

**SOLOMON ISLANDS
NATIONAL PROVIDENT FUND**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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**SOLOMON ISLANDS NATIONAL PROVIDENT FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Statement By Directors

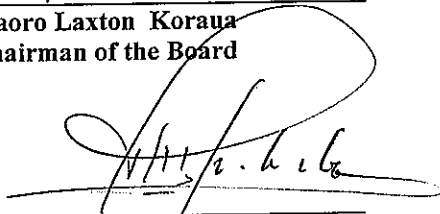
In accordance with a resolution of the directors of Solomon Islands National Provident Fund ("Fund"), we state that-

In the opinion of the directors:

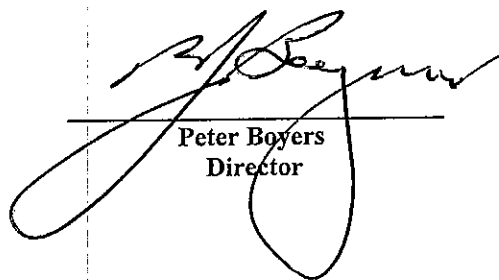
- (a) the statement of net assets is drawn up so as to present fairly the state of affairs of the Fund as at 30 June 2013.
- (b) the statement of changes in net assets is drawn up so as to present fairly the surplus of the Fund for the period ended 30 June 2013.
- (c) the statement of changes in members funds is drawn up so as to present fairly the state of members' contributions held by the Fund for the period ended 30 June 2013.
- (d) the financial statements have been prepared in accordance with the provisions of the Solomon Islands National Provident Act 1973 as amended, International Financial Reporting Standards and other applicable standards in the Solomon Islands.



**Baoro Laxton Koraua
Chairman of the Board**



**Tony Makabo
General Manager (CEO)**



**Peter Boyers
Director**

Dated this 30th day of September 2013



Independent Auditor's Report

To the Board of Directors of Solomon Islands National Provident Fund

Scope

I have audited the accompanying financial report of Solomon Islands National Provident Fund ("Fund"), which comprises the statement of net assets as at 30 June 2013, and the statement of changes in net assets, statement of changes in members fund and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the statement by directors declaration, as set out on pages 1 to 31.

Management's Responsibility for the Financial Report

The Board of Directors and management of Solomon Islands National Provident Fund ("Fund") are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and with the requirements of the Solomon Islands National Provident Fund Act 1973, as amended, and other applicable laws and regulations. This responsibility includes implementing and maintaining internal controls relevant to the preparation and fair presentation of the 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.

Auditor's Responsibility

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

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

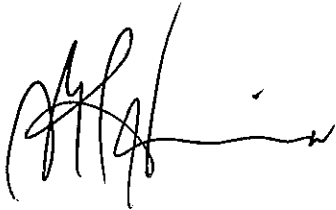
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Audit Opinion

In my opinion, the report of Solomon Islands National Provident Fund ("Fund"), presents fairly in all material respects of the Fund's financial position as at 30 June 2013 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw your attention to note 12 to the financial statements. The operations of the Fund and those similar enterprises operating in the Solomon Islands have been affected and may continue to be affected for the foreseeable future by the continuing social and economic uncertainties existing for enterprises operating in the Solomon Islands. The majority of the fund's assets are exposed to these uncertainties.

A handwritten signature in black ink, appearing to be 'Edward Ronia', with a long horizontal line extending to the right.

Edward Ronia
Auditor-General

Office of the Auditor-General
Solomon Islands

30 September 2013

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

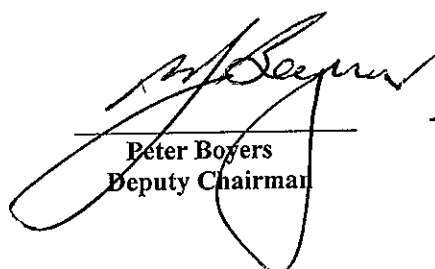
STATEMENT OF NET ASSETS AS AT 30 JUNE 2013

