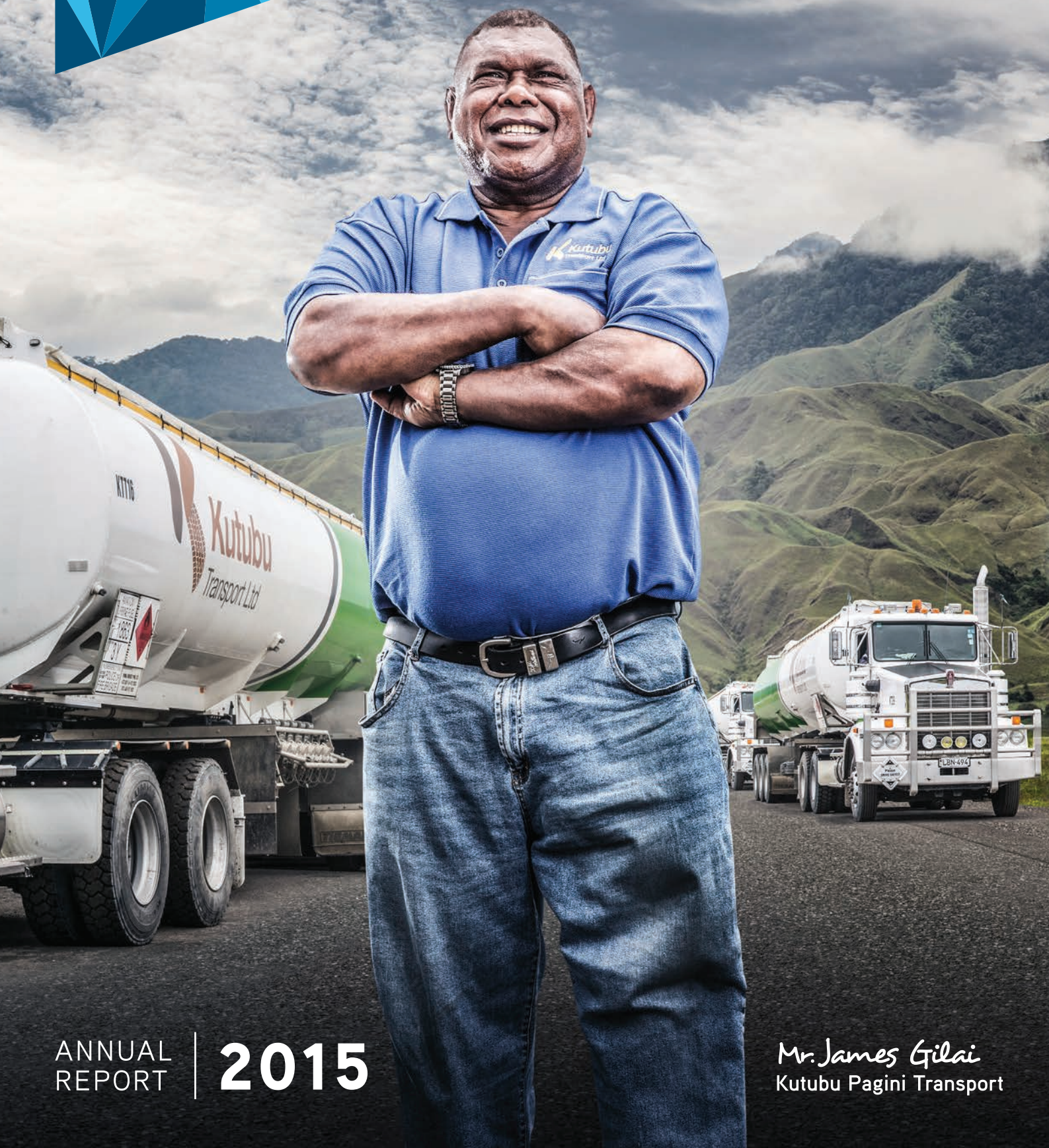




futures
funded.



ANNUAL
REPORT

2015

Mr. James Gilai
Kutubu Pagini Transport



futures
funded.



Mr. Jacob Luke
Mapai Transport

CONTENTS

Company Information	2
Chairman's Review	4
Group's Five Year Financial Summary	5
37 Year Highlights	6
Chief Executive Officer's Report	8
Board of Directors	14
Directors' Meetings	14
Corporate Governance Statement	15
Consolidated Financial Statements	
Directors' Report	16
Independent Auditors' Report	17
Consolidated Statements of Financial Position	18
Consolidated Income Statements	19
Consolidated Statements of Comprehensive Income	20
Consolidated Statements of Changes in Equity	21
Consolidated Statements of Cash Flows	23
Notes to and Forming Part of the Financial Statements	24
Shareholder Information	66
Credit Corporation (Fiji) Limited	68
Financial Statements Fiji	69
Credit Corporation (SI) Limited	70
Financial Statements Solomon Islands	71
Credit Corporation (Vanuatu) Limited	72
Financial Statements Vanuatu	73
Corporate Directory	76

COMPANY INFORMATION



Credit Corporation (PNG) Limited commenced business in 1978 as a general finance company. It has grown successfully to become recognised as one of Papua New Guinea and the South Pacific's most progressive financial institutions.

The Company specialises in providing the following range of financial products and services:

- Chattel Mortgage and Lease Finance for customers to acquire a wide variety of motor vehicles, heavy machinery and plant and equipment for commercial and business use.
- Variable Rate Contracts for business or property purchases.
- Specially tailored financial packages.
- Insurance premium funding.
- Attractive investment facilities.

In addition, through its subsidiary companies, the Credit Corporation Group owns and manages a portfolio of prime real estate assets.

Shareholders have received a dividend each year since the incorporation of the Company in 1978.

The Credit Corporation Group presently owns assets valued at K1.165 billion and operates offices in Port Moresby, Kokopo, Mount Hagen and Lae in Papua New Guinea, in Suva, Nadi, Lautoka and Nakasi in Fiji, in Honiara in the Solomon Islands and in Port Vila in Vanuatu.

Credit Corporation (PNG) Limited is listed on the Port Moresby Stock Exchange and registered under the Papua New Guinea Companies Act 1997. The Company is incorporated and domiciled in Papua New Guinea.



CREDIT HOUSE

CREDIT CORPORATION

CHAIRMAN'S REVIEW



Sir Wilson Kamit

CBE

Chairman

Despite the general slowdown in the Papua New Guinea economy during 2015, the group financial performance as detailed in the following pages is pleasing with strong profitability and growth in total assets;

- Core business operating profit from finance, property and dividend revenues was K75.76 million. This compares to the profit of K82.50 million recorded for 2014.
- Group total assets reached K1,164.88 million at year end, a moderate increase from K1,067.38 million at the end of 2014.
- Total shareholders' equity at year end was K743.69 million, an increase from K719.21 million at end 2014. This equates to Net Asset Backing Per Share of K2.36.
- A dividend payment of K41.07 million was distributed to shareholders during August 2015 being at the rate of 13 toea per share thus maintaining the dividend flow set during 2013.

Fair Value Adjustments

To comply with the international accounting standards the following fair value adjustments have been made to the 2015 consolidated financial statements:

Bank of South Pacific Limited (BSP) Shareholding

A positive adjustment largely to recognise the increase from K7.14 to K7.50 in the value of BSP shares traded on the Port Moresby Stock Exchange. A sum of K14.10 million has been booked in this regard.

Investment Properties

The sum of K18.56 million has been recognised in order to bring to account the fair value of the various group investment properties. This recognises reducing rental levels and current and anticipated vacancy levels in the present market.

After these adjustments a group after tax profit result of K63.14 million is recorded for 2015.

As highlighted in the 2013 and 2014 Annual Reports the challenges continue as the Papua New Guinea economy adjusts to reduced LNG, mining activity, low oil prices and low agriculture commodity volumes and prices. The past year has experienced additional challenges with the temporary closure of the Ok Tedi Mine and reduced coffee production due to serious drought conditions in the Highland Provinces. Foreign exchange earnings have therefore been severely reduced due to the reduction in gold, copper and coffee exports.

Government revenues are therefore under downward pressure with consequence delays in payments for various infrastructure and associated contracted services. However, the established Papua New Guinea private and corporate sectors are quite resilient. Ongoing communication and cooperation by these sectors will ensure ongoing business activity. The recent re-opening of the Ok Tedi Mine and the anticipation of foreign exchange inflows from LNG exports will assist in returning the domestic economy to a more favourable status.

The 2015 results with a core business operating profit result of K75.76 million whilst being a slight reduction from the 2014 result of K82.50 million - demonstrates the focus by the Board and Management to adapt to the fiscal and economic challenges that confront the Papua New Guinea economy from time to time.

Whilst trading prospects for 2016 continue to be challenging the Board is confident that measures are in place that will ensure the best outcome for profitability. Strong liquidity and generous capital remain a feature relative to all group subsidiary companies. This will ensure that the Credit Corporation (PNG) Limited Group retains its respected status amongst the locally owned corporations in the South Pacific.

The strong performance during 2015 confirms the ongoing support by our loyal customer base. This is sincerely appreciated as is the dedication of the executive management and staff. The ongoing support from fellow Board members is also acknowledged.

Sir Wilson Kamit, CBE

Chairman

GROUP'S FIVE YEAR FINANCIAL SUMMARY

	2011	2012	2013	2014	2015
Profit and Loss (K'000)					
Core Operating Profit	74,158	80,540	85,201	82,501	75,762
Property Revaluations	-	47,752	(6,861)	(14,024)	(18,562)
Investment Revaluations	(15,721)	21,937	(1,730)	(34,420)	13,303
Operating Profit before Tax and after Revaluations	58,437	150,229	76,610	34,057	70,503
Income Tax	16,332	43,302	17,501	9,535	7,361
Operating Profit after Tax attributable to the Group	42,105	106,927	59,109	24,522	63,142
Retained Earnings	242,169	283,828	315,420	343,002	364,762
Dividends (K'000)					
Dividend Paid	25,306	31,737	38,185	41,236	41,072
Dividend per share (Kina)	0.08	0.10	0.12	0.13	0.13
Balance Sheet (K'000)					
Finance Receivables	270,414	332,583	358,375	361,953	406,555
Total Assets	890,555	1,008,939	1,037,243	1,067,375	1,164,880
Deposits	211,743	229,411	239,539	291,087	345,803
Shareholders' Funds	633,858	711,021	736,978	719,208	743,692
Performance Ratios					
Return on Assets*	8.3%	8.0%	8.2%	7.7%	6.5%
Return on Equity**	11.7%	11.3%	11.6%	11.5%	10.2%
Operating Expense/Income***	31.6%	28.7%	35.1%	39.6%	37.1%
Net Asset Backing Per Share	2.00	2.23	2.32	2.27	2.36
Exchange Rates (One (1) PNG Kina buys):					
Fiji Dollar	0.8921	0.8866	0.8349	0.7000	0.7608
Solomon Islands Dollar	3.6400	3.7102	2.9748	2.7800	2.7025
Vanuatu Vatu	42.8500	44.1900	40.8200	37.4100	38.5833

* Core Operating Profit/Total Assets

** Core Operating Profit/Total Equity

*** Calculated before any fair value changes of investments and movement in bad debts provision

37 YEAR HIGHLIGHTS

1978

Company incorporated on 25 April. Business commenced in June at Four-Mile, Port Moresby. By year end shareholders' equity had reached K501,016 and a trading profit of K38,201 was achieved.

1979

Operations relocated to Badili. Public share issue resulted in 339,105 additional shares being issued. Total assets had reached nearly K5 million. Rabaul Branch established.

1980

Company awarded land at Gordons 5 and plans commenced to build nine townhouses at this location. Shareholders' equity passed the K1.5 million mark.

1981

Total assets exceed K6.4 million. Operating profit of K293,950 achieved. A recession hits PNG.

1982

Construction of nine townhouses completed at Gordons 5 in the National Capital District.

1983

Shareholders' equity passed the K2 million mark.

1984

An additional six townhouses completed at Gordons 5. Company operations relocated to ADF House.

1985

Assets reached K16.3 million and an operating profit of K626,302 was achieved.

1986

A further 537,000 shares were issued. Negotiations completed for the purchase of land in Cuthbertson Street, downtown Port Moresby. Shareholders' equity approached K4 million.

1987

A residential town subdivision lease was secured over land at Ela Makana in Port Moresby. Assets pass the K20 million mark. A public share issue raises a further 1,777,727 shares.

1988

A tender of K7.6 million was accepted for construction of a high-rise office building in downtown Port Moresby. Nine townhouses constructed at "Era Dorina" Stage 1. Company assets exceed K30 million.

1989

Construction of a further 12 townhouses commissioned at "Era Dorina" in Port Moresby.

1990

"Credit House" opened in September. The 12 townhouses completed at "Era Dorina". Revaluation of assets increased shareholders' equity to K12 million.

1991

24 new apartments commenced at "Era Dorina" Stage 2. First profit of over K1 million achieved.

1992

Credit Corporation (Fiji) established and returns an inaugural profit of FJD66,638 while total assets exceeded FJD5 million. The 24 apartments at "Era Dorina" completed and tenanted.

1993

Founding Chairman, Sir Albert Maori Kiki KBE passed away. Sir Henry ToRobert KBE appointed as Chairman. Decision taken to build a further 12 apartments at "Era Dorina". Equity acquired in the Bank of South Pacific Limited as a long term strategic investment. Group profit exceeded K3 million.

1994

Construction of 12 additional apartments at "Era Dorina" Stage 2 completed bringing the total at the "Era Dorina" estate to 57 fully tenanted townhouses/apartments. Serious volcanic damage in Rabaul necessitates a special provision of K450,000 to cover possible losses. Credit Corporation (Fiji) Limited is issued with a credit institution licence by the Reserve Bank of Fiji.

1995

Revaluation of property increases shareholders' equity to K25.6 million and assets to K118.17 million. Five additional townhouses purchased at Gordons 5. Focus Finance established in Australia.

37 YEAR HIGHLIGHTS

1996

Shareholders' equity reaches K27.5 million and Group operating profit exceeds K4 million. Focus Finance affected by interest rate war in Australia. This investment written off.

1997

Office established in Nadi, Fiji. Group records trading profit of K8.07 million while Group assets exceed K155 million. The Fiji subsidiary achieves a record profit of FJD2.09 million.

1998

Economic recession develops in both Papua New Guinea and Fiji. Group trading profit of K9,176,973 recorded.

1999

Subdued economic conditions continue, however Group trading profit of K6,852,266 achieved. Application for listing of the Company shares on POMSoX lodged.

2000

Company listed on POMSoX. Coup takes place in Fiji. Subdued economic conditions and high interest rates continue. Group assets exceed K200 million and shareholders' equity reaches over K55 million.

2001

Group records trading profit of K11,068,073. Interest rates start to ease. Political stability returns to Fiji following general elections.

2002

Violence mars Papua New Guinea general elections. Recession grips Papua New Guinea. Group assets exceed K243 million and shareholders' equity reaches K85 million.

2003

Group posts record trading profit K25,579,248. Treasury Bills reach year high of 19.69%. Fiji operations show significant increase in profitability to FJD2,704,228.

2004

Total assets reach K306,531,010. Lae Branch established.

2005

Group records trading profit K114,125,633 for 2005.

