4,134)</u>	<u>(388)</u>
		<u>12,856</u>	<u>16,602</u>
(b) Motor vehicles			
At cost		346,941	202,195
Less accumulated depreciation		<u>(144,793)</u>	<u>(150,132)</u>
		<u>202,148</u>	<u>52,063</u>
(c) Office equipment			
At cost		652,600	383,453
Less accumulated depreciation		<u>(231,650)</u>	<u>(119,304)</u>
		<u>420,950</u>	<u>264,149</u>
(d) Furniture, fixtures & fittings			
At cost		38,267	34,347
Less accumulated depreciation		<u>(14,979)</u>	<u>(13,968)</u>
		<u>23,288</u>	<u>20,379</u>
Total plant and equipment		<u>659,242</u>	<u>353,193</u>
Total property, plant and equipment		<u>1,217,159</u>	<u>761,326</u>
NOTE 8: TRADE AND OTHER PAYABLES			
CURRENT			
Unsecured liabilities			
Sundry payables and accruals (Group Tax & Accrued Audit Fees)		43,493	25,692
Customers Savings, Tellers cash Surplus and Unknown Deposits		<u>14,234,814</u>	<u>10,909,147</u>
		<u>14,278,307</u>	<u>10,934,839</u>
NOTE 9: PROVISIONS			
CURRENT			
Employee benefits (Provision for Long Service and Annual Leave)		<u>37,305</u>	<u>42,025</u>

KADA POROMAN MICROFINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 PGK	2011 PGK
NOTE 10: EQUITY			
Total equity at the beginning of the financial year		2,885,474	455,677
Total changes in equity recognised in the income statement		(167,125)	(75,593)
Transactions with owners as owners			
- Contributions of equity		-	63,382
- Reduction of Capital		41,612	-
Total equity at the financial year		<u>2,759,961</u>	<u>443,466</u>

NOTE 11: RESERVES

Asset revaluation reserve - Land	(a)	281,969	281,969
Grant - Kokopo District Funds	(b)	470,720	470,720
East New Britain Provincial Government	(c)	2,450,000	100,000
		<u>3,202,689</u>	<u>852,689</u>

(a) Asset Revaluation Reserve

The asset revaluation reserve records revaluations of non-current assets

(b) General reserve

Movements during the financial year:

Opening balance - Kokopo District Treasury		470,720	200,006
		-	270,714
Closing balance		<u>470,720</u>	<u>470,720</u>

The general reserve was used in prior years to record amounts set aside of fund the future expansion of the company.

(c) Other reserves

Movements during the financial year:

Opening balance		100,000	-
Grant ENB Provincial Government		2,350,000	100,000
Closing balance		<u>2,450,000</u>	<u>100,000</u>

The other reserves records

Kokopo District Treasury assisted Kokopo Microfinance through its Electoral Development Fund (EDF) as a start up capital to initiate the operation. They had made a commitment of K450,000 over the next three years (2004-2006)

NOTE 12: RETAINED EARNINGS

Accumulated losses at the beginning of the financial year		(607,093)	(706,732)
Net profit (loss) attributable to shareholders of the company		<u>(167,125)</u>	<u>(75,593)</u>
Accumulated losses at the end of the financial year		<u>(774,218)</u>	<u>(782,325)</u>

KADA POROMAN MICROFINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 PGK	2011 PGK
NOTE 13: CASH FLOW INFORMATION			
Reconciliation of cash flow from operations with profit after income tax			
Loss from operating activities after income tax		(167,125)	(75,593)
Non-cash flows in profit			
Depreciation		225,830	64,088
Changes in assets and liabilities			
(Increase)/decrease in receivables		266,186	(1,548,275)
Increase in other assets		(562,915)	(965,159)
(Increase)/decrease in inventories		34,299	(11,893)
Increase in payables		12,732	24,622
Increase/(decrease) in provisions		<u>(4,720)</u>	<u>19,199</u>
Cash flows from operations		<u>(195,713)</u>	<u>(2,493,011)</u>

NOTE 14: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2012 PGK	2011 PGK
Financial Assets		
Cash and cash equivalents	2,887,409	476,346
Loan to Customers and other receivables	<u>12,762,729</u>	<u>10,165,817</u>
	<u>15,650,138</u>	<u>10,642,163</u>
Financial Liabilities		
Customers Savings and other payables	<u>14,278,307</u>	<u>10,934,839</u>
	<u>14,278,307</u>	<u>10,934,839</u>

Specific Financial Risk Exposures and Management

The main risks that the company is exposed to through its financial instruments are

(a) Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect the future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility of floating rate instruments.

(b) Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources

KADA POROMAN MICROFINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

NOTE 14: FINANCIAL RISK MANAGEMENT (Continued)

- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial report.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(d) Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The company investments are held in the following sectors at reporting date:

KADA POROMAN MICROFINANCE LIMITED

DIRECTORS' DECLARATION

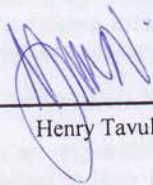
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 2 to 11 present fairly the company's financial position as at 31 December 2012 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

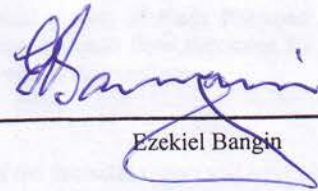
This declaration is made in accordance with a resolution of the Board of Directors.