	Note	June 2013 \$	June 2012 \$
RESERVES			
Revaluation Reserve	4 (a)	69,951,343	46,904,402
General Reserve	4 (b)	603,868,541	74,408,777
Total reserves		<u>673,819,884</u>	<u>121,313,179</u>
Represented by:			
INVESTMENTS			
Held to Maturity	6 (a)	639,728,851	599,673,323
Financial Assets at Fair Value	6 (b)	1,170,010,601	311,195,944
Investment Properties	6 (c)	212,438,000	106,404,765
Loans and Advances	6 (d)	87,783,592	94,121,207
Total Investments		<u>2,109,961,044</u>	<u>1,111,395,239</u>
OTHER ASSETS			
Cash	14	73,242,285	157,811,851
Receivables	5	119,655,313	78,848,653
Property, Plant and Equipment	8	77,750,915	115,804,056
Total other assets		<u>270,648,513</u>	<u>352,464,560</u>
LIABILITIES			
Creditors		1,177,317	1,502,051
Accruals and Provisions	9	10,026,320	8,066,560
Special Death Benefits		2,107,241	2,264,931
Members Contributions		<u>1,693,478,795</u>	<u>1,330,713,078</u>
		<u>1,706,789,673</u>	<u>1,342,546,620</u>
NET ASSETS		<u>673,819,884</u>	<u>121,313,179</u>

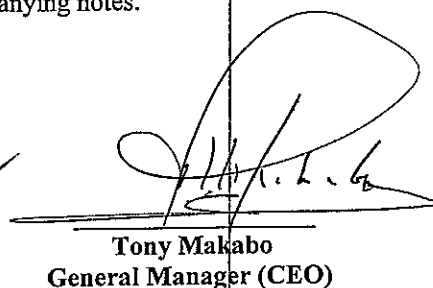
The above statement should be read in conjunction with the accompanying notes.



Baoro Laxton Koraua
Chairman of the Board



Peter Boyers
Deputy Chairman



Tony Makabo
General Manager (CEO)

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Note	June 2013 \$	June 2012 \$
INVESTMENT INCOME			
Interest	3 (a)	21,914,723	28,974,032
Dividends	3 (b)	113,695,891	67,363,415
Rentals	3 (c)	26,224,322	16,884,917
Net gain/(loss) on changes in fair values of financial assets	3 (d)	674,241,164	11,835,040
Total investment income		<u>836,076,100</u>	<u>125,057,404</u>
OTHER INCOME			
Surcharges		2,117,862	4,156,788
Sundry	3 (e)	1,574,500	8,670,173
Gain on sale of fixed assets		291,291	30,583
Total other income		<u>3,983,653</u>	<u>12,857,544</u>
TOTAL INCOME		<u>840,059,753</u>	<u>137,914,948</u>
LESS: OPERATING EXPENDITURE			
Normal operating expenses	3 (f)	51,586,315	46,405,782
Members expenses		2,594,431	2,562,162
Doubtful debts		11,926,140	285,014
TOTAL EXPENDITURE		<u>66,106,886</u>	<u>49,252,958</u>
GROSS SURPLUS		<u>773,952,867</u>	<u>88,661,990</u>
LESS: APPROPRIATION			
Interest credited to members including trust Accounts		246,613,840	64,021,802
NET SURPLUS/(DEFICIT)		<u>527,339,027</u>	<u>24,640,188</u>