Total assets reach K408,483,313. Credit Corporation (SI) Limited established in Honiara, Solomon Islands. Construction begins on Stage 3 at Era Dorina.

2006

Riots in Honiara affect Solomon Islands result. Fiji experiences military coup.

2007

Group records trading profit of K187,036,567. Total assets reach K681,383,423. Credit Corporation (Vanuatu) Limited established in Port Vila, Vanuatu. Office established in Lautoka, Fiji. Credit House, 10 Gorrie St, Suva opened. Stage 3 of Era Dorina, 18 townhouses completed and fully tenanted. Dividend Reinvestment Scheme introduced.

2008

Global financial crisis pushes most of the world towards recession.

2009

Total assets reach record K811,356,679. Stage 4 Era Dorina, 18 executive apartments completed and fully tenanted.

2010

Construction of the US\$19 billion PNG LNG Project begins. K2 million On Market Share Buy Back launched. Property purchased in Lae for new branch office.

2011

Construction of 20 executive one bedroom units commissioned at Era Dorina.

2012

Total assets reach record K1.009 billion. Ela Makana Developments Limited purchased.

2013

Shareholders reject BSP offer of K250 million for the purchase of the four finance company subsidiaries. Era Dorina Stage 5 20 x 1 bedroom units completed. Office building in Nadi, Fiji completed.

2014

General elections held in Fiji and Solomon Islands. Era Matana Stage 1 & 2 project commenced construction. Mount Hagen branch opened.

2015

Cyclone Pam devastates Vanuatu.

CHIEF EXECUTIVE OFFICER'S REPORT



Robert Allport

Chief Executive Officer

Despite 2015 being a difficult year in PNG Credit Corporation (PNG) Limited again achieved solid results. With the slowdown in the PNG economy continuing, low commodity prices and a lack of foreign exchange availability demand for both our core business of finance and property continue to be under pressure.

Credit Corporation (PNG) and its subsidiaries recorded a net profit after tax of K63.14 million for the year ended 31st December 2015, this is 158% above the 2014 result.

A positive adjustment of K13.30 million was booked against the value of the company's shareholding in BSP and other listed companies compared to a negative adjustment of K34.42 million in 2014. Also an adjustment of K18.56 million was booked against the profit and loss account due to a further write down in the fair value of the group's property portfolio.

Shareholders' equity has continued to grow and has now reached K743.69 million while total assets have grown to a record K1.17 billion. Net asset backing per share has grown to K2.36 and our expenses to income ratio has been maintained at 37.1%.

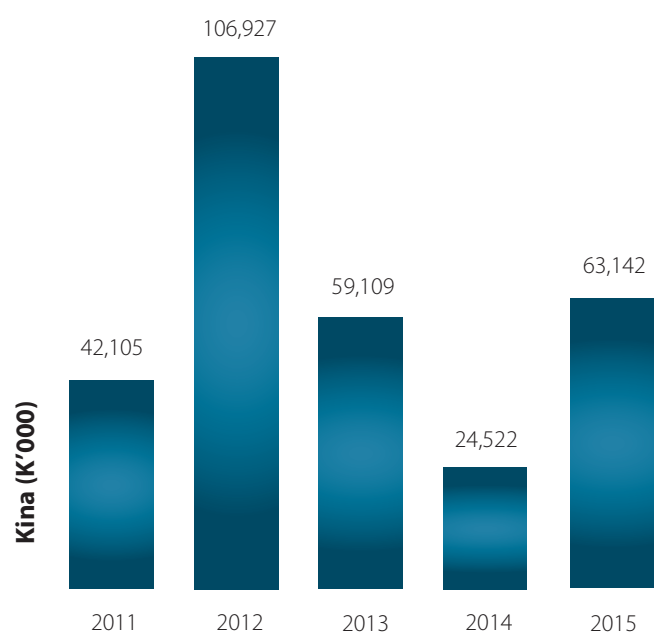
Credit House

There continued to be delays in the timing of existing tenants relocating to other premises and this has translated into another successful year for the building, achieving an operating profit before tax of K7.82 million for 2015. One floor of the building was vacated in April 2015 and this allowed us to carry out a full refurbishment of the floor to a new, modern base building standard, as well as updating the common floor amenities throughout the building. The common floor amenities update was largely completed during the year, with the final touches on a few of the floors being completed in early 2016.

Credit House is now a fully refurbished building and although there is a fair amount of new space available in the market, we believe the building is well positioned to compete for good corporate tenants to take it through the next phase of its existence. Tenants can be expected from the new major gas projects being widely discussed, if they commence in 2016, otherwise from the relocation of existing tenants from other buildings.

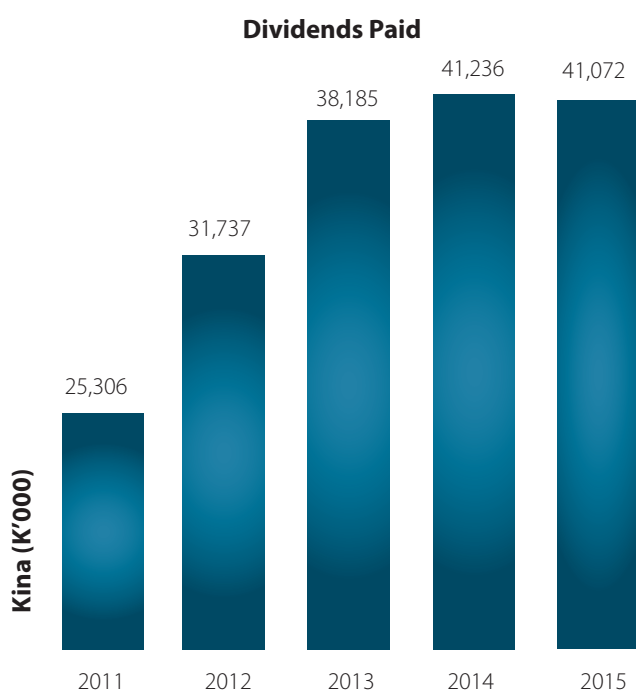
Having said that, now that the relocation of tenants is complete, we project that the released space will remain vacant for at least the first half of the year as the refurbishments and upgrades are being completed and this will result in significantly reduced income in 2016. We have taken a conservative approach to the impact this will have on the company and booked a write down of K10.54 million in 2015.

Operating Profit After Tax

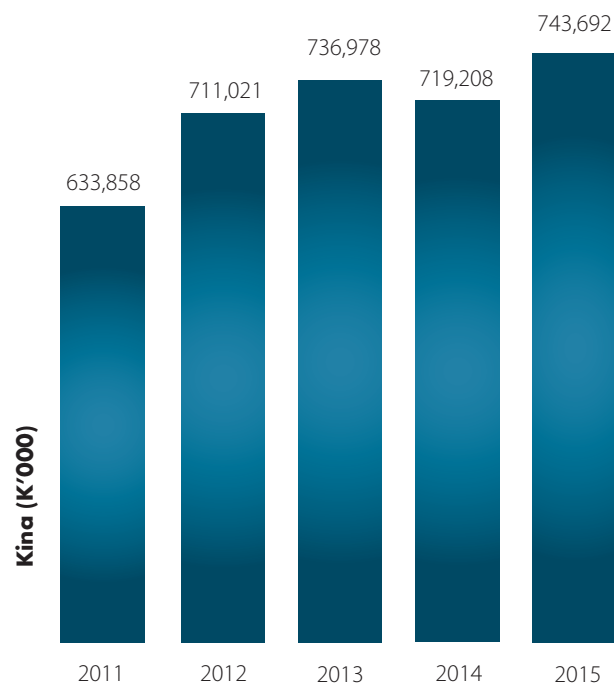


CHIEF EXECUTIVE OFFICER'S REPORT

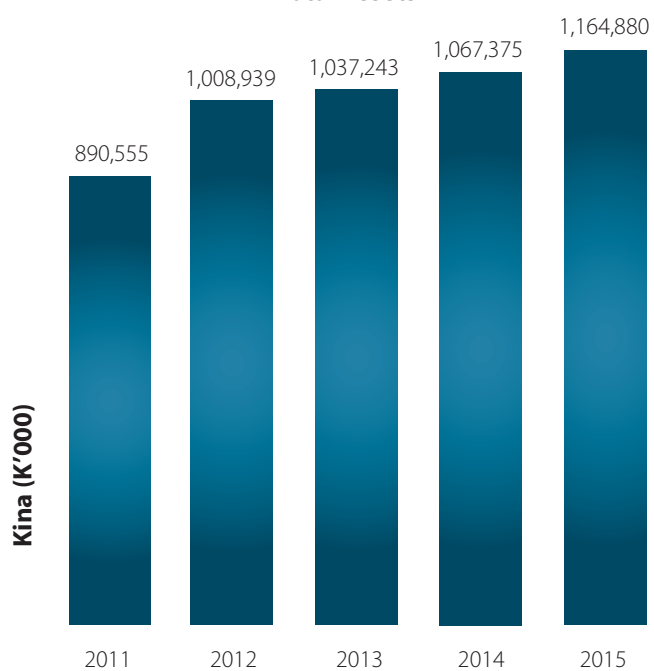
Dividends Paid



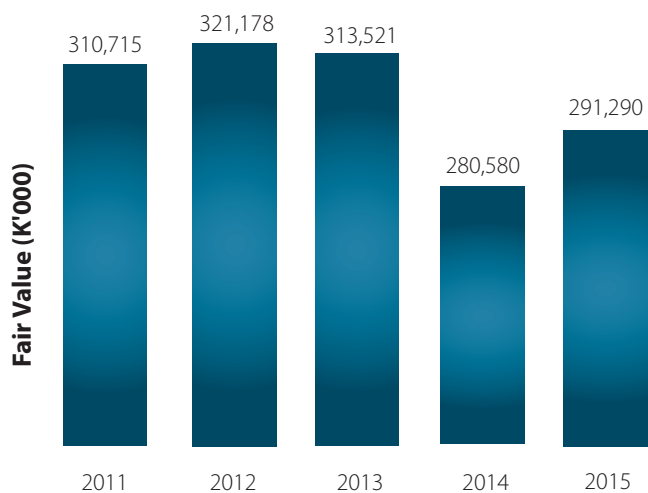
Total Shareholders' Equity



Total Assets



BSP Investment



CHIEF EXECUTIVE OFFICER'S REPORT

Era Dorina

The executive rental market in Port Moresby remained flat in 2015 and this resulted in reduced occupancy rates throughout the year. The company posted an operating profit of K12.31 million in 2015, compared to K15.20 million in 2014. This also resulted in a write down of K8.02 million. The market outlook in 2016 remains the same, unless the next major gas projects commence during year.

Era Dorina Estate continues to be the accommodation of choice for executives with families residing in the city and we will be focussing on developing the family friendly facilities within the estate in 2016. This will complement the significant investments we have made in relocating the property management office to the site, upgrading the security systems and the ongoing refurbishment of the units.

We believe the major issue that will impact the city in 2016 will be the lack of water resulting from the impact of the El Nino weather phenomenon and are taking steps to address the issue. The severity of El Nino, the fact that the Sirinumu catchment remains the same size despite the rapid growth of

the city in the past 10 years and the little to no rainfall in the catchment during the limited wet season all make for a bleak outlook for water supply in the city.

Whilst the overall performance of the property is satisfactory, the Board and management are monitoring the business and operational environment very closely and will take prompt action to counter possible adverse impacts.

Era Matana

The company name was changed from Ela Makana Developments Limited to Era Matana Limited in 2015 to clearly identify the property, whilst retaining the traditional link with the area in the word "Era" which means turtle in the local language. This also retains a connection with Era Dorina Estate which is on the same street.

Construction on the site continued well throughout 2015 with a revised completion date of August 2016. The project is well advanced and we do not expect any further delays or foresee any issues that may impact the project.



Era Matana Pool & Entertainment Area.

CHIEF EXECUTIVE OFFICER'S REPORT



Era Matana Gymnasium.



Era Matana Stage 1.

The residences around the project and the city authorities will also benefit as we have had to upgrade the services in the area including sewerage, stormwater and Ela Makana Street itself at our own cost, despite requests for counterpart funding. It is disappointing that the city authorities do not see it as necessary to partner with developers in long forgotten areas of the city to upgrade deteriorating or non-existent infrastructure.

We remain confident that the fantastic panoramic views from the site, the well designed apartments and the large and well appointed amenities will make Era Matana a sought after executive residential address once completed.



Company C.E.O. Robert Allport addressing clients and guests at the "Futures Funded" Marketing Campaign Launch.

Credit Corporation Finance Limited

The challenges of 2014 have continued into 2015 for Credit Corporation Finance and unfortunately 2016 does not look to be much better. With a continuing softening of the Mining and Petroleum sector, a lack of foreign exchange, severe drought in the Highlands region and a government that seems unable to pay its bills on time, 2015 has been a difficult year for the finance company.

Whilst net receivables have grown to K265.44 million for the year compared to K249.81 million for 2014, provision for doubtful debts has increased to K17.70 million compared to K11.88 million for 2014. The company achieved a profit before tax of K10.64 million down by 28% on the 2014 result.

Non-performing assets have increased for the year to slightly above the 3.5% general industry standard. This increase was anticipated but with the continuing inability of Government to pay its commitments on time and further weakening of the PNG economy the arrears position will be under pressure.

We have a sound and adequately capitalized balance sheet with a net asset position of K106.07 million. This is a 1.99% increase over last year's position of K103.97 million. Total

assets increased to K341.97 million, an increase of 8.07%. The Capital Adequacy ratio for 2015 was recorded at 37.1%

2016 will be a challenging year with the current level of economic activity in Papua New Guinea, a highly competitive asset finance market and a lack of foreign exchange. However, we are confident that we can maintain our market share and continue to maximise shareholder returns.

Credit Corporation (Fiji) Limited

2015 proved to be a very successful year for Credit Corporation (Fiji) Ltd, with the company continuing to improve on its bottom line performance on the back of a stable Fiji economy. The company recorded an operating profit before tax of F\$8.92 million (K11.73 million) for the year, 13.6% up on the prior year's result. A record net after tax profit of F\$7.12 million (K9.36 million) was recorded for the year, a 10.7% improvement over 2014's result and above expectations.

In 2015 the company's lending volumes exceeded F\$60 million (K84.59 million) for the first time in its history. This milestone was achieved in the face of increased competition through the entry of two new licensed finance companies.

CHIEF EXECUTIVE OFFICER'S REPORT



The launching of the Company's "Futures Funded" Campaign.

Competition has led to some impact on lending margins, however the contraction in margins has been more than offset by increasing business volumes.

The company's balance sheet remains strong, with total assets of F\$115.6 million (K162.98 million) and shareholder's funds of F\$35.18 million (K49.59 million) at as at 31 December 2015. The company remains well capitalised with a Capital Adequacy ratio at 32.7% at year end.

At the time of writing, Fiji has recently suffered major devastation through the impact of Tropical Cyclone Winston. With major damage to many areas of Fiji, economic growth in 2016 is expected to be dampened. Understandably a major slowdown in business post Cyclone Winston is anticipated, however hopefully this will prove to be a short term situation and business will return to normal by mid-2016.

Credit Corporation (Solomon Island) Limited

Solomon Islands reported yet another profitable year in 2015, earning an operating profit before tax of SBD11.13 million (K4.12million), slightly down by 3.42% compared to 2014 result of SBD11.52 million (K4.26 million).