Director



Henry Tavul

Director



Ezekiel Bangin

Dated this 8th day of March 2013

KADA POROMAN MICROFINANCE LIMITED
INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
KADA POROMAN MICROFINANCE LIMITED

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Kada Poroman Microfinance Limited, which comprises the balance sheet as at 31 December 2012, income statement and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the company's constitution and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors financial reporting under the company's constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Qualification

We were not able to ascertain fair view on the Migration Account.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Kada Poroman Microfinance Limited as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

DFK Hill Mayberry Chartered Accountants
 5th Flr. Defens Haus
 Cnr Champion Pde & Hunter St.
 Port Moresby
 National Capital District

STATE FINANCIAL INFORMATION LIMITED
 FOR THE DIRECTORS ON THE FINANCIAL STATEMENTS
 YEARING AND PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31 MAY 2013



Michael Mayberry, CSM, MBE
 Partner

2011
 PGE
 2011
 PLC

8 March 2013

Port Moresby

	2011 PGE	2011 PLC
STATE FINANCIAL INFORMATION LIMITED	100,000	100,000
FOR THE DIRECTORS ON THE FINANCIAL STATEMENTS	100,000	100,000
YEARING AND PROFIT AND LOSS ACCOUNT	100,000	100,000
FOR THE YEAR ENDED 31 MAY 2013	100,000	100,000
Revenue	1,000,000	1,000,000
Cost of Sales	(500,000)	(500,000)
Gross Profit	500,000	500,000
Operating Expenses	(300,000)	(300,000)
Operating Profit	200,000	200,000
Finance Income	10,000	10,000
Finance Expenses	(5,000)	(5,000)
Profit Before Tax	205,000	205,000
Income Tax	(50,000)	(50,000)
Profit After Tax	155,000	155,000
Dividends Paid	(100,000)	(100,000)
Retained Profit	55,000	55,000
Assets	1,000,000	1,000,000
Liabilities	(800,000)	(800,000)
Equity	200,000	200,000

KADA POROMAN MICROFINANCE LIMITED

PRIVATE INFORMATION FOR THE DIRECTORS ON THE 2012 FINANCIAL STATEMENTS

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 PGK	2011 PGK
INCOME		
Loan Interest and Fees	865,970	544,902
Loan Establishment fee	131,439	411,017
Non Lending Fees	64,163	10,980
Late Payment Fees	100	-
	<u>1,061,672</u>	<u>966,899</u>
LESS COST OF GOODS SOLD		
Opening inventory	5,858	17,751
Purchases	-	(11,893)
Other Cost of Goods Sold	<u>(5,858)</u>	<u>-</u>
	-	5,858
Less Closing inventory	<u>40,157</u>	<u>5,858</u>
Total Cost of Goods Sold	<u>(40,157)</u>	<u>-</u>
	<u>1,101,829</u>	<u>966,899</u>
GROSS PROFIT		
LESS EXPENSES		
Advertising	26,902	2,959
Audit fees	40,487	30,683
Bad debts	3,330	-
Bank charges	3,507	8,827
Cash Theft	369	-
Casual labour	12,312	721
Cleaning	414	188
Commission paid	100	-
Computer expenses	38,390	30,069
Conference/Seminar costs	-	4,419
Consultancy fees	-	20,743
Depreciation	225,830	64,088
Directors' emoluments	21,512	18,812
Donations	3,380	5,687
Electricity	29,132	22,312
Employees' amenities	7,306	1,888
Entertainment expenses	273	1,113
Filing fees	400	-
Freight and cartage	380	738
General expenses	3,107	56,747
Hire of Car	8,208	-
Holiday pay	12,544	-
Insurance	15,574	20,370
Interest paid	1,128	-
Licensing fees	14,300	16,550
Long Service Leave	3,677	1,025
Marketing Expenses	44,933	55,248
	<u>613,716</u>	<u>410,527</u>
Expenses carried forward		

These financial statements should be read in conjunction with the attached Disclaimer.

KADA POROMAN MICROFINANCE LIMITED

PRIVATE INFORMATION FOR THE DIRECTORS ON THE 2012 FINANCIAL STATEMENTS

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 PGK	2011 PGK
Expenses brought forward	613,716	410,527
Medical supplies	1,052	-
Motor vehicle expenses	44,078	46,603
Newspapers	187	-
Office expenses	50,904	737
Printing and stationery	24,550	45,857
Recruitment costs	570	-
Rent	250,957	169,420
Repairs and maintenance	5,328	2,681
Salaries and wages	385,654	364,203
School Fees	13,000	-
Security costs	22,831	26,648
Service charges	-	1,540
Staff training and welfare	18,129	1,064
Superannuation	50,896	14,385
Telephone	68,593	10,792
Travelling expenses	14,730	7,189
TOTAL EXPENSES	1,468,954	1,054,306
NET PROFIT/(LOSS)	(367,125)	(87,407)
OTHER INCOME / (EXPENSES)		
Subsidies and grants	200,000	-
Other income	-	11,814
PROFIT/(LOSS)	(167,125)	(75,593)

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