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

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

STATEMENT OF CHANGES IN MEMBERS' FUND AS AT 30 JUNE 2013

	Note	June 2013 \$	June 2012 \$
Opening Balance at 1 July		1,330,713,078	1,147,946,213
Add:			
Contributions received during the year		206,322,309	190,991,951
Interest on members accounts	2(e)	245,977,469	63,865,098
		<u>1,783,012,856</u>	<u>1,402,803,262</u>
Less:			
Contribution Withdrawals		87,374,668	71,425,368
Transfer to SDB reserve	2(d)	541,451	509,314
		<u>2,112,139</u>	<u>235,184</u>
Transfer to general reserve		<u>90,028,258</u>	<u>72,169,866</u>
Total changes in members fund		1,692,984,598	1,330,633,396
Add/(less):		<u>494,197</u>	<u>79,682</u>
Balance at 30 June		<u><u>1,693,478,795</u></u>	<u><u>1,330,713,078</u></u>
Represented by:			
Identified		1,650,087,148	1,292,269,671
Unidentified		10,438,165	8,154,399
Contribution Creditors		31,370,977	28,683,688
Provisions - Contributions		<u>1,582,505</u>	<u>1,605,320</u>
		<u><u>1,693,478,795</u></u>	<u><u>1,330,713,078</u></u>

* Adjustment to contributors account relates to adjustment taken up in order to agree the contributors balances per NPF2000 to the general ledger balance maintained in MYOB. The closing balance of \$1,693,478,795 agrees to the NPF2000 contributors accounts at 30 June 2013.

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

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Notes	June 2013 \$	June 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from investments and customers		48,058,945	58,195,871
Payments to suppliers and employees		(57,009,826)	(42,066,846)
Interest and benefits paid to members		(2,594,431)	(2,562,162)
NET CASH FLOWS FROM OPERATING ACTIVITIES	14 (b)	(11,545,312)	13,566,863
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(42,268,766)	(66,904,265)
Investment portfolios – loans & Equities		(148,994,188)	40,620,023
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(191,262,954)	(26,284,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(Decrease) in contribution balance		118,948,241	119,627,626
Payment of special death benefits		(709,541)	(572,451)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		118,238,700	119,055,175
NET INCREASE/(DECREASE) IN CASH HELD		(84,569,566)	106,337,796
Add opening cash brought forward		157,811,851	51,474,055
CLOSING CASH CARRIED FORWARD	14 (a)	73,242,285	157,811,851

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

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. GENERAL INFORMATION

The Solomon Islands National Provident Fund Act (Cap 109) was established in 1973 as a superannuation or saving scheme for all employees who are members of the Fund. An employee is any person who has attained the age of 14 years of age, is not exempt and is employed under a contract of service, irrespective of the period for which a person is employed.

Employers are required to make a contribution of 12.5% of gross wages for each employee and may recover 5% of the contribution from the employee.

Benefits from the Fund are paid to members on attaining the age of 50 years, on death, are physically or mentally incapacitated from further employment, permanent emigration or attaining the age of 40 years and have permanently retired. In general the benefits paid to members is equal to their accumulated contributions plus interest allocated to them annually by the Board (refer note 2 below). In addition on death of a member, the beneficiary of the deceased member's estate is paid a special death benefit.

The balance of the contribution account at any time represents the total liability to members for all benefits (other than Special Death Benefit) in the event that all members become eligible for payment of benefit on that date.

The Fund is under the control of a Board. The Board's function and powers are those of a trustee.

The Fund is subjected to all the provisions of the Financial Institutions Act 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Fund are based on International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), interpretations issued by the Standing Interpretations Committee of the IASB except where the National Provident Fund Act (CAP 109) requires different treatment in which case the Act takes precedent. They are prepared under the historical cost basis and do not take into account changing money values except where stated. The accounting policies have been consistently applied over the reporting and comparative years.

The financial statements are expressed in the Solomon Islands dollar, rounded to the nearest dollar.

All accounts of the Fund are maintained on accrual account basis except the Contributions Account.

(b) Comparatives

All necessary information has been classified and presented to achieve consistency in disclosure with current financial year amounts and other disclosures.

(c) Members Contribution Account

The contribution account has been maintained on a cash basis where only monthly returns (Form A's) that are actually paid are posted to the account.