This is considered a strong result despite some challenges experienced throughout the year.

Going forward, we forecast a 5% growth in our business in 2016 which aligns with the anticipated country's economic growth of circa 3% in 2016.

We expect another profitable year in 2016.

Credit Corporation (Vanuatu) Limited

The Vanuatu operation has had a very difficult year with Cyclone Pam, a devastating Category 5 cyclone striking the country in March. This has impacted negatively on the 2015 results with the company recording an operating profit of Vatu 35.35 million (K955,820) a decrease of 44% over the 2014 result of Vatu 63.47 million (K1.72 million).

Outlook

Whilst Credit Corporation (PNG) Limited is well positioned with an excellent business, a strong balance sheet and dedicated staff 2016 will be a difficult year. However, with the support of all at Credit Corporation I am confident that we will adapt to the challenging economic conditions and continue to create shareholder wealth in the years to come.

Robert Allport

Chief Executive Officer

BOARD OF DIRECTORS



Sir Wilson Kamit

CBE

Director since August 2013

Chairman since December 2015

Garth McIlwain

CBE, F Fin, FAICD, FPNGID

Director since December 2008

Chairman from January 2009
to December 2015



John Dunlop

C.A.

Director since September 2009

Professor Albert Mellam

PhD (ANU), MSc (Stir), MAICD

Director since August 2013



Robert Allport

F Fin, MAICD, MPNGID

Director since December 2011

Michael Koisen

ML, FAICD, FAMI, SA Fin

Director since June 2002



Ian Tarutia

MBE, FAICD, SA Fin, MPNGID

Director from July 2008 to
March 2015

DIRECTORS' MEETINGS

Sir Wilson Kamit	4/4
Garth McIlwain	3/4
John Dunlop	4/4
Robert Allport	4/4
Ian Tarutia	1/1
Professor Albert Mellam	4/4
Michael Koisen	4/4

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving the highest standards of corporate governance and ethics and expects similar standards from all employees.

The Board sets the strategic direction for the Group and meets quarterly or as required. All matters pertinent to the Group are discussed by the full Board, including, but not limited to, the operations and financial performance of the Group and achievement of objectives.

Board Composition

The Board consists of seven members, all non-executive Directors except for the Chief Executive Officer, Robert Allport.

The members of the Board seek to ensure that it contains a blend of experience and skills appropriate to the Group.

Directors retire by rotation each three years and are eligible for re-election.

Committees

The Board meets as a committee to consider issues pertaining to the appointment of new Directors.

An audit and risk management committee of three non-executive Directors meets half-yearly in order to confirm that any matters raised by the Group's external auditors are addressed and to confirm that the Group's financial affairs are conducted in accordance with prudent commercial practice, the requirements of the Group Procedures Manual and the prudential standards issued by the Bank of Papua New Guinea.

Independent Advice

Directors are entitled to seek independent legal advice on their duties at the Group's expense, provided that they seek the prior approval of the Chairman.

Risk Management

The Board is committed to identifying significant business risks and has put in place a number of measures to manage such risks.

Shareholder Information

The Board communicates with shareholders at least once a year by means of a comprehensive annual report. In addition, the Board provides shareholders with continuous disclosure of information considered to be price sensitive to the Group's shares. At all times the Board ensures that statutory requirements regarding disclosure are met.

Staff Matters

The Group is an equal opportunity employer and does not tolerate sexual harassment towards employees.

Policy and Procedures

The Group has in place both Staff and Procedures Manuals, which set out duties for each staff member and systems for all procedures.

All routine legal documents are standard and used in all instances.

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

Your directors present their annual report on the affairs of Credit Corporation (PNG) Limited ("the Company") and its controlled entities ("the Group") including the financial statements for the year ended 31 December 2015.

Activities

The principal activities of the Group during the course of the financial year remain that of providing general finance, leasing and hire purchase financing, property and equity investment.

There were no significant changes in the nature of the activities of the Company and the Group during the year.

Results

The net profit after taxation for the Group attributable to the members of the Group for the year was K63,141,533 (2014: K24,522,332) and for the Company was K70,212,213 (2014: K28,421,372).

Dividends

The Company paid a final dividend of K41,071,550 (K0.13 per share) in August 2015 (2014: K41,235,901 (K0.13 per share) in August 2014).

Directors

The directors at the date of the report of the Company are listed on page 14. Directors' interests and shareholdings are disclosed in Note 27. No director had any material interest in any contract or arrangement with the Company or any related entity during the year.

Remuneration of Directors and Employees

The Directors and employees remuneration information is disclosed in Note 27.

Interests Register

The details of information recorded in the Interests register is disclosed in Note 27.

Auditors' remuneration

The detail of the auditors' remuneration is disclosed in Note 8.

Donations

During the year, the Group made donations totalling K20,975 (2014: K67,083).

For and on behalf of the Board of Directors



Chairman

Sir Wilson Kamit

Date 31 March 2016



Director

Robert Allport

Date 31 March 2016

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CREDIT CORPORATION (PNG) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015

Scope

We have audited the accompanying consolidated financial statements of Credit Corporation (PNG) Limited ("Company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at 31 December 2015, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 24 to 65.

This report is made solely to the Company's members, as a body, in accordance with section 199 of the Companies Act 1997. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' responsibility for the financial statements

The Directors of Credit Corporation (PNG) Limited are 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 misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 of the financial statements that gives a true and fair view 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 reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We performed procedures to assess whether in all material respects the consolidated financial statements presents fairly in accordance with Companies Act 1997 and International Financial Reporting Standards, a true and fair view which is consistent with our understanding of the Company's and the Group's financial position and their performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of CPA Papua New Guinea. We do not provide any other services to the Group.

Audit opinion

In our opinion:

- (a) the financial statements of Credit Corporation (PNG) Limited are in accordance with Companies Act 1997 including:
 - i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2015 and of their performance for the year ended on that date; and
 - ii) complying with International Financial Reporting Standards, and
- (b) proper accounting records have been kept by the Company as far as appears from our examination of those records.

DATED at Port Moresby this 31st day of March 2016.

KPMG

Chartered Accountants



Peter Zabaks

Partner

Registered under the Accountants Act 1996

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Consolidated		Company	
	Note	2015 K	2014 K	2015 K	2014 K
ASSETS					
Cash and cash equivalents	13	82,509,689	67,395,526	3,257,470	1,544,591
Other deposits	16(v)	11,984,612	8,774,901	37,167,793	19,918,023
Finance receivables	14	406,554,935	361,953,108	-	-
Other receivables	15	8,822,728	8,463,882	13,990,937	18,394,493
Held-to-maturity investments	16(i)	7,726,916	7,469,873	5,048,219	5,046,712
Available-for-sale investments	16(ii)	86,469	81,426	33,600	33,600
Investment in associate	16(iii)	15,636,338	14,074,648	15,636,338	14,074,648
Other investments	16(iv)	297,858,577	287,882,658	644,290,064	648,511,770
Inventories		587,199	501,988	-	-
Property, plant and equipment	17	23,573,224	21,460,773	4,560,356	4,500,086
Investment property	18	294,248,840	279,604,548	-	-
Income tax receivable	12(ii)	7,340,233	3,894,321	922,227	(153,341)
Deferred tax assets	22	7,949,976	5,817,353	46,581	31,018
Total assets		1,164,879,736	1,067,375,005	724,953,585	711,901,600
EQUITY					
Share capital	23	22,741,268	27,154,232	22,741,268	27,154,232
Reserves	24	356,188,069	349,052,429	516,504,983	517,399,482
Retained earnings		364,762,305	343,001,837	182,573,889	166,736,262
Total equity		743,691,642	719,208,498	721,820,050	711,289,976
LIABILITIES					
Trade and other payables	19	17,793,733	9,658,478	2,997,207	534,481
Deposits and borrowings	20	377,051,995	308,670,996	-	-
Employee benefits	21	2,693,704	1,932,323	123,186	69,693
Deferred tax liabilities	22	23,648,662	27,904,710	13,142	7,450
Total liabilities		421,188,094	348,166,507	3,133,535	611,624
Total equity and liabilities		1,164,879,736	1,067,375,005	724,953,585	711,901,600

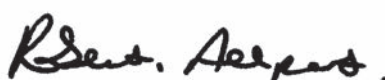
For and on behalf of the Board of Directors



Sir Wilson Kamit

Director

Date 31 March 2016



Robert Allport

Director

Date 31 March 2016

The consolidated statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 24 to 65.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS

	Note	Consolidated		Company	
		2015 K	2014 K	2015 K	2014 K
Finance income		60,575,336	63,531,938	-	-
Finance costs	6	(11,382,382)	(8,788,529)	-	-
Net finance income		49,192,954	54,743,409	-	-
Other income	7	70,413,459	68,924,879	59,436,786	63,793,489
Fair value gain/(loss) on financial assets	16(e)	13,303,036	(34,420,463)	13,303,036	(34,420,463)
Fair value loss on investment properties	18	(18,562,173)	(14,024,399)	-	-
Net operating income		114,347,276	75,223,426	72,739,822	29,373,026
Impairment loss on finance receivables	14	(8,158,250)	(8,043,090)	-	-
Personnel expenses	10	(14,975,722)	(14,368,531)	(1,393,320)	(986,242)
Depreciation expenses	17	(2,339,581)	(2,289,598)	(220,415)	(223,982)
Other operating expenses		(19,932,730)	(20,513,179)	(2,869,952)	(3,733,374)
Results from operating activities		68,940,993	30,009,028	68,256,135	24,429,428
Share of profit of equity accounted investee (net of tax)	16(c)	1,561,691	4,047,976	1,561,691	4,047,976
Profit before tax		70,502,684	34,057,004	69,817,826	28,477,404
Income tax expense	12(i)	(7,361,151)	(9,534,672)	394,387	(56,032)
Profit attributable to equity holders of the Company		63,141,533	24,522,332	70,212,213	28,421,372
Earnings per share based on profit for the year					
Basic and Diluted		0.20	0.08	0.22	0.09

The consolidated income statements are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 24 to 65.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Consolidated		Company	
		2015 K	2014 K	2015 K	2014 K
Profit for the period		63,141,533	24,522,332	70,212,213	28,421,372
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss					
Foreign currency translation differences for foreign operations:	24(c)	6,826,125	1,899,949	-	-
Items that will not be reclassified subsequently to profit and loss					
Revaluation of subsidiaries	24 (a)	-	-	(14,197,625)	(58,505,931)
Other comprehensive income for the year (net of income tax)		6,826,125	1,899,949	(14,197,625)	(58,505,931)
Total comprehensive income for the year attributable to equity holders of the Company		69,967,658	26,422,281	56,014,588	(30,084,559)

The consolidated statements of comprehensive income are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 24 to 65.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Consolidated	Note	Share Capital K	Reserves K	Retained Earnings K	Total K
Balance at 1 January 2014		30,110,208	391,447,828	315,420,058	736,978,094
Total comprehensive income for the year		-	-	26,422,281	26,422,281
Transfer to reserves		-	(42,395,399)	42,395,399	-
		-	(42,395,399)	68,817,680	26,422,281
Transactions with owners					
Dividends to equity holders	11	-	-	(41,235,901)	(41,235,901)
Share buy-back transactions	23	(2,955,976)	-	-	(2,955,976)
Total transactions with owners		(2,955,976)	(42,395,399)	27,581,779	(17,769,596)
Balance at 31 December 2014		27,154,232	349,052,429	343,001,837	719,208,498
Total comprehensive income for the year		-	-	69,967,658	69,967,658
Transfer to reserves		-	7,135,640	(7,135,640)	-
		-	7,135,640	62,832,018	69,967,658
Transactions with owners					
Dividends to equity holders	11	-	-	(41,071,550)	(41,071,550)
Share buy-back transactions	23	(4,412,964)	-	-	(4,412,964)
Total transactions with owners		(4,412,964)	7,135,640	21,760,468	24,483,144
Balance at 31 December 2015		22,741,268	356,188,069	364,762,305	743,691,642

The consolidated statements of changes in equity are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 24 to 65.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Company	Note	Share Capital K	Reserves K	Retained Earnings K	Total K
Balance at 1 January 2014		30,110,208	610,383,682	145,072,522	785,566,412
Total comprehensive income for the year		-	(58,505,931)	28,421,372	(30,084,559)
Transfer to reserves		-	(34,478,269)	34,478,269	-
		-	(92,984,200)	62,899,641	(30,084,559)
Transactions with owners					
Dividends to equity holders	11	-	-	(41,235,901)	(41,235,901)
Share buy back transactions	23	(2,955,976)	-	-	(2,955,976)
Total transactions with owners		(2,955,976)	(92,984,200)	21,663,740	(74,276,436)
Balance at 31 December 2014		27,154,232	517,399,482	166,736,262	711,289,976
Total comprehensive income for the year		-	(14,197,625)	70,212,213	56,014,588
Transfer to reserves		-	13,303,036	(13,303,036)	-
		-	(894,589)	59,909,717	56,014,588
Transactions with owners					
Dividends to equity holders	11	-	-	(41,071,550)	(41,071,550)
Share buy back transactions	23	(4,412,964)	-	-	(4,412,964)
Total transactions with owners		(4,412,964)	(894,589)	15,837,627	10,530,074
Balance at 31 December 2015		22,741,268	516,504,893	182,573,889	721,820,050

The consolidated statements of changes in equity are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 24 to 65.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CASH FLOWS

Note	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
OPERATING ACTIVITIES				
Charges earned on leases & loans	64,745,121	64,060,802	-	-
Commission, fees and rents	33,376,649	38,905,476	1,420,819	1,625,558
Dividends received	-	-	54,156,082	55,465,968
Interest payments	(11,382,382)	(8,796,002)	-	-
Payments to suppliers and employees	(29,985,006)	(27,656,300)	(3,783,252)	(4,716,887)
Operating cash flows before changes in operating assets	56,754,382	66,513,976	51,793,649	52,374,639
Net cash advanced in respect of finance receivables	(52,250,711)	(9,916,236)	-	-
Net cash received in respect of deposits	54,715,768	60,221,940	-	-
Change in payables due to/receivables due from subsidiaries	-	-	7,103,850	(9,169,843)
Net cash from operating activities before income tax	59,219,439	116,819,680	58,897,499	43,204,796
Income taxes paid	(18,529,618)	(15,633,295)	(611,390)	(565,664)
Cash flows from operating activities	40,689,821	101,186,385	58,286,109	42,639,132
INVESTING ACTIVITIES				
Purchase of property, plant & equipment	(3,418,780)	(2,602,317)	(280,683)	(633,334)
Development of investment property	(25,315,075)	(21,101,860)	-	-
Proceeds from sale of property	148,120	498,843	-	36,000
Acquisition of shares	-	(3,468,694)	-	(3,468,694)
Proceeds from sale of listed shares	3,390,677	27,371	3,345,152	27,371
Dividends received	31,034,261	20,130,194	-	-
Interest from funds deposited	1,955,599	1,002,764	1,001,427	811,376
Net cash flow spent on short term investments	(3,466,753)	(10,694,760)	(17,249,769)	-
Cash flows from/(used in) investing activities	4,328,049	(16,208,459)	(13,183,873)	(3,227,281)
FINANCING ACTIVITIES				
Share buy back 23	(4,412,964)	(2,955,976)	(4,412,964)	(2,955,976)
Repayment of borrowings (net)	12,565,228	(1,856,287)	-	-
Dividends paid (net)	(38,976,393)	(39,115,565)	(38,976,393)	(39,115,565)
Cash flows used in financing activities	(30,824,129)	(43,927,828)	(43,389,357)	(42,071,541)
Effect of exchange rate changes on foreign subsidiaries cash and cash equivalents	920,422	35,203	-	-
Net increase/(decrease) in cash and cash equivalents	15,114,163	41,085,301	1,712,879	(2,659,690)
Cash and cash equivalents at 1 January 13	67,395,526	26,310,225	1,544,591	4,204,281
Cash and cash equivalents at 31 December 13	82,509,689	67,395,526	3,257,470	1,544,591

The consolidated statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 24 to 65.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Reporting entity

Credit Corporation (PNG) Limited (the "Company") is a company domiciled in Papua New Guinea. The address of the Company's registered office is Credit House, Cuthbertson Street, Port Moresby, Papua New Guinea. The consolidated financial statements as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. The Group is primarily involved in providing general finance, leasing and hire purchase financing, property and equity investment.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Accounting Standards Board of Papua New Guinea (ASB) and the requirements of the Papua New Guinea Companies Act 1997.