(d) Special Death Benefit (SDB)

As provided for in the Act, an amount is deducted from each member's account at 30 June each year in respect of Special Death Benefit to be paid to the beneficiaries of the member after the death of a member. The maximum sum payable on SDB for the year ended 30th June 2013 was \$6,000.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(e) Interest on Members Account

Interest credited to a member's account at 30 June in any one year is calculated on the balance standing to the credit of the member's account as at 1 July in the previous year. In accordance with Section 8 of the Solomon Islands National Provident Fund Act, the minimum interest rate to be credited to the members account is 2.5%. Under Section 10 of the Act if the Fund is at any time unable to pay any sum which is required under the Act, then the sum required shall be advanced by the Government out of the Consolidated Fund and the Fund shall as soon as is practicable, repay to the Government the sum advanced.

(f) Property, plant and equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of independent valuation prepared by external valuation experts, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in the financial statements of the Fund, and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, is transferred directly to retained earnings

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value at 10% of cost. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives residual values and depreciation method is reviewed at the end of each annual reporting period. Intangible Assets in particular, computer software will amortize over 10 years in general and reviewed at least at each annual reporting period. The amortization over the useful life will be based on the pattern of benefits using straight line method.

The following estimated annual rates are used in the calculation of depreciation:

Buildings	5%
Office equipment	25%
Motor vehicles	25%
Plant and equipment	25%
Furniture and fittings	25%

(g) Income Tax

By virtue of Section 36 of the Solomon Islands National Provident Fund Act 1973 as amended, the Fund is exempted from income tax.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(h) Allowance for Doubtful Loans and Investments

Any allowance for bad and doubtful debts is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of receivables. Objective evidence that receivables are impaired includes observable data that come to the attention of the Fund about the following events:

- Significant financial difficulty to the debtor
- A breach of contract, such as default or delinquency in payments
- It becoming probable that the debtor will enter bankruptcy or other financial reorganization

The amount of allowance is the difference between the carrying amount and the recoverable amount of the asset being the present value of expected cash flows discounted at the market rate of interest for similar borrowers. The amount of the provision is recognized as a charge in the statement of changes in net assets.

(i) Financial Instruments

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- (i) it has been acquired principally for the purpose of selling in the near term; or
- (ii) on initial recognition, it is a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any gain or loss arising on remeasurement recognised in the changes in net assets. The net gain or loss recognised in the changes in net assets incorporates any dividend or interest earned on the financial asset.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of a debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where that the group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective interest method less any impairment.

Available-for-sale financial assets

Where applicable, certain shares and redeemable notes held by the Fund would be classified as being available-for-sale and are stated at fair value at the end of each reporting period. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in statement of changes in net assets. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in the statement of changes in net assets for the period.

Dividends on available-for-sale equity instruments are recognised in the statement of changes in net assets when the Fund's right to receive payments is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The foreign exchange gains and losses that are recognised in the statement of changes in net assets are determined based on the amortised cost of the monetary asset. Other changes are recognised in equity.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such quoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of changes in net assets.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is held for trading if:

- (i) it has been acquired principally for the purpose of repurchasing it in the near term; or
- (ii) on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or
- (iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if;

- (i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- (iii) it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses on remeasurement recognised in the changes in net assets. The net gain or loss recognised in the statement of changes in net assets incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(j) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank.

(k) Foreign currency

Functional presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Solomon Islands Dollars, which is the Fund's functional and presentation currency.

Transactions and balances

Foreign exchange transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of changes in net assets.

(l) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that the Fund will be required to settle the obligation, and a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Payables

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Computer systems development costs

Costs incurred to develop and enhance the Fund's computer systems are capitalised to the extent that benefits do not relate solely to revenue that has already been brought to account and will contribute to the future earning capacity of the economic entity. These costs are amortised over the estimated economic life of four years using the straight-line method. Costs associated with maintaining computer software programs are recognised as an expense when incurred.

(o) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the changes in net assets in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the changes in net assets in the period in which the property is derecognised.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3. INCOME AND EXPENSES

Net surplus/(deficit) for the year is arrived at considering the following:

	June 2013 \$	June 2012 \$
(a) Interest income		
Cash at bank	82,605	129,157
Treasury bills	127,296	315,311
Bonds	2,780,377	5,285,637
Loans and advances	9,221,049	8,717,566
Investment securities:		
- Held to maturity	9,703,396	14,526,361
Total	21,914,723	28,974,032
(b) Dividend income		
Quoted shares	5,166,900	4,678,121
Unquoted shares	107,943,811	62,154,043
Managed funds	585,180	531,251
Total	113,695,891	67,363,415
(c) Rental income		
Investment properties	26,127,372	12,293,985
Others	96,950	4,590,932
Total	26,224,322	16,884,917
(d) Gain/(loss) from changes in fair values		
Investment Properties	9,570,179	3,255,654
Fair value through profit and loss	664,670,985	8,579,386
Total	674,241,164	11,835,040
(e) Sundry income		
Bad debts recovery	412,084	3,801,990
Risk premium fee – Bank South Pacific	313,696	564,592
Others	848,720	4,303,591
Total	1,574,500	8,670,173
(f) Operating expenses		
Board and management allowances	445,648	355,275
Utilities (water, electricity)	13,360,558	13,833,122
Repairs and maintenance	6,528,647	7,223,166
Land rates and rental charges	193,583	167,607
Administrative expenses	5,813,948	4,267,368
Depreciation expenses	4,804,500	4,210,067
Insurance expenses	835,589	551,247
Audit fees	485,486	507,642
Bank charges	55,907	58,847
Consultancy fees and expenses	6,601,633	3,958,939
Staff costs	12,460,816	11,272,502
Total	51,586,315	46,405,782

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4. RESERVES AND OPERATING FINANCIAL PERFORMANCE

The following is a summary of the reserves held:

- Revaluation Reserve
The last revaluation was done on 16th June 2013. The revaluation surplus/loss is credited to the revaluation reserve. The next revaluation of the land and buildings will be carried out in the subsequent 3 years.
- General Reserve
General revenues less normal operational expenses are credited to the General Reserves unless otherwise appropriated.

The following items are credited to the reserve each year:

- Net unappropriated surplus from operation.
- Unallocated contributions outstanding more than 5 years from the Unclaimed Deposit Account, unidentified members contribution including other appropriated contribution related accounts.

In the event where the general reserve is in deficiency due to losses arising from operations, including shortfalls of surplus resulted from interests allocated to members' accounts, such losses are to be off set and recovered from subsequent earnings and future surpluses.

	June 2013 \$	June 2012 \$
(a) Revaluation Reserve		
Opening Balance	46,904,402	46,904,402
Add: Revaluation during the year	23,046,941	-
Balance at 30 June	69,951,343	46,904,402
(b) General Reserve		
Opening Balance	74,408,777	49,533,405
Transfers – Unclaimed Contributions including surcharge	2,120,739	235,184
Net surplus/(deficit) for the year	527,339,027	24,640,188
Balance at 30 June	603,868,541	74,408,777
Total reserve	673,819,884	121,313,179

5. RECEIVABLES

Interests	3,865,145	8,575,200
Rentals	10,958,606	2,952,148
Dividends	109,149,329	63,372,187
Surcharges	8,998,715	9,679,989
Others	1,335,251	1,351,090
	134,307,046	85,930,614
Less: Allowance for doubtful debts	(14,651,733)	(7,081,961)
	119,655,313	78,848,653

The allowance for doubtful debts of \$14,651,733 is provided against arrears on surcharges and rental charges.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