The consolidated financial statements have been authorised for issue by the Board of Directors on 31 March 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared primarily on the historical cost basis except for financial instruments designated at fair value through profit and loss and investment property which are measured at fair value through profit or loss.

(c) Functional currency

The financial statements are presented in the Papua New Guinea currency, the Kina which is also the Company's functional currency.

(d) Use of estimates and judgements

The preparation of a financial report in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if affected.

Information about critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 14 – Finance receivables

Note 16 – Investments in subsidiaries

Note 18 – Investment property

Note 28 – Financial instruments

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Changes in accounting policies

The following new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) that are relevant to the Company were adopted by the Company effective on January 1, 2015, unless otherwise indicated:

- *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)*, effective for annual period beginning on or after 1 July 2014;

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(a) Changes in accounting policies (continued)

- *Annual Improvements to IFRS 2010-2012 Cycle – various standards, effective for annual period beginning on or after 1 July 2014;*
- *Annual Improvements to IFRS 2012-2014 Cycle – various standards, effective for annual period beginning on or after 1 July 2014.*

Other than additional disclosures, the application of the standards has no material impact on the amounts recognized in the financial statements.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The Parent measures its investment in subsidiaries at fair value with any changes posted through other comprehensive income.

(ii) Investments in associates

Associates are those entities in which the Group has a significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(c) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to PNG Kina at exchange rates at the reporting date. The income and expenses of foreign operations are translated to PNG Kina at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Foreign exchange differences have been recognised in the exchange fluctuation reserve or EFR. When a foreign operation is disposed of, in part or in full, the relevant amount in the EFR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the EFR.

(d) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, cash and cash equivalents and available-for sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(d) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Finance receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in unlisted equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: deposits and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(e) Property Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income or expenses in profit and loss.

(ii) Reclassification into investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

(iii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is calculated on a straight line basis over the following periods

Buildings	50 years
Furniture and fittings	5-10 years
Motor vehicles	5 years
Office equipment	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(f) Investment property (continued)

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held-to-maturity investments securities

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Non-derivative financial assets (continued)

Available for sale financial assets

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, property, plant and equipment, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefit plans

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(i) Employee benefit plans (continued)

(ii) Other long-term employee benefits

A liability is recognised for the amount to be paid as at 31 December 2015 in respect of long-term employee benefits (long service leave) other than pension plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee.

(iii) Short-term employment benefits

A liability is recognised for the amount expected to be paid under short-term cash bonus and annual leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(k) Revenue

(i) Finance income and finance costs

Finance income comprises finance charges earned from the provision of lease finance and is recognized over the finance contract using the Effective Interest Rate Method.

Finance costs comprise interest expense on interest bearing deposits and other costs associated with financing income.

(ii) Establishment fees

The establishment fee on finance contract is recognised in the year of receipt on the basis that it is a documentation processing charge and not refundable.

(iii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(l) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Lease income

Finance income on finance leases is recognised on a basis that reflects a constant periodic return on the net investment in the finance lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(l) Lease payments (continued)

Determining whether an arrangement contains a lease (continued)

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(m) Other income

Other income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, establishment fees on finance contracts, gains on the disposal of available-for-sale financial assets, fair value gains and losses on financial assets at fair value through profit or loss and investment properties. Interest income on funds deposited is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(p) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

(q) New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015; however, the Company has not applied the following new or amended standards in preparing these financial statements.

New or amended standards	Summary of the requirements	Possible impact on financial statements
IFRS 16 <i>Leases</i>	IFRS 16 <i>Leases</i> published in January 2016, replaces the existing guidance in IAS 17 <i>Leases</i> . IFRS 16 includes revised guidance on the accounting for both finance and operating leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 16.
IFRS 9 <i>Financial Instruments</i>	IFRS 9, published in July 2014, replaces the existing guidance in IAS 29 <i>Financial Instruments: Recognition and measurements</i> . IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment in financial assets, and the new general hedge accounting requirements. It also carries forward the guidance in recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.
IFRS 15 <i>Revenue from Contract with Customers</i>	IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 <i>Revenue</i> , IAS 11 <i>Construction Contracts</i> and IFRIC 13 <i>Customer Loyalty Programmers</i> . IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.	The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued)

(q) New standards and interpretations not adopted (continued)

The following new or amended standards are not expected to have a significant impact of the Company's financial statements:

- *IFRS 14 Regulatory Deferral Accounts*, effective for annual period beginning on or after 1 January 2016.
- *Accounting for Acquisitions of Interest in Joint Operations (amendments to IFRS 11)*, effective for annual period beginning on or after 1 January 2016.
- *Clarification of Acceptable Methods of Depreciation and Amortisation (amendments to IAS 16 and IAS 38)*, effective for annual period beginning on or after 1 January 2016.
- *Equity Method in Separate Financial Statements (Amendments to IAS 27)*, effective for annual period beginning on or after 1 January 2016.
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*, effective for annual period beginning on or after 1 January 2016.
- *Annual Improvements to IFRSs 2012-2014 Cycle – various standards*, effective for annual period beginning on or after 1 January 2016.
- *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12, and IAS 28)*, effective for annual period beginning on or after 1 January 2016.
- *Disclosure Initiative (Amendments to IAS 1)* effective for annual period beginning on or after 1 January 2016.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* Inputs other than quoted prices included in level 1 that are observable for the asset or liability: either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) Investment Property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio as required. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. Determination of fair values (continued)

(a) Investment Property (continued)

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time. Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

(b) Equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes.

(c) Finance and other receivables

The fair value of finance and other receivables is estimated as the present value of future cash flows. This fair value is determined for disclosure purposes.

(d) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows.

5. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's audit and risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's audit and risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Financial risk management (continued)

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Finance and other receivables

The Group's exposure to credit risk is influenced mainly by the industry and sector in which clients operate. Management also considers the default risk of the industry and country in which these operate, as these factors may have an influence on credit risk.

The Audit and Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Lending limits are established for each customer, which represents the maximum open amount without requiring approval from the Audit and Risk Management Committee; these limits are reviewed quarterly.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of finance and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by investing only in liquid securities (government securities and interest bearing deposits with banks).

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2015 K62 million (2014: K62 million) was guaranteed to wholly owned subsidiaries.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains various lines of credit facilities with banks (see note 20).

Due to the nature of the Group's operations the current asset/liability ratio is less than one. This arises as customer deposits classified as a current liability is used for new finance to customers which generally have a higher non-current finance receivable component than current finance receivables.

Notwithstanding this, liquidity is managed by the Group through regular monitoring of its liquidity position. A key part of this monitoring is the completion of a cash flow forecast which shows the forecast levels of inflows and outflows. This provides management and the Board with transparency over what levers it has available to it, should any liquidity matters arise. The Board and Management are satisfied that the Group have appropriate levers to manage liquidity going forward.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Financial risk management (continued)

(ii) Liquidity risk (continued)

The current exposure to liquidity risk is as follows:

	2015 K	2014 K
Finance receivables	64,295,798	54,577,364
Deposits from customers	(305,086,104)	(259,741,168)
Net	(240,790,306)	(205,163,804)

(iii) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Senior management regularly monitors movements in interest rates and equity prices.

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a program of periodic reviews undertaken by the members of Audit and Risk Management Committee. The results of the reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board of Directors and senior management of the Group.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Financial risk management (continued)

(v) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company's target in 2015 was to achieve a return on capital of between 3 and 10 percent; in 2015 the actual return was 8.49 percent (2014: 3.41 percent). In comparison the average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 3.6 percent (2014: 3.3 percent).

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2015 (K'000)	2014 (K'000)
Total liabilities	421,188	348,167
Less: cash and cash equivalents	(82,510)	(67,396)
Net debt	338,678	280,771
Adjusted capital	743,692	719,208
Debt to adjusted capital ratio at 31 December	0.46	0.39

There were no changes in the Group's approach to capital management during the year. Various finance subsidiaries are subject to respective Central Banks restrictions imposed on capital requirements. These subsidiaries have been in compliance with respective capital requirements imposed by their Central Banks as at and during the year ended 31 December 2015.

6. Finance costs

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
Interest on customer deposits	(11,382,382)	(8,788,529)	-	-

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. Other income

	Consolidated		Company	
	2015	2014	2015	2014
	K	K	K	K
Profit on sale of listed shares	(4,633)	-	(4,633)	-
Profit on sale of property, plant and equipment	108,051	378,901	19,072	36,000
Dividend income	31,136,247	26,020,781	56,934,876	61,356,555
Establishment fees	1,890,932	2,329,350	-	-
Rental income from property	29,213,835	33,503,062	304,369	324,000
Rental outgoings	2,744,883	4,016,471	164,135	232,908
Interest on term deposits, treasury bills and semi-government bonds	2,288,892	1,206,892	1,081,091	811,376
Other operating income	3,035,252	1,469,422	937,876	1,032,650
	70,413,459	68,924,879	59,436,786	63,793,489

8. Profit/(loss) before taxation

The operating profit for the year is stated after (crediting) / charging the following items:

Auditors remuneration – audit fees	460,650	400,974	67,000	58,000
Professional advisory fees	167,393	369,686	30,049	17,579
Donations	20,975	67,083	-	-
Bad debts recovered	(708,211)	(386,356)	-	-

9. Employees

The number of employees as at 31 December 2015 employed in the Group was 153 (2014: 158).

10. Personnel expenses

Wages and salaries	9,552,094	9,272,104	725,720	477,596
Contributions to defined contribution plans	1,235,842	808,105	86,120	59,464
Long service leave and annual leave expense	630,530	109,343	53,495	69,693
Other staff costs	3,557,256	4,178,978	527,985	379,489
	14,975,722	14,368,531	1,393,320	986,242

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

11. Dividends

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
Final dividend of K0.13 per share (2014: K0.13 per share)	41,071,550	41,235,901	41,071,550	41,235,901
	41,071,550	41,235,901	41,071,550	41,235,901

Final dividend was declared on 29 June 2015 and paid on 28 August 2015.

12. Income tax

(i) Income tax expense

Current tax	13,075,394	13,787,423	-	97,876
Under/(over) provisions in tax expense	503,662	(772,116)	(384,515)	-
Over/(under) provisions -deferred tax	(53,603)	98,494	-	(1,015)
Decrease in net deferred tax liability	(6,164,302)	(3,579,129)	(9,872)	(40,829)
	7,361,151	9,534,672	(394,387)	56,032

Profit before tax	70,502,684	34,057,005	69,817,826	28,477,403
Computed tax using the applicable corporate income tax rate	21,150,805	8,585,693	20,945,348	8,543,221
Non-taxable items	(14,297,306)	1,741,147	(21,017,792)	(8,486,174)
	6,853,499	10,326,840	(72,444)	57,047
Under/(Over) provision in prior years	507,652	(792,168)	(321,943)	(1,015)
	7,361,151	9,534,672	(394,387)	56,032

(ii) Income taxes (receivable)/ payable

At 1 January	(3,894,321)	6,266,145	153,341	660,561
Income tax expense for the year	13,075,394	13,787,423	-	97,876
Under/over provision in prior years	453,562	(825,174)	(395,905)	-
Income taxes paid during the year	(15,732,606)	(15,633,295)	(600,000)	(565,664)
Interest withholding tax credit	(247,119)	(62,238)	(79,663)	(39,432)
Dividend withholding tax offset	-	(7,359,391)	-	-
Other	(995,143)	(67,791)	-	-
At 31 December	(7,340,233)	(3,894,321)	(922,227)	153,341

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

13. Notes to the statement of cash flows

Reconciliation of cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as 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:

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
Cash at bank and on hand	27,141,243	32,223,791	3,257,470	1,544,591
Short term deposits	55,368,446	35,171,735	-	-
Cash and cash equivalents	82,509,689	67,395,526	3,257,470	1,544,591

Cash and cash equivalents include cash on hand and at bank and short-term deposits with a maturity not more than three months. Cash at bank and on hand does not earn interest while short-term deposits interest rates ranges between 1.5% to 2.6%.