6. INVESTMENTS

	June 2013 \$	June 2012 \$
(a) Held-to-maturity investments		
On shore deposits	335,021,171	312,087,688
Offshore deposits	154,256,718	149,028,450
Total deposits	489,277,889	461,116,138
Government securities	150,450,962	138,557,185
Total	639,728,851	599,673,323
The movement in investment securities held-to-maturity:		
Balance at beginning of year	599,673,323	584,825,177
Purchases	139,165,547	185,767,681
Disposals	(99,110,019)	(170,919,535)
Closing balance	639,728,851	599,673,323
(b) Financial assets carried at fair value through profit and loss		
Equity securities at fair value		
- Listed	104,907,813	105,606,964
- Unlisted	955,200,000	-
Total equities at fair value	1,060,107,813	105,606,964
Equity at cost		
- Unlisted	109,902,788	205,588,980
Total equities at cost	109,902,788	205,588,980
Less: Allowance for impairment of unlisted equities	-	-
Total equities at cost and fair value	1,170,010,601	311,195,944
The movement in investment securities carried at fair value through profit and loss:		
Balance at beginning of year	311,195,944	300,480,805
Purchases	611,980,008	310,134,435
Disposals	(422,874,689)	(307,998,682)
Gain/(loss) from change in fair value	669,709,338	8,579,386
Closing balance	1,170,010,601	311,195,944

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	June 2013 \$	June 2012 \$
(c) Investment properties			
Land and buildings at valuation/cost			
Opening balance		106,404,765	90,149,111
Net book value (at cost) transfer from property, plant and equipment		-	-
Addition		96,463,056	13,000,000
Gain from fair value adjustment *		9,570,179	3,255,654
Closing valuation/cost balance		212,438,000	106,404,765
Closing written down value		212,438,000	106,404,765
(d) Loans and advances			
- Commercial loans		81,636,841	82,374,279
- Member schemes		7,988,355	10,549,428
- Staff schemes		2,594,139	2,360,867
Total gross loans and advances		92,219,335	95,284,574
Allowance for doubtful debts		(4,435,743)	(1,163,367)
Net loans and advances		87,783,592	94,121,207
The break down is as follows:			
- Current		7,740,401	16,824,787
- Non current		80,043,191	77,296,420
Total		87,783,592	94,121,207

*Independent valuations of the Fund's Investment properties were performed by Value Solution Appraisal to determine the fair value of the land and buildings. The valuations, which conforms to international valuation standards, were determined by reference to the current market values of the land and buildings. The effective dates of the valuation was 14th June 2013.

7. AMOUNT DUE BY SOLOMON ISLANDS GOVERNMENT (SIG) & EQUITY INVESTMENTS

(a) GOVERNMENT SECURITIES

(i) Amortized Restructured Bonds

On 15 July 2004 a Deed was signed by SI Government and bond holders (Judgement Creditors) for the amortization of restructuring bonds (SINPF \$55.5m) that the Government owed and had fully defaulted on. Under the Deed it was agreed by the parties that the principal debts are rescheduled and repaid over 7 to 14 years. Based on the restructure new instruments on each amortized bonds were issued replacing the old certificates.

Upon the execution of the Deed, on the 15 July 2004 \$55.5 million owed to SINPF on restructuring bonds were restructured as follows:

- \$1.9 million was paid upfront as principal reduction
- The remaining principal of \$53.6 million was rescheduled into four new amortized bonds at 3.0% to 3.5% interest rates repayable over 7 to 14 years period as shown below.

Principal	Term	Rate	Installment	Maturity Date	Balance 30/06/2013
5,550,000	7 yrs	3.00%	59,138	15/07/2011	-
11,100,000	10 yrs	3.00%	97,732	15/07/2014	1,369,391
11,100,000	13 yrs	3.00%	78,089	15/07/2017	3,791,936
25,850,000	15 yrs	3.50%	53,009	15/12/2018	10,049,635
53,600,000			287,968		15,210,962

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Nb: after 7 years monthly repayment on 14 years bond will increase to \$248,721 until debt is fully repaid.

The agreement provides for early repayment of outstanding principals provided the debts accrue no interest arrears, and such early principal repayments in aggregate shall not be less than \$5.0 million and such payments shall be paid to the bond holders *pari passu* in proportion to the aggregate face value of Restructuring Bonds held at the commencement of the Deed, (15 July 2004).

Under the Deed the original terms and conditions of restructuring Bonds that matured on 15 April 2001, 15 July 2002 and 15 April 2003 remained legally in force. However, subject to the compliance by the Government, the bond holders will not take any further steps to recover under the judgement and have agreed the present proceeding be adjourned *sine die*. In the event SI Government defaults under this Deed, by notice bond holders may re-activate the judgement and have proceedings brought for further judgement on the remaining tranches.

(ii) Amortized Treasury and Development Bonds

The Fund's investment in these securities consists of Bonds that were amortized on the Deed dated 2nd December 2004 between SI Government and SINPF. The debts were rescheduled over 7 to 15 years as shown below.

Principal	Term	Rate	Installment	Maturity Date	Balance 30/06/2013
7,414,528	7 yrs	2.00%	94,665	15/11/2011	-
14,829,056	10 yrs	2.00%	136,447	15/11/2014	2,287,078
14,829,056	13 yrs	2.00%	108,029	15/11/2017	5,480,155
37,072,641	15 yrs	2.50%	77,234	15/11/2019	30,342,702
74,145,281			416,375		38,109,935

Nb: After 7 years monthly repayment on 15 years bond will increase to \$426,478 until debt is fully repaid.

The total principal Amortized Bond of \$74.1 million is made up of \$38.8 million converted from Treasury, Development and DBSI Bonds that were in default, and \$35.4 million in contribution arrears plus \$1.2m in surcharge arrears already booked and owing by the SI Government.

There is an option for early repayment on these bonds. In the event that additional principal early reductions are made, the repayment amounts shall be varied appropriated on each of the bonds based on the remaining terms.

(iii) Treasury Bills

The Fund tendered for treasury bills offered by the Central Bank of Solomon Islands on behalf of the Solomon Islands Government. At the end of the year, the balance of treasury bills held by the Fund was \$23,508,861. These were mostly 91 days treasury bills now secured at rates between 0.2% to 1.55%

(iv) SIG – Soltai now Soltuna Ammortising Bond

This debt relates to the Mortgage Debenture that formally Soltai Fishing and Processing now Soltuna Limited defaulted on which was settled and restructured by SI Government by a fresh Deed dated 31 March 2006.

Under the Deed \$10.0 million was amortised over 10 years at the interest rate equivalent to 90(91) day Treasury Bill weighted average yield. At the time the Deed was signed that rate was 5.02%. The sum of \$10.0 million is repayable over a 10 year period commencing on 1 April 2006 at \$106,163 per month. The remaining \$6.3 million from the original total published debt of \$16.3 million was settled up front in a lump sum payment at the signing of the Deed.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

In relation to this same debt SINPF had earlier obtained judgement in its favour against Soltai, SIG and ICSI for the total sum of \$19.7 million. Under the Deed SINPF reserve its right to execute the judgement against Soltai, SIG and ICSI to recover the full judgement debt of \$19.7 million. SINPF will not require payment on the judgement sum if repayment of the Bond is not in default and Soltai, SIG and ICSI comply and fulfil their obligations under the Deed.

The Agreement provides for annual revision of interest on 1st April each year according to the Treasury Bills rate referred to above based on the last published Treasury Bill Auction results published prior to 1st April each year plus 1.5% but shall not exceed 7%.

The balance of the amortising bonds as at the end of the year was \$3,313,198.

(v) SIG – SICHE Ammortising Bond

This debt relates to SICHE's contributions and surcharge arrears owing to the Fund for the period from July 1999 to December 2003. SICHE was not able to pay its debts to the Fund due to financial difficulties. It relied heavily on the Government to assist in the settlement of these debts. The aggregate arrears was a total sum of \$9,522,946 comprising of:

- Contributions - \$3,494,628
- Surcharges - \$6,028,318

On 21st November 2006 the SI Government entered into a Deed with SINPF to settle the debts in full through a Bond. Under the Deed the debts were amortised over 10 years at the interest rate equivalent to 90(91) day Treasury Bill weighted average yield plus 2%. At the time the Deed was signed that rate was 5.5%.

The Agreement provides for an annual review of interest rate on 9th November each year according to the Treasury Bills rate referred to above based on the last published Treasury Bill Auction result published prior to 9th November each year plus 2% but shall not be less than 5% or more than 7%.