14. Finance receivables

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
Gross finance receivables	513,319,814	453,039,938	-	-
Less : Unearned charges	(70,460,760)	(64,945,770)	-	-
Less: Interest in suspense	(5,949,660)	(3,435,484)	-	-
Less : Provision for impairment	(30,354,459)	(22,705,576)	-	-
Net finance receivables	406,554,935	361,953,108	-	-
Current	64,295,798	54,577,364	-	-
Non-Current	342,259,137	307,375,744	-	-
Total	406,554,935	361,953,108	-	-
Non – Current				
Finance receivables	409,910,242	369,900,838	-	-
Unearned charges	(67,651,105)	(62,525,094)	-	-
	342,259,137	307,375,744	-	-

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

14. Finance receivables (continued)

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
Current				
Finance receivables	103,409,572	83,139,100	-	-
Unearned charges	(2,809,655)	(2,420,676)	-	-
Interest in suspense	(5,949,660)	(3,435,484)	-	-
Provision for impairment	(30,354,459)	(22,705,576)	-	-
	64,295,798	54,577,364	-	-
Finance leases included in finance receivables analysed as follows:				
Not later than one year	5,104,022	1,039,555	-	-
Later than one year and not later than five years	24,691,434	18,731,677	-	-
Later than five years	-	-	-	-
	29,795,466	19,771,232	-	-
Less: Unearned charges	(4,888,578)	(2,490,390)	-	-
Net Finance leases	24,906,878	17,280,842	-	-
Analysis of provisions				
Specific provisions (a)	13,196,042	7,212,010	-	-
Portfolio provisions (b)	17,158,417	15,493,566	-	-
	30,354,459	22,705,576	-	-
(a) Specific Provision				
Opening balance	7,212,010	4,913,183	-	-
Net increase in provisions	4,340,065	3,615,489	-	-
Transfer from / (to) general provision	1,968,229	-	-	-
Bad debts written off	(324,262)	(1,316,662)	-	-
Closing balance	13,196,042	7,212,010	-	-
(b) Portfolio Provision				
Opening balance	15,493,566	13,429,632	-	-
Increase in provisions	3,818,186	4,427,601	-	-
Transfer from / (to) specific provision	(1,968,229)	-	-	-
Bad debts written off	(185,106)	(2,363,667)	-	-
Closing balance	17,158,417	15,493,566	-	-

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

14. Finance receivables (continued)

Analysis of finance receivables by industry

	Consolidated – 2015		Consolidated – 2014	
	%	K'000	%	K'000
Agriculture	1%	4,683	1%	3,701
Mining	3%	14,090	3%	13,730
Manufacturing	2%	12,342	3%	13,731
Forestry and saw-milling	2%	10,386	2%	9,509
Civil contracting	11%	56,445	14%	62,903
Building and construction	11%	55,197	11%	48,654
Real Estate	4%	20,384	3%	11,855
Wholesale / Retail	9%	43,672	5%	23,706
Transport and storage	32%	166,656	36%	161,822
Professional and business services	10%	50,146	6%	29,044
Private and self employed	12%	64,006	11%	47,871
Other	3%	15,313	5%	26,514
	100%	513,320	100%	453,040

15. Other receivables

	Consolidated		Company	
	2015	2014	2015	2014
	K	K	K	K
Current				
Amounts owed by related corporations	-	-	10,858,722	14,447,813
Dividend withholding tax receivable	2,716,188	2,096,114	2,981,301	2,096,114
Other debtors and prepayments	6,106,540	6,367,768	150,914	1,850,566
	8,822,728	8,463,882	13,990,937	18,394,493

The amounts owed from related corporation relate to intercompany receivable from various subsidiaries. Refer to Note 27 (c). These intercompany balances are interest free and repayable on demand.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

16. Investments

		Consolidated		Company	
		2015	2014	2015	2014
		K	K	K	K
(i) Held-to-maturity investments					
Non-current					
Held-to-maturity investments	(a)	7,726,916	7,469,873	5,048,219	5,046,712
(ii) Available-for-sale investment					
Non-current					
Available-for-sale financial assets	(b)	86,469	81,426	33,600	33,600
(iii) Investment in associate					
Non-current					
Equity accounted investee	(c)	15,636,338	14,074,648	15,636,338	14,074,648
(iv) Other investments					
Non-current					
Investments in subsidiaries	(d)	-	-	346,431,487	360,629,112
Financial assets designated at fair value through profit and loss	(e)	297,858,577	287,882,658	297,858,577	287,882,658
		297,858,577	287,882,658	644,290,064	648,511,770
(v) Other deposits					
Current					
Other short-term deposits	(f)	11,984,612	8,774,901	37,167,793	19,918,023

(a) Held-to-maturity investments

- (1) The government and semi-government securities consist of stocks and bonds of Fiji semi-government institutions held by Credit Corporation (Fiji) Limited which earn interest rates of between 5.45% and 8.00% per annum. (2014: between 5.45% and 8.00% per annum). Interest is paid on a quarterly basis. The balance including accrued interest as at 31 December 2015 is K2,678,697 (2014: K2,423,161).
- (2) In June 2009, Credit Corporation (PNG) Limited (CCP) subscribed for a 10-year, fixed rate (11%), unsecured, subordinated K5 million Bank of South Pacific (BSP) note. The interest is payable half yearly on 29 May and 29 November. The balance including accrued interest as at 31 December 2015 is K5,048,219 (2014: K5,046,712).

(b) Available-for-sale financial assets

The Company purchased shares in Credit & Data Bureau (K\$33,600) in 2008. As of 31 December 2015, the unlisted shares acquired by Credit Corporation (Fiji) Limited amounted to F\$37,500 (K\$2,869).

(c) Equity-accounted Investee

Credit Corporation (PNG) Limited has an associate that is material to the Group which is equity accounted. The Group owns 25% (2014: 25%) of the issued shares of Capital Insurance Group (its principal place of business is Papua New Guinea) and has determined that it has significant influence because it has representation on the board of the investee but does not have a controlling vote. At 31 December 2015, the investment was valued at K15,636,338 (2014: K14,074,648).

The Group and Company's share of profit after tax in Capital Insurance Group for the year was K1,561,691 (2014: K4,047,976). During the year 2015 the Group and Company received K249,000 (2014: Nil) dividend from the Capital Insurance Group.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

16. Investments (continued)

(c) Equity-accounted Investee (continued)

Capital Insurance Group financial statements:

Year	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities	Net Assets	Income	Expenses	Profit/(loss)
2015	106,408,646	33,782,905	140,191,551	75,206,482	9,222,454	84,428,936	55,762,615	24,600,520	15,799,204	8,801,316
2014	71,790,170	43,612,168	115,402,338	44,769,908	14,333,839	59,103,747	56,298,591	55,538,584	43,446,854	12,091,730

(d) Subsidiaries

	Country	Ownership	2015 K	2014 K
Credit Corporation Finance Limited	PNG	100%	90,000,000	104,000,000
Credit House Limited	PNG	100%	44,916,422	50,329,713
Era Dorina Limited	PNG	100%	137,106,519	141,659,192
Era Matana Limited	PNG	100%	4,558,546	4,640,207
Credit Corporation (Fiji) Limited	Fiji	100%	46,600,000	38,000,000
Credit Corporation (Vanuatu) Limited	Vanuatu	100%	4,000,000	4,000,000
Credit Corporation (SI) Islands	Solomon Islands	100%	19,250,000	18,000,000
			<u>346,431,487</u>	<u>360,629,112</u>

Fair values of Credit House Limited, Era Dorina Limited and Era Matana Limited were determined based on present value of expected cash flows, having regard to current market environment and competitive position of individual companies and adjusted by fair values of non-core assets and liabilities. The discount rates used were 11.04% and 10%.

Fair values of investments in other subsidiaries were determined based on P/E multiples of comparable businesses, having regard to sustainable long term earnings estimated for each individual company, current market environment and competitive position of individual companies. The P/E multiples used ranged from 2.5 to 7.5.

(e) Financial assets designated at fair value through profit & loss

Credit Corporation (PNG) Limited owns 8.30% (2014: 8.69%) of the issued shares in Bank of South Pacific Limited (BSP). As 31 December 2015, the investment was valued at market value amounting to K291,290,498 (2014: K280,580,452).

The increase in market value of K13,303,036 (2014: K34,420,463 loss) resulting from the revaluation of listed shares investment is recorded in the profit and loss account.

In addition, Credit Corporation (PNG) Limited owns listed shares of other entities designated as financial assets at fair value through profit and loss. The summary of listed shares is presented below.

Listed Shares	% Held	No. of shares	2015		No. of Shares	2014	
			Fair Value K	Fair Value Gain/(loss) K		Fair Value K	Fair Value Gain/(loss) K
Bank of South Pacific Limited	8.30%	38,838,733	291,290,498	14,100,723	39,296,982	280,580,452	(32,998,433)
Airlines PNG Limited	0.66%	2,000,000	660,000	-	2,000,000	660,000	(40,000)
City Pharmacy Limited	1.57%	1,953,544	2,598,214	(214,890)	1,953,544	2,813,103	(1,015,843)
Kina Asset Management Ltd	8.13%	3,893,960	3,309,866	(582,797)	3,829,103	3,829,103	(366,187)
			<u>297,858,578</u>	<u>13,303,036</u>		<u>287,882,658</u>	<u>(34,420,463)</u>

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

16. Investments (continued)

(e) Financial assets designated at fair value through profit & loss (continued)

Sensitivity analysis

	Effect on profit or loss and equity increase / (decrease)	
	2015 (K'000)	2014 (K'000)
Increase of 10% in share prices	29,786	28,788

A decrease in share prices would have the opposite effect to profit or loss.

Other deposits

(f) (1) Credit Corporation Finance Limited held other deposits in Bank of Papua New Guinea bills which earn interest of 7.4%, Moniplus Heduru Moni Limited which earned interest of 5.5% and Resources and Investment Finance Limited which earns interest of 2.3%. The balance including accrued interest as at 31 December 2015 is K11,984,612 (2014: K8,774,901).

(2) Credit Corporation (PNG) Limited has investments in short-term deposits with Credit Corporation Finance Limited which earn interest of between 1.82% to 2.75%. The balance including accrued interest as at 31 December 2015 is K37,167,793 (2014: K19,918,023).

17. Property, plant and equipment

Consolidated	Buildings & Capital WP K	Furniture & Fittings K	Motor Vehicles K	Office Equipment K	Total K
Cost					
At 1 January 2014	13,807,919	8,742,579	3,451,098	4,518,581	30,520,177
Additions	486,778	623,085	1,174,643	317,811	2,602,317
Disposals/ Transfers	-	-	(766,182)	-	(766,182)
Effect of exchange variances	175,447	24,900	3,264	12,014	215,625
At 31 December 2014	14,470,144	9,390,564	3,862,823	4,848,406	32,571,937
At 1 January 2015	14,470,144	9,390,564	3,862,823	4,848,406	32,571,937
Additions	1,196,635	415,610	925,242	875,666	3,413,153
Disposals/ Transfers	(224,342)	-	(377,032)	(696,461)	(1,297,835)
Effect of exchange variances	970,483	65,814	177,614	127,701	1,341,612
At 31 December 2015	16,412,920	9,871,988	4,588,647	5,155,312	36,028,867
Depreciation					
At 1 January 2014	705,653	4,165,182	1,882,286	2,655,804	9,408,925
Charge for the year	175,710	635,925	669,575	808,388	2,289,598
Disposals/ Transfers	-	-	(617,883)	-	(617,883)
Effect of exchange variances	(2,928)	4,069	29,806	(424)	30,523
At 31 December 2014	878,435	4,805,176	1,963,784	3,463,768	11,111,163

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

17. Property, plant and equipment (continued)

Consolidated (continued)	Buildings & Capital WP K	Furniture & Fittings K	Motor Vehicles K	Office Equipment K	Total K
At 1 January 2015	878,435	4,805,176	1,963,784	3,463,768	11,111,163
Charge for the year	175,239	786,246	678,615	699,481	2,339,581
Disposals/ Transfers	(215,677)	-	(362,460)	(669,559)	(1,247,696)
Effect of exchange variances	55,428	31,780	71,896	93,491	252,595
At 31 December 2015	893,425	5,623,202	2,351,835	3,587,181	12,455,643

Carrying amounts

At 1 January 2014	13,102,267	4,577,396	1,558,811	1,862,777	21,111,251
At 31 December 2014	13,591,709	4,585,388	1,899,039	1,384,637	21,460,773
At 31 December 2015	15,519,495	4,248,786	2,236,812	1,568,131	23,573,224

Company	Buildings & Capital WP K	Motor Vehicles K	Office Equipment K	Total K
Cost				
At 1 January 2014	3,736,885	959,513	1,179,392	5,875,790
Additions	478,864	95,899	58,571	633,334
Disposals	-	(80,276)	-	(80,276)
At 31 December 2014	4,215,749	975,136	1,237,963	6,428,848
At 1 January 2015	4,215,749	975,136	1,237,963	6,428,848
Additions	280,685	-	-	280,685
Disposals	-	(116,272)	-	(116,272)
At 31 December 2015	4,496,434	858,864	1,237,963	6,593,261

Depreciation

At 1 January 2014	139,572	803,768	841,713	1,785,053
Charge for the year	66,458	74,307	83,217	223,982
Disposals	-	(80,273)	-	(80,273)
At 31 December 2014	206,030	797,802	924,930	1,928,762
At 1 January 2015	206,030	797,802	924,930	1,928,762
Charge for the year	72,611	64,986	82,818	220,415
Disposals	-	(116,272)	-	(116,272)
At 31 December 2015	278,641	746,516	1,007,748	2,032,905

Carrying amounts

At 1 January 2014	3,597,313	155,745	337,679	4,090,737
At 31 December 2014	4,009,719	177,334	313,033	4,500,086
At 31 December 2015	4,217,793	112,348	230,215	4,560,356

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

18. Investment property

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
Balance as at 1 January	279,604,548	272,527,088	-	-
Revaluation	(18,562,173)	(14,024,399)	-	-
Transfer to property, plant and equipment	-	-	-	-
Acquisitions	33,206,465	21,101,860	-	-
Balance as at 31 December	294,248,840	279,604,548	-	-

Investment properties are land and buildings held for long-term investments. The carrying amount of the following investment properties is the fair value of the properties as determined by management.

Investment Property	Valuation Basis	Valuer	Valuation Date	Value as at 31 December 2015
Era Dorina	Discounted Cash Flows	Directors valuations	31 December 2015	185,770,000
Credit House	Market capitalisation	GDA Pacific Valuers	31 December 2015	50,620,000
Era Matana	Discounted Cash Flows	Directors valuations	31 December 2015	57,858,840

Fair values were determined using present value cash flows, having regard to current market characteristics for similar properties located in Papua New Guinea. In the current year, the directors assessed that the carrying value of the investment properties are fairly stated.

Measurement of fair value, fair value model and significant unobservable inputs

Information about how the fair values of the Group's investment properties are determined (in particular, the valuation method(s) and inputs used) is detailed as follows:

Discounted Cash Flows is fair valuation model which considers the present value of net cash flows to be generated from the property. The expected net cash flows are discounted using risk-adjusted market discount rates adjusted for the certain market factors such as the physical deterioration of the property and its location (prime vs. secondary). Key unobservable inputs include the risk-adjusted discount rates and market lease rates.

Market capitalisation is a fair valuation model which considers the present value of net cash flows to be generated from the property. The expected net cash flows are discounted using risk-adjusted market capitalisation rates adjusted for the certain market factors such as the physical deterioration of the property and its location (prime vs. secondary). Key unobservable input includes the risk-adjusted market capitalisation rates (12% in 2015) and market lease rates. The Group decided to use market capitalization approach based on external valuation available as at 2015 year end.

Fair value hierarchy

The fair value measurement for investment properties of K294 million have been categorised at Level 3 fair value, as the inputs to the valuation techniques used made reference to significant unobservable inputs such as risk-adjusted capitalisation rates and market rental rates. Significant key unobservable inputs used include the risk adjusted market discount rate of 11.04%. Accordingly, an increase in market lease rental rates and / or a decrease in the discount rate and / or decrease capitalization rate would increase the fair value of the properties. A decrease in market lease rates and / or an increase in discount rate and/or increase capitalization rate would decrease the fair value of the properties. A sensitivity analysis is provided on the following page.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

18. Investment property (continued)

Sensitivity analysis

	Effect on profit or loss increase / (decrease)	
	2015 (K'000)	2014 (K'000)
Increase of 1% in risk adjusted discounted rates	(21,132) *	(10,981)
Increase of 1% in market capitalisation rate	(4,193) **	-
10% increase in market lease rentals	40,616	35,943

* impact on the fair value of Era Matana and Era Dorina

** impact on the fair value of Credit House

A decrease in any of the above unobservable inputs would have the opposite effect to profit or loss.

19. Trade and other payables

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
Interest accrued on deposits	-	294,746	-	-
Rental bonds payable	1,885,594	1,831,784	-	-
Rental income in advance	565,500	585,377	-	-
Payables related to construction of investment property	7,535,020	-	-	-
Other creditors and accrued expenses	7,807,619	6,946,571	2,997,207	534,481
	17,793,733	9,658,478	2,997,207	534,481

20. Deposits and borrowings

Non-current

Interest bearing deposits	(a)	40,716,755	31,345,921	-	-
		40,716,755	31,345,921	-	-

Current

Secured bank loans - note 20, (b)		31,249,136	17,583,907	-	-
Interest bearing deposits	(b)	305,086,104	259,741,168	-	-
		336,335,240	277,325,075	-	-
Total Deposits and Borrowings		377,051,995	308,670,996	-	-

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

20. Deposits and borrowings (continued)

(a) Interest bearing deposits

Interest bearing deposits are subject to fixed interest rates and payable on maturity. Non-current portion of K40,716,755 are repayable within 2 years.

(b) The current secured bank loans were granted to Era Matana and Era Dorina

The loan granted to Era Matana of K16,147,636 as at 31 December 2015 is scheduled to be repaid in monthly installments of K471,200 (including interest) to 2030. The loan granted to Era Dorina of K15,101,499 as at 31 December 2015 is scheduled to be repaid in monthly installments of K307,600 to 14 April 2022.

The bank may at any time vary the amount or timing of any repayment installment for both loans.

(c) Bank Facilities and Security

Interest bearing deposits and borrowings include:

- i. Credit Corporation (Fiji) Limited has a bank overdraft facility of K4,229,522 million (2014:K7.7 million) with Bank of South Pacific Limited. Interest is charged at 6% per annum. The facility is secured by a first registered fixed and floating charge over all the assets and undertakings of Credit Corporation (Fiji) Limited including uncalled and unpaid capital and first registered mortgage over CT 6618 being freehold property at Gorrie Street, Suva. As at 31 December 2015 this facility has not been used.
- ii. Credit Corporation (Vanuatu) Limited has a bank overdraft facility of K2.5 million (2014:K2.5 million) with National Bank of Vanuatu at 9.25% interest per annum. The facility is secured by first registered mortgage over all assets and undertakings of Credit Corporation (Vanuatu) Limited including uncalled and unpaid capital and with limited guarantee and indemnity from Credit Corporation (PNG) Limited for K2.5 million. As at 31 December 2015 this facility has not been used.
- iii. Credit Corporation Finance Limited has a bank overdraft facility with Bank South Pacific Limited of K10 million at 31 December 2015 (2014: K10 million). The interest rate on the facility is the bank's indicator lending rate of 11.20% minus a margin of 4.95% per annum. This facility is secured by a K10 million guarantee (joint and several) by Credit House and Credit Corporation (PNG) Limited. As at 31 December 2015 this facility has not been used.
- iv. Era Dorina Limited has an advance facility from Bank of South Pacific Limited of K18 million at a variable interest rate of 11.20% minus a margin of 4.95% p.a. The loan is secured by a registered equitable mortgage over the fixed and floating assets of Era Dorina Limited, first registered mortgage over Allotment 33 Section 34, Granville, Port Moresby, first registered mortgage over Portion 2259, being Allotment 27 Section 34, Granville, Port Moresby, first registered Mortgage over Lots 2,3 and 8 Section 45, Granville, Port Moresby known as "Credit House", deed of guarantee and indemnity for K49.5 million by Credit House Limited and a first registered equitable mortgage over the fixed and floating assets of Credit House Limited.

Era Matana Limited has a facility limit from Bank of South Pacific Limited of K50 million at a variable interest rate of 11.20% minus a margin of 4.95% p.a. The loan is secured by a first registered fixed and floating charge over the whole of the company's assets and undertakings including called but unpaid and called capital, first registered mortgage over Allotment 22, Section 33, Granville, Port Moresby known as "Era Matana" and a deed of guarantee and indemnity for K50 million by Era Dorina Limited and Credit Corporation PNG Limited

- v. Credit Corporation (SI) Limited has a bank overdraft facility with Bank South Pacific Limited of K1 million (2014:K1.0 million). Interest rate on the overdraft facility is the bank's indicator lending rate of 14.5% p.a. minus 5.75%. This facility is secured by an unlimited amount of guarantee by Credit Corporation PNG Limited, registered equitable mortgage over the whole of Credit Corporation (SI) Limited company assets and undertaking including uncalled capital and first registered charged over residential property under purchase as described in parcel number 191-009-16 situated at Tavioa. As at 31 December 2015 this facility has not been used.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

21. Employee benefits

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
Long service leave	1,236,522	942,842	53,886	44,175
Annual leave	968,052	592,081	69,300	25,518
Others	489,130	397,400	-	-
	2,693,704	1,932,323	123,186	69,693

22. Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 31 December 2015 and 2014 are attributable to the items detailed in the tables below:

	2015			2014		
	Asset K	Liability K	Net K	Asset K	Liability K	Net K
(a) Consolidated						
Property, plant and equipment	82,166	(23,438,977)	(23,356,811)	51,937	(27,700,818)	(27,648,881)
Employee benefits	728,544	-	728,544	398,487	(13,696)	384,791
Provision for impairment – finance receivables	7,058,841	-	7,058,841	3,686,232	-	3,686,232
Other items	80,425	(209,685)	(129,260)	1,680,697	(190,196)	1,490,501
Net tax assets/ (liabilities)	7,949,976	(23,648,662)	(15,698,686)	5,817,353	(27,904,710)	(22,087,357)
(b) Company						
Property, plant and equipment	-	(679)	(679)	-	(1,543)	(1,543)
Employee benefits	36,956	-	36,956	20,908	-	20,908
Other items	9,625	(12,463)	(2,838)	10,110	(5,907)	4,203
Net tax assets/ (liabilities)	46,581	(13,142)	33,439	31,018	(7,450)	23,568

23. Share capital

	Consolidated & Company	
	2015 K	2014 K
Issued ordinary share capital		
316,627,112 shares in issue at 1 January 2015	27,154,232	30,110,208
Shares repurchased during the year 1,661,063 (2014: 1,104,083)	(4,412,964)	(2,955,976)
314,966,049 shares in issue at 31 December 2015	22,741,268	27,154,232

In accordance with the provisions of the Companies Act 1997 the shares do not have a par value. All issued shares are fully paid.

In accordance with the provisions of the Constitution, the Board of Directors of the Company may issue shares as it thinks fit so long as it does not create a controlling interest in the Company and subject to complying with the requirements of Port Moresby Stock Exchange Listing Rules.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

24. Reserves

		Consolidated		Company	
		2015	2014	2015	2014
		K	K	K	K
Asset revaluation reserve	(a)	88,609,664	101,603,185	249,469,597	263,667,222
Asset realisation reserve	(b)	1,328,824	1,328,824	149,294	149,294
Exchange fluctuation reserve	(c)	(636,421)	(7,462,546)	-	-
General reserve	(d)	266,886,002	253,582,966	266,886,002	253,582,966
		356,188,069	349,052,429	516,504,893	517,399,482
(a) Asset revaluation reserve					
Balance at 1 January		101,603,185	111,420,264	263,667,222	322,173,153
Surplus/(deficit) on revaluation of properties		(18,562,173)	(14,024,399)	-	-
Tax effect on revaluation of properties		5,568,652	4,207,320	-	-
Surplus/(deficit) on revaluation of investments		-	-	(14,197,625)	(58,505,931)
Balance at 31 December		88,609,664	101,603,185	249,469,597	263,667,222
(b) Asset realisation reserve					
Balance at 1 January		1,328,824	1,328,824	149,294	149,294
Transfer from retained earnings		-	-	-	-
Balance at 31 December		1,328,824	1,328,824	149,294	149,294
(c) Exchange fluctuation reserve					
Balance at 1 January		(7,462,546)	(9,362,495)	-	-
Translation adjustment		6,826,125	1,899,949	-	-
Balance at 31 December		(636,421)	(7,462,546)	-	-
(d) General reserve					
Balance at 1 January		253,582,966	288,061,235	253,582,966	288,061,235
Transfer (to)/from retained earnings		13,303,036	(34,478,269)	13,303,036	(34,478,269)
Balance at 31 December		266,886,002	253,582,966	266,886,002	253,582,966

Asset revaluation reserve

The asset revaluation reserve relates to the revaluation of property, plant and equipment prior to its reclassification as investment property and revaluation of investments in subsidiaries.

Asset realisation reserve

The asset realisation reserve represents profits on sale of fixed assets over the cost.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

General Reserve

The General reserve represents amounts of net gains on long-term investments transferred from the profit and loss account.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

25. Employee benefit plans

The Group contributed to superannuation funds which are defined contribution plans, whereby employees contribute certain legislated percentage of their salary to the fund and the Group contributes a certain percentage of each member's salary as allowed by law. During 2015, the Group expensed K1,221,678 (2014: K808,105) in contributions payable.

26. Commitments and contingencies

Commitments

The Group expects a capital outlay of K21 million for the completion of the Era Matana property development project. The total project cost is K81.2 million. A further K7 million is expected for the acquisition of various plant and equipment for its Properties Division. There are no other capital commitments as at 31 December 2015

Contingencies

The Company and its subsidiaries have provided various assets as security to the bank facilities provided to the Group (refer Note 20(c)). Other than the above, there are no contingencies as at 31 December 2015.

27. Related party transactions

(a) Interest register

The following are interests recorded in the Register for the year.

Name: Garth McIlwain Nature of Interest: Director	Companies Credit Corporation (PNG) Limited, Credit Corporation Finance Limited, Credit Corporation (Fiji) Limited, Credit Corporation (SI) Limited, Credit Corporation (Vanuatu) Limited, Era Dorina Limited, Credit House Limited, Era Matana Limited and East New Britain Properties Limited.
Name: Garth McIlwain Nature of Interest: Trustee	RSL PNG Education and Memorial Trust and Janie Moala Trust
Name: John Dunlop Nature of Interest: Director	Companies Credit Corporation (PNG) Limited, Credit Corporation Finance Limited, Credit Corporation (Fiji) Limited, Era Dorina Limited, Credit House Limited, Era Matana Limited, Steamships Trading Company Limited, CPL Group Limited, Hardware Haus Ltd and Mainland Holdings Limited.
Name: Robert Allport Nature of Interest: Director	Companies Credit Corporation (PNG) Limited, Credit Corporation Finance Limited, Credit Corporation (Fiji) Limited, Credit Corporation (SI) Limited, Credit Corporation (Vanuatu) Limited, Era Dorina Limited, Credit House Limited, Era Matana Limited, Capital Insurance Group, Credit & Data Bureau Limited and Dominion Insurance Group (Fiji).
Name: Michael Koisen Nature of Interest: Director	Companies Credit Corporation (PNG) Limited, Credit Corporation Finance Limited, Era Dorina Limited, Credit House Limited, Era Matana Limited, Capital Insurance Group Limited, Independent Public Business Corporation and Dominion Insurance Group (Fiji)
Name: Michael Koisen Nature of Interest: Chief Executive	Company Teachers Savings and Loan Society Ltd.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

27. Related party transactions (continued)

(a) Interest register (continued)

Name: Ian Tarutia Nature of Interest: Director	Companies Credit Corporation (PNG) Limited, Credit Corporation Finance Limited, Era Dorina Limited, Credit House Limited, Era Matana Limited, Nasfund Contributors Savings & Loan Society, East New Britain Properties Limited, Air Niugini and Federation of Savings and Loan Societies Limited.
Name: Ian Tarutia Nature of Interest: Chief Executive	Company National Superannuation Fund
Name: Sir Wilson Kamit Nature of Interest: Director	Companies Credit Corporation (PNG) Limited, Credit Corporation Finance Limited, Era Dorina Limited, Credit House Limited, Era Matana Limited, PNG Sustainable Development Program Limited, InterOil Corporation, Kamit Consultancy Limited, PNG Microfinance Limited and Kam Child Limited.
Name: Professor Albert Mellam Nature of Interest: Director	Companies Credit Corporation (PNG) Limited, Credit Corporation Finance Limited, Era Dorina Limited, Credit House Limited, Era Matana Limited, Nambawan Super Limited, Brian Bell Group of Companies and Investment Promotion Authority – Papua New Guinea.
Name: Professor Albert Mellam Nature of Interest: Vice Chancellor and Chief Executive	Organisation University of Papua New Guinea.

(b) Transactions with Directors and key management personnel

(i) Shareholdings of Directors and interested parties in Credit Corporation (PNG) Limited

	2015	2014
Michael Koisen, a Director of the Company, is the Chief Executive Officer of Teachers Savings and Loan Society Limited that holds shares as follows:	48,613,500	48,613,500
Ian Tarutia, a Director of the Company, is the Joint Chief Executive Officer of National Superannuation Fund Limited that holds shares as follows:	62,099,367	62,099,367
Garth McIlwain, a Director of the Company holds shares as follows:	8,779,066	8,779,066

(ii) Remuneration of Directors

	2015 K	2014 K
Garth McIlwain	150,000	112,500
Michael Koisen	128,000	82,500
Ian Tarutia	30,000	82,500
John Dunlop	130,000	104,426
Wilson Kamit	130,000	82,500
Albert Mellam	130,000	82,500
Robert Allport (CEO)	-	-
	698,000	546,926

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

27. Related party transactions (continued)

(b) Transactions with Directors and key management personnel (continued)

(ii) Remuneration of Directors (continued)

Chief Executive Officer receives no fees for his services as Director during the year. The remuneration as Chief Executive Officer has been included in the remuneration of key management personnel.

Director fees for Ian Tarutia was paid directly to the Company (National Superannuation Fund Limited (2015 and 2014)) he represents.

(iii) Remuneration of key management personnel

The number of management staff whose remuneration, including salaries and benefits (superannuation, accommodation, leave fares, insurance, school fees, club subscriptions and related entitlements), was within the specified bands as follows:

	2015	2014
270,000 – 279,999	1	1
630,000 – 639,999	1	1
670,000 – 679,999	-	1
690,000 – 699,999	1	-
720,000 – 729,999	-	1
740,000 – 749,999	1	-
920,000 – 929,999	1	-
1,000,000 – 1,009,999	-	1
1,160,000 – 1,169,999	1	-
1,210 000 – 1,219,999	-	1
1,740,000 – 1,749,999	-	1
1,760,000 – 1,769,999	1	-

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

27. Related party transactions (continued)

(b) Transaction with Directors and key management personnel (continued)

(iv) Key Management personnel compensation

Key management personnel compensation are as follows;

	Note	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
		2015 K	2014 K	2015 K	2014 K
Short term benefits	(i)	6,058,131	6,246,379	786,700	260,362
Long term benefits	(ii)	140,511	48,000	419,936	646,189
		6,198,642	6,294,379	1,206,636	906,551

- (i) Short-term employee benefits includes wages, salaries, paid annual leave, superannuation, bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;
- (ii) Long-term employee benefits include only long-service leave.

(v) Other transactions with Directors and key management personnel

The aggregate value of transactions and outstanding balances related to Directors and key management personnel were as follows:

Related Party	Transaction	Note	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
			2015 K	2014 K	2015 K	2014 K
Management personnel	Personal Loan	(i)	446,046	19,648	679,624	233,578
Director	Deposit	(ii)	(89,239)	-	(193,244)	(104,005)
Total			356,807	19,648	486,380	(129,573)

Note: Balances with brackets indicate a payable balance.

- (i) Staff are entitled to personal loans from Credit Corporation Finance Limited up to a maximum of 25% of the gross annual salary at an interest rate of 8% to 10% per annum.
- (ii) A non-interest bearing deposit with Credit Corporation Finance Limited.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

27. Related party transactions (continued)

(c) Transaction with subsidiaries

All the transactions are in the normal course of business and on normal commercial terms and conditions and repayable on demand. Except for the finance loans from Credit Corporation Finance Limited, all the other transactions are unsecured.

Transaction	Note	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
		2015 K	2014 K	2015 K	2014 K
Management fee	(i)	1,000,000	1,000,000	-	1,250,000
Guarantee fee	(ii)	37,003	32,650	-	-
Interest bearing deposit	(iii)	529,293	264,360	37,166,238	19,918,023
Dividends	(iv)	25,834,118	35,354,523	-	-
Other	(v)	12,340,531	13,397,461	12,340,531	13,197,813

- (i) Management fees paid by Credit Corporation Finance Limited (K1,000,000) to Credit Corporation (PNG) Limited annually.
- (ii) Guarantee fees paid by Credit Corporation (Solomon Islands) Limited (SBD100,000) per annum. Credit Corporation (PNG) Limited did not receive management fees from Credit Corporation (Vanuatu) Limited.
- (iii) Credit Corporation (PNG) Limited invested the excess funds from dividends, management & guarantee fees, in a 1-year deposit with Credit Corporation Finance Limited at a range of 1.820% to 2.750% interest per annum. The Interest earned during 2015 was K529,293 (2014: K264,360).
- (iv) Dividends received from all the subsidiary companies except Era Matana Limited.
- (v) Provisional tax offset on dividend withholding tax credits owing to Credit Corporation (PNG) Limited. Also includes amount owing by subsidiary company Era Matana Limited.

(d) Other related party transactions

- (i) The associate company of Credit Corporation (PNG) Limited, Capital General Insurance, has interest bearing deposit accounts amounting to K8,464,298 as at 31 December 2015 (2014: K4,329,494) at 3.25% to 5.00% per annum with Credit Corporation Finance Limited. The net interest paid was K291,198 (2014: K85,009).
- (ii) Directors and entities have interest bearing deposits with the Group at commercial rates prevailing at the time of the deposit.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

28. Financial Instruments

(a) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
Held-to-maturity investments	7,726,916	7,469,873	5,048,219	5,046,712
Available-for-sale financial assets	86,469	81,426	33,600	33,600
Finance receivables (net)	406,554,935	361,953,108	-	-
Other deposits	11,984,612	8,774,901	37,167,793	19,918,023
Other receivables	8,822,728	8,463,882	13,990,937	18,394,493
Cash and cash equivalents	82,509,689	67,395,526	3,257,470	1,544,591
Total	517,685,349	454,138,716	59,498,019	44,937,419

The maximum exposure to credit risk for finance and other receivables (net) at the reporting date by geographic region was:

Papua New Guinea	221,790,196	215,709,056	13,990,937	14,534,304
Fiji	132,686,462	101,587,155	-	-
Solomon Islands	49,301,007	41,562,384	-	-
Vanuatu	11,599,903	11,558,395	-	-
Total	415,377,663	370,416,990	13,990,937	14,534,304

The maximum exposure to credit risk for finance and other receivables at the reporting date by type of counterparty was (in K'000s):

Transport & Storage	133,735	161,822	-	-
Civil Contracting, Building & Construction and Real Estate	121,985	123,411	-	-
Wholesale/ Retail	13,864	23,706	-	-
Others	246,610	152,565	-	14,534
	516,193	461,504	13,991	14,534
Unearned charges	(70,461)	(68,381)	-	-
Doubtful debts	(30,354)	(22,706)	-	-
Total	415,378	370,417	13,991	14,534

Not past due	251,332,237	221,328,937	-	-
Past due 1-30 days	65,841,426	56,778,599	-	-
Past due 31-180 days	77,856,785	73,962,990	-	-
Past due 181-360 days	5,584,029	7,579,679	-	-
Past due more than 1 year	5,940,458	2,302,903	-	-
Total	406,554,935	361,953,108	-	-

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

28. Financial Instruments (continued)

(a) Credit risk (continued)

	Consolidated		Company	
	2015 K	2014 K	2015 K	2014 K
The quality of those not past due is considered to be recoverable based on a specific and portfolio approach to reviewing recoverability.				
The movement in the allowance for impairment in respect of loans and receivables was as follows:				
Balance as at 1 January	22,705,576	18,342,815	-	-
Impairment recognised during the year	8,158,251	8,043,090	-	-
Impairment reversed during the year	(509,368)	(3,680,329)	-	-
Balance as at 31 December	30,354,459	22,705,576	-	-

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

(i) Consolidated

Amounts at 31 December 2015

Non-derivative financial liabilities	Carrying amount	Contracted cash flows	Less than one year	1-2 years	3-5 years	More than 5 years
Secured borrowings	31,249,135	36,669,201	36,669,201	-	-	-
Interest bearing deposits	345,801,304	353,310,394	309,263,611	39,531,344	4,515,439	-
Trade and other payables	17,793,733	17,793,733	17,793,733	-	-	-
Total	394,844,172	407,773,328	363,726,546	39,531,344	4,515,439	-

Amounts at 31 December 2014

Non-derivative financial liabilities	Carrying amount	Contracted cash flows	Less than one year	1-2 years	3-5 years	More than 5 years
Secured borrowings	17,583,907	23,108,723	3,564,276	3,564,276	10,692,828	5,287,343
Interest bearing deposits	291,087,089	297,544,638	263,017,471	21,502,649	12,863,314	161,204
Trade and other payables	9,658,478	9,658,478	9,658,478	-	-	-
Total	318,329,474	324,787,023	274,815,041	23,835,012	21,192,948	4,944,022

(ii) Company

At 31 December 2015, non-derivative financial liabilities, all of which are due within the year were K2,997,207 (2014: K534,481).

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

28. Financial Instruments (continued)

(c) Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Consolidated		Company	
	2015	2014	2015	2014
	K	K	K	K
Fixed rate instruments				
Financial assets (Held-to-maturity investments)	15,650,118	51,416,509	5,048,219	5,046,712
Finance receivables	345,508,718	318,455,994	-	-
Financial liabilities	(345,801,304)	(291,087,089)	-	-
Total net	15,357,532	78,785,414	5,048,219	5,046,712
Variable rate instruments				
Finance receivables	(31,249,135)	66,202,690	-	-
Financial liabilities	117,959,600	(17,583,907)	-	-
Total net	149,208,735	48,618,783	-	-

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

Consolidated	100bp increase		100bp decrease	
	Profit or Loss	Equity	Profit or Loss	Equity
Variable rate instruments				
As at 31 December 2015	1,179,596	-	(1,179,596)	-
As at 31 December 2014	486,188	-	(486,188)	-

Company (not applicable)

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

28. Financial Instruments (continued)

(d) Fair value versus carrying values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Consolidated	Level of FV hierarchy	Fair values		Carrying amounts	
		2015 K	2014 K	2015 K	2014 K
Held to maturity investments	1	7,726,916	7,469,873	7,726,916	7,469,873
Financial assets designated at fair value through profit or loss	1	297,858,577	287,882,658	297,858,577	287,882,658
Available-for-sale financial assets	3	86,469	81,426	86,469	81,426
Other deposits	2	11,984,612	8,774,901	11,984,612	8,774,901
Finance receivables	2	406,554,935	361,953,108	406,554,935	361,953,108
Cash and cash equivalents	1	82,509,689	67,395,526	82,509,689	67,395,526
Secured bank loans	2	(31,249,136)	(17,583,907)	(31,249,136)	(17,583,907)
Interest bearing deposits	2	(345,802,859)	(291,087,089)	(345,802,859)	(291,087,089)
Total		429,669,203	424,886,496	429,669,203	424,886,496
Company					
Held to maturity investments	1	5,048,219	5,046,712	5,048,219	5,046,712
Financial assets designated at fair value through profit or loss	1	297,858,577	287,882,658	297,858,577	287,882,658
Investments in subsidiaries	3	346,431,487	360,629,112	346,431,487	360,629,112
Available-for-sale financial assets	3	33,600	33,600	33,600	33,600
Other deposits	2	37,167,793	19,918,023	37,167,793	19,918,023
Cash and cash equivalents	1	3,257,470	1,544,591	3,257,470	1,544,591
Total		689,797,146	675,054,696	689,797,146	675,054,696

There are no debt markets in the segments the Group operates. Based on history, secondary market transactions for fixed rate instruments have been very minimal and have been at the interest rate implicit in the instrument. As a result, there is no difference in fair value and carrying value of fixed rate instruments.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

28. Financial Instruments (continued)

(e) Fair value hierarchy

Refer Note 4 for details of fair value hierarchy.

	Level 1	Level 2	Level 3	Total
Consolidated:				
31 December 2015				
Held to maturity investments	7,726,916	-	-	7,726,916
Other investments (Financial assets designated at fair value through profit and loss account)	297,858,577	-	-	297,858,577
Available-for-sale investment	-	-	86,469	86,469
Total Assets	305,585,493	-	86,469	305,671,962
31 December 2014				
Held to maturity investments	7,469,873	-	-	7,469,873
Other investments (Financial assets designated at fair value through profit and loss account)	287,882,658	-	-	287,882,658
Available-for-sale investment	-	-	81,426	81,426
Total	295,352,531	-	81,426	295,433,957
Company:				
31 December 2015				
Held to maturity investments	5,048,219	-	-	5,048,219
Other investments (Financial assets designated at fair value through profit and loss account)	297,858,577	-	-	297,858,577
Investment in subsidiaries	-	-	346,431,487	346,431,487
Available-for-sale-investment	-	-	33,600	33,600
Total	302,906,796	-	346,465,087	689,371,883
31 December 2014				
Held to maturity investments	5,046,712	-	-	5,046,712
Other investments (Financial assets designated at fair value through profit and loss account)	287,882,658	-	-	287,882,658
Investment in subsidiaries	-	-	360,629,112	360,629,112
Available-for-sale investment	-	-	33,600	33,600
Total	292,929,370	-	360,662,712	653,592,082

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

28. Financial Instruments (continued)

(e) Fair value hierarchy (continued)

Level 1 investments consist of the finance subsidiaries in the Group. The fair valuation is based on offer for the finance by an independent entity. In the current year, this has been transferred to Level 3 as there were no recent observable arm's length transactions in the shares.

Level 2 investments consist of the finance subsidiaries in the Group. The fair valuation is based on offer for the finance by an independent entity. In the current year, this has been transferred to Level 3 as there were no recent observable arm's length transactions in the shares.

Level 3 investments consist primarily of investment property subsidiaries held at Net Assets Value. The investment properties within the subsidiaries were all valued during the year. The investment properties in the subsidiaries are included within the Group in note 18. Sensitivity analysis of these properties conducted in note 18 would have similar effect on the valuation of the Level 3 subsidiaries above.

29. Operating segments

The Group has eight (8) reportable segments, as described below, which operate under the Group's three (3) strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the reportable segment, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segment:

1. General finance, leasing and hire purchase financing –
 - *Credit Corporation Finance Limited (CC Finance)*
 - *Credit Corporation (SI) Limited (CCSI)*
 - *Credit Corporation (Fiji) Limited (CCFJ)*
 - *Credit Corporation (Vanuatu) Limited (CCVT)*
2. Property investment –
 - *Era Dorina Limited – residential (EDL)*
 - *Credit House – commercial (office spaces) (CHL)*
 - *Era Matana Limited – residential investment block of land (EML)*
3. Investment Company –
 - *Credit Corporation (PNG) Limited (CCPNG)*

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

29. Operating segments (continued)

Information about reportable segments

2015 (K'000)

	CCPNG	CC Finance	CHL	EML	EDL	CCSI	CCFJ	CCVT	Total
Revenue	32,002	33,517	11,274	-	20,832	9,000	20,687	3,677	130,989
Inter-segment revenue	27,434	4,309	975	-	1,185	-	-	-	33,903
Finance costs	-	(6,636)	-	-	-	(1,834)	(3,154)	(406)	(12,030)
Fair value (loss)/gain	13,303	-	(10,545)	-	(8,017)	-	-	-	(5,259)
Depreciation	220	578	91	-	769	87	537	58	2,340
Reportable segment profit before income tax	68,256	10,615	(2,724)	(117)	4,291	4,118	11,728	916	97,083
Share of profit of equity-method investee	1,562	-	-	-	-	-	-	-	1,562
Reportable segment assets	709,304	341,076	55,702	65,265	196,832	54,075	164,182	18,009	1,604,445
Investment in associate	15,636	-	-	-	-	-	-	-	15,636
Reportable segment liabilities	3,120	235,035	10,786	60,706	59,726	38,073	114,591	5,613	527,650

2014 (K'000)

	CCPNG	CC Finance	CHL	EML	EDL	CCSI	CCFJ	CCVT	Total
Revenue	26,158	35,369	12,713	-	25,182	8,117	21,060	4,281	132,880
Inter-segment revenue	37,635	2,256	519	-	633	-	-	-	41,043
Finance costs	-	(4,646)	-	-	-	(1,481)	(2,994)	(91)	(9,212)
Fair value (loss)/gain	(34,420)	-	(4,921)	-	(9,104)	-	-	-	(48,445)
Depreciation	224	503	90	-	752	78	591	52	2,290
Reportable segment profit before income tax	24,429	14,647	3,199	(74)	6,098	4,145	11,222	1,697	65,363
Share of profit of equity-method investee	4,048	-	-	-	-	-	-	-	4,048
Reportable segment assets	697,980	315,599	64,617	30,889	201,655	45,438	120,742	17,735	1,494,655
Investment in associate	14,075	-	-	-	-	-	-	-	14,075
Reportable segment liabilities	765	211,626	14,287	26,249	59,996	31,730	78,351	5,889	428,893

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

29. Operating segments (continued)

Reconciliation of reportable segment revenues, profits or loss, assets and liabilities.

(K'000)	2015	2014
Revenues		
Total revenue for reportable segments	164,892	173,923
Fair value gain/(loss)	(5,259)	(48,445)
Finance costs	(12,030)	(9,212)
Elimination of inter-segment revenue	(33,903)	(41,043)
Net operating income	113,700	75,223
Profit or loss		
Total profit or loss for reportable segments	97,083	65,364
Elimination of inter-segment profit	(28,142)	(35,355)
Share of profit of equity-accounted investee	1,562	4,048
Consolidated profit before tax	70,503	34,057
Assets		
Total assets for reportable segments	1,604,445	1,494,722
Investment in equity-accounted investee	15,636	14,075
Elimination of intercompany balance	(108,770)	(80,794)
Elimination of investment in subsidiaries	(346,431)	(360,628)
Consolidated total assets	1,164,880	1,067,375
Liabilities		
Total liabilities for reportable segments	527,650	428,961
Elimination of intercompany balances	(106,462)	(80,794)
Consolidated total liabilities	421,188	348,167

Geographical segments	Revenue (K'000)		Non-current Assets* (K'000)	
	2015	2014	2015	2014
Papua New Guinea	86,378	46,332	868,916	1,123,464
Fiji	17,533	18,066	147,160	114,247
Solomon Islands	7,166	6,635	51,328	37,471
Vanuatu	3,270	4,190	11,762	9,147
Total	114,347	75,223	1,079,166	1,284,329

*Non-current assets presented consist of property and equipment, finance and other receivables, investment property, other investments and deferred tax assets.

30. Earnings per share

The calculation of basic earnings per share (consolidated) at 31 December 2015 was based on profit attributable to ordinary shareholders of K63,141,533 (2014: K24,522,332), and a weighted average number of ordinary shares outstanding of 316,001,285 (2014: 317,179,154). There is no difference between basic and diluted earnings per share.

31. Events occurring after balance sheet date

There were no events subsequent to the balance sheet date that would either require a disclosure in or adjustment to the financial statements.

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDERS AS AT 31 DECEMBER 2015

	Number	%
NAMBAWAN SUPER LIMITED	63,275,627	20.09%
NATIONAL SUPERANNUATION FUND LIMITED	62,099,367	19.72%
TEACHERS SAVINGS AND LOAN SOCIETY LTD	48,613,500	15.43%
LAMIN TRUST FUND	19,158,710	6.08%
MOTOR VEHICLES INSURANCE LIMITED	17,100,000	5.43%
FEDERATION OF SAVINGS & LOAN SOCIETIES LIMITED	16,621,878	5.28%
GARTH MCILWAIN	8,779,066	2.79%
NGIP AGMARK LIMITED	7,515,551	2.39%
MINERAL RESOURCES STAR MOUNTAINS LIMITED	4,374,011	1.39%
BSP LIFE (FIJI) LIMITED	4,091,838	1.30%
MINERAL RESOURCES OK TEDI NO 2 LIMITED	4,064,848	1.29%
HEDURU MONI LIMITED	3,500,000	1.27%
FINANCE CORPORATION LIMITED	3,190,647	1.16%
CAPUCHIN FRIARS MINOR OF PNG	2,452,214	0.78%
COMRADE TRUSTEE SERVICES LTD	2,082,333	0.75%
KINA NOMINEES LIMITED	2,010,000	0.64%
WEST NEW BRITAIN PROVINCIAL GOVERNMENT		
<TRUST DEED NO 2 A/C	2,000,000	0.72%
DAUGHTERS OF OUR LADY OF SACRED HEART OLSH PROVINCIALATE	1,800,000	0.65%
VADA NO 3 LIMITED	1,625,028	0.52%
PACIFIC MMI INSURANCE LIMITED	1,587,406	0.58%
TOTAL	275,942,024	87.61%

SHAREHOLDING BANDS AS AT 31 DECEMBER 2015

Shareholding	No. of Shareholders	No. of Shares
1 - 1,000	705	363,845
1,001 - 5,000	402	914,742
5,001 - 10,000	309	2,650,437
10,001 - 100,000	235	7,257,167
100,001 and above	84	303,778,911
Total	1,735	314,965,102

SHARE TRADES

Year	No.	Volume
2011	500	13,740,727
2012	528	7,226,532
2013	431	4,878,096
2014	386	16,054,508
2015	695	2,955,858





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CREDIT CORPORATION (FIJI) LIMITED



Peter Dixon

Managing Director

2015 proved to be a very successful year for Credit Corporation (Fiji) Limited with the company continuing to improve on its bottom line performance on the back of a stable Fiji economy. The company recorded an operating profit before tax of F\$8.92 million (K11.73 million) for the year, 13.6% up on the prior year's result. A record net after tax profit of F\$7.12 million (K9.36 million) was recorded for the year, a 10.7% improvement over 2014's result and above expectations.

Despite increased competition through the entry of two new licensed credit institutions, the company's lending volumes for the year exceeded F\$60 million (K84.59 million) for the first time in its history. A major contributing factor to the increase in sales volumes was a focused effort from our sales team, competitive product offerings and responsive customer service across the business.

The company remains in a strong financial position, with total assets of F\$115.6 million (K162.98 million) and shareholder's funds of F\$35.18 million (K49.59 million) as at 31 December 2015. Capital Adequacy ratio stood at 32.6% at year end, well in excess of the Reserve Bank of Fiji's prudential requirement, underlining the financial health of the company.

Despite below average global growth in 2015, data for the Fijian economy indicates that overall economic activity remained quite strong in 2015 and the economy on track to achieve 4% growth for the year. Consumption activity remained buoyant as evidenced by growth in consumer lending and strong consumer spending. Investment activity was solidly driven by strong growth in construction activity.

Sectoral performances were mixed in 2015 with increased activity in tourism, gold, cement and electricity production while sugar, timber and fishing production declined. Certain areas of primary production in Fiji were negatively affected by prolonged drought conditions existing through the year.

The Fiji economy was expected to grow by 3.5% in 2016, however the recent devastation of many parts of Fiji by Cyclone Winston is expected to put a major dampener on growth this year as Fiji recovers. Cyclone Winston's impact on agriculture alone is expected to exceed F\$200 million (K281.97 million), however luckily the main core of tourist industry operations has been spared major damage.

The company's finance book is well provisioned and provisions sufficient to cushion against potential losses which may arise from major shocks such as Cyclone Winston.

Understandably there has been a major slowdown in business immediately post Cyclone Winston, however hopefully this will prove to be a short term situation and business will return to normal by mid 2016.

Peter Dixon

Managing Director



CREDIT CORPORATION (FIJI) LIMITED

(EXTRACTED FROM AUDITED FINANCIAL STATEMENTS)

BALANCE SHEET

	2015 FJD	2014 FJD
Assets		
Cash and cash equivalents	12,073,316	4,494,982
Finance receivables	93,036,663	78,679,971
Investments	1,937,500	1,937,500
Other receivables	1,612,088	1,626,216
Property, plant and equipment	6,951,320	7,209,154
Intangible assets	27,386	58,470
Total assets	115,638,273	94,006,293
Liabilities		
Other payables	739,967	683,618
Employee entitlements	564,375	473,626
Deposits from customers	79,158,759	59,610,092
Total liabilities	80,463,101	60,767,336
Net assets	35,175,172	33,238,957
Shareholders' equity		
Share capital	2,150,000	2,150,000
Share premium reserve	1,300,000	1,300,000
Capital profits reserve	633,814	633,814
Retained earnings	31,091,358	29,155,143
Total shareholders' equity	35,175,172	33,238,957
Retained Earnings		
Net Profit After Tax	7,119,731	6,433,516
Retained earnings at the beginning of the year	29,155,143	32,173,305
Dividends paid	(5,183,516)	(9,451,678)
Retained earnings at the end of the year	31,091,358	29,155,143

Board of Directors

Garth McIlwain
John Dunlop
Lionel Yee
Abigail Erica Chang
Robert Allport
Peter Dixon



Tony Langston

Managing Director

Credit Corporation (SI) Limited reported yet another profitable year in 2015, earning an operating profit before tax of SBD11.13 million (K4.12 million), slightly down by 3.42% compared to 2014 result of SBD11.52 million (K4.26 million) and below budget by 25%.

This result was achieved despite some challenges experienced during the year.

Net Operating Income was up by 5.94% to SBD8.64 million (K3.20 million) compared to 2014 and par with budget. This is driven by increase loans written during 2015 which increased by 52% to \$76 million compared to 2014. But despite this growth the increased level of loan provision (both General & Specific) which absorbed 21.69% of our NOI has influenced both our operating profit result and budget. We are gradually making positive progress in addressing this trend.

Total dividend declared and paid in 2015 was SBD5.75 million (K2.13 million). This is a well rewarding return for our shareholders in PNG.

Total operating expenditures is tracking well within the acceptable level, below budget by 8% and slightly increased by 11.63% -due to inflationary factors- to SBD3.8 million (K1.41 million) compared to 2014. Cost to income ratio (exclusive of loan provision) stood at 19.63%.

In terms of industry classification against our loan book, Transport sector continues to dominate the same holding 33%; followed by Distributions, 18%; Forestry, 10%; Construction, 8% and remaining 14 sectors make up 31% respectively.

The overall quality of our loan portfolio is satisfactory and balance sheet remains active.

The level of public confidence in our business is strong. This is evident from increasing volume of investors placing deposits on our Interest Bearing Term Deposit product. The total investment portfolio has increased by 11% to SBD98 million (K38 million) in 2015. The maturity profile for investments is well spread and aligns well with our loan maturity profile.

The level of liquidity floating in the financial system continues to be high resulting in the declining deposit rates in the local market and total credit to private sector continues to fluctuate around SBD2 billion (K773 million) throughout the year (source: CBSI).

We continue to place high focus on Risk and Compliance (Credit, Operation & Governance) issues within our business hence

our operation is fully compliant with Internal, Statutory and Regulatory requirements throughout the years as evident from external and internal audit satisfactory outcomes. Furthermore, the board has appointed Mr Adrian Wickham in October 2015 as non-executive member for CCSI. Mr Wickham has over 30 years experience in the private sector holding various directorship roles with various private sectors and State Own Enterprises in Solomon Islands. He is currently serving as the Managing Director of Soltuna Limited. Mr Wickham comes from Munda, Western Province.

On the domestic economy front, the following commodities continue to dominate the country's export market; Copra, Fish, Logs, Timber and Palm Oil with Logs continue to be the number one foreign exchange earner for Solomon Islands (source: CBSI).

The country's Gross Domestic Product is projected at circa 3% in 2016 and Inflation rate rebounded from minus 4% during second quarter of 2015 to 2.9% in the last quarter of 2015 and expects to gradually lessen over the ensuing periods (source: CBSI).

The country's foreign reserves throughout the year were running above SBD3 billion (K1.159 million) which equates to 10 months import cover (source: CBSI).

To maintain our position as a responsible corporate citizen we continue to avail funds through donations and sponsorships to various selected sports and charitable organisations throughout the year. The end results of our contributions towards community service participation have been very positive.

Going forward, we forecast a 5% growth in our business in 2016 which we believe is reasonable and achievable considering the current economic environment. We have achieved the level of growth we anticipate to date taking into full consideration of the level of existing resources we maintain and the size of our operation.

Credit Corporation is well positioned to continue deliver attractive and competitive financial services to individuals and businesses in Solomon Islands, which we have proved since our inception in Solomon Islands 11 years ago.

All is well; we anticipate another profitable year in 2016.

Tony B. Langston

Managing Director



CREDIT CORPORATION (SI) LIMITED

(EXTRACTED FROM AUDITED FINANCIAL STATEMENTS)

BALANCE SHEET

	2015 SBD	2014 SBD
Assets		
Cash and cash equivalents	7,106,911	7,555,830
Finance receivables	128,390,288	116,259,372
Other receivables	508,689	530,928
Property, plant and equipment	5,247,131	3,335,921
Total assets	141,253,019	127,682,051
Liabilities		
Other payables	2,122,376	890,355
Deposits from customers	97,719,781	88,271,960
Total liabilities	99,842,157	89,162,315
Net assets	41,410,862	38,519,736
Shareholders' equity		
Share capital	20,000,000	20,000,000
Retained earnings	21,410,862	18,519,736
Total shareholders' equity	41,410,862	38,519,736
Retained Earnings		
Net Profit After Tax	8,641,126	9,187,368
Retained earnings at the beginning of the year	18,519,736	15,582,368
Dividends paid	(5,750,000)	(6,250,000)
Retained earnings at the end of the year	21,410,862	18,519,736

Board of Directors

Garth McIlwain
Robert Allport
Tony Langston
Adrian Wickham

CREDIT CORPORATION (VANUATU) LIMITED



David Weston

Managing Director

some growth in 2016, although inflation is forecast to rise in line with these expectations of stronger growth.

While 2015 was not a successful year for Credit Corporation (Vanuatu) Limited we seem to have seen the worst of it and 2016 looks to be a better year as we will be rebuilding and expanding our business, promoting new products, training staff, revisiting clients and targeting well run business in the small to medium size sector.

2015 was an extremely challenging year for Credit Corporation (Vanuatu) Limited, with the company returning an operating profit of Vatu 35.35 million (K955,820) for the year, a 44% decrease on the prior year result.

During March 2015, Tropical Cyclone Pam, a category 5 cyclone devastated Vanuatu. Very few business escaped unscathed and it will be some years until the country fully recovers from the devastation caused. Although the business sector is recovering, it is a slow process. Credit Corporation has moved quickly to assist our clients on a case by case basis and hopefully with this assistance their business will return to normal as quickly as possible.

All areas of the Vanuatu economy are under pressure with many hotels still to reopen and as a follow on tourism numbers are significantly down on previous years. It is hoped that with more and more hotels reopening and the airport being brought up to international standard the economy will start to improve.

As a result of the cyclone, our arrears are a concern. However processes were put in place during the year to manage and improve on this difficult situation and our portfolio is adequately provisioned. Operational expenses have been well controlled in 2015 and although the company loan book reduced in 2015 the company remains in a strong financial position with total assets of Vatu 665.98 million (K18 million) and shareholders' funds of Vatu 458.43 million (K12 million) as at 31 December 2015.

It is hoped that the Vanuatu economy will continue to record positive growth as the global economy improves and the country's recovery continues. The bulk of this rebuilding is being funded by development partners. Several large infrastructure projects are getting underway and tourism and agriculture are slowly recovering so there should be

David Weston

Managing Director



CREDIT CORPORATION (VANUATU) LIMITED

(EXTRACTED FROM AUDITED FINANCIAL STATEMENTS)

BALANCE SHEET

	2015 Vatu	2014 Vatu
Assets		
Cash and cash equivalents	231,011,000	242,457,690
Finance receivables	427,337,285	459,808,448
Other receivables	1,630,642	2,424,437
Property, plant and equipment	6,006,932	4,726,930
Total assets	665,985,859	709,417,505
Liabilities		
Other payables	9,336,488	8,393,751
Deposits from customers	192,434,850	218,663,452
Deferred fee income	5,779,826	8,497,123
Total liabilities	207,551,164	235,554,326
Net assets	458,434,695	473,863,179
Shareholders' equity		
Share capital	50,000,000	50,000,000
Share premium reserve	318,188,000	318,188,000
Retained earnings	90,246,695	105,675,179
Total shareholders' equity	458,434,695	473,863,179
Retained Earnings		
Net Profit After Tax	35,346,221	63,468,384
Retained earnings at the beginning of the year	105,675,179	74,206,795
Dividends paid	(50,774,705)	(32,000,000)
Retained earnings at the end of the year	90,246,695	105,675,179

Board of Directors

Garth McIlwain

Robert Allport

David Weston



futures
funded.



Mr. Matthew Fallon
Dekenai Construction



CORPORATE DIRECTORY

Registered Office

Credit House, Cuthbertson Street
Port Moresby, Papua New Guinea

Principal Place of Business

Credit House, Cuthbertson Street
Port Moresby, Papua New Guinea

Directors

Sir. Wilson Kamit
Garth McIlwain
Michael Koisen
Ian Tarutia (Resigned March 2015)
John Dunlop
Professor Albert Mellam
Robert Allport

Chief Executive Officer

Robert Allport

Company Secretary

Rennie Wekina

Auditors

KPMG Chartered Accountants
PO Box 507
Port Moresby
Papua New Guinea

Fiji - KPMG

Solomon Islands - Morris & Sojnocki

Vanuatu - Law Partners

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Australia and New Zealand Banking
Group (PNG) Limited
Australia and New Zealand Banking
Group (Fiji) Limited
Bank of South Pacific Limited
National Bank of Vanuatu
Westpac Bank PNG Limited

PAPUA NEW GUINEA

Credit Corporation (PNG) Limited

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Wanp Nga Business Centre
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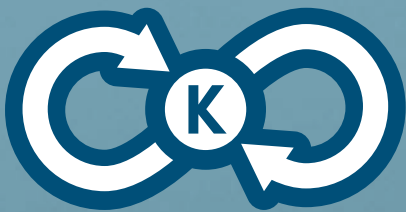
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