In addition, the Agreement provides for early repayments of the Bond on 9 November each year in multiples of \$2,000,000 with prior 90 days written notice.

The balance of the amortising bond at the end of the year was \$ 3,808,006.

(vi) Tavanipupu Island Resort Limited –Loan Agreement

This loan relates to a five year loan agreement with Tavanipupu Island Resort that was entered into on 22 February 2012 and matures on 22 February 2017. Under the agreement interest 12.5% is payable by Tavanipupu Island Resort annually in arrears on 15 June every year and the total loan amount of \$ 15,000,000 is repayable on 22 February 2017 as shown below.

No. of Instal.	Due Date	No. of Days	Loan Balance	Interest	Principal	Instalment Amount	YTD Balance
	23/02/12		15,000,000	-	-	-	15,000,000
1	15/06/12	113	15,000,000	578,893	-	-	15,000,000
2	15/06/13	365	15,000,000	1,869,877	-	-	15,000,000
3	15/06/14	365	15,000,000	1,869,877	-	-	15,000,000
4	15/06/15	365	15,000,000	1,869,877	-	-	15,000,000
5	15/06/16	366	15,000,000	1,875,000	-	-	15,000,000
6	22/02/17	252	15,000,000	1,290,984	15,000,000	-	15,000,000

The agreement gives the option to the borrower of early redemption of the principal amount of the loan taken into account that such repayments will be charged with a 2% levied fee of the amount repaid by the borrower with a minimum reduction of \$2,000,000 in the case of any early repayments.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The agreement makes a further provision for any late interest payments by the borrower of 1.5% per month on the amount remaining unpaid until paid in full. An additional default rate of 1% per month will be charged in addition to the applicable interest in force at time of default when the loan is called up and demanded to be paid in full. Any interest including default interest plus any default cost will be accruing and charged to the outstanding loan balance until settlement.

In the event of default by the borrower which is not remedied within 30 days after service of notice of default and requiring default to be rectified was effected on the borrower, the lender shall have the right to convert debt into 51% of equity.

(b) SHARES

(i) SOLOMON ISLANDS HOME FINANCE LIMITED (SIHFL)

On the settlement date of 27th April 2009, the Fund's Board acquired from the SIG its fully paid shares of 5,109,091 in Solomon Islands Home Finance Limited (SIHFL) for \$ 13,866,987. SIHFL is wholly owned by the Fund.

During the year there is no changes to our shareholding in SIHFL. SIHFL is the Fund's vehicle to provide housing solutions for members of the Fund on commercial terms.

(ii) SOUTH PACIFIC OIL LIMITED (SPOL)

The Fund originally recorded its 40,000,000 paid up shares in SPOL at \$1 each for \$40 million, when it purchased its shares in November 2006.

In April 2013 under a high court sanctioned Deed of Settlement agreed with minority shareholder GRP & Associate Limited, the SINPF Board purchased GRP's 25% shares of 13,333,333 in SPOL for \$156,375,000. The valuation of SPOL was performed by Australian based Ernst and Young for \$625,500,000.

Commencing in 2013, the Board on the advise of its external auditors and supervisor the Central Bank of Solomon Islands adopted a policy to regularly revalue its unlisted domestic equities, beginning with its two large equity exposures South Pacific Oil Limited and Solomon Telekom Company Limited.

At the end of 30 June 2013 the SINPF Board is the sole 100% owner of the company. The SINPF Board on the advise of its external auditors and external regulator have taken the value of its 53,333,333 shares for \$625,500,000 as at 30 June 2013 under the applicable international financial reporting standard (IFRS) 9 and 10.

(iii) HERITAGE PARK HOTEL LIMITED (HPhL)

In 2010 the Board of the HPhL recommended and was agreed to by shareholders to restructure the company's capital structure by apportioning 70% of the paid up equity to shareholders loans and 30% to equity. SINPF exposure's immediately following the restructure were as follow; \$ 7,246,826 equity and \$ 16,909,260 in shareholder's loan for a total exposure of \$ 24,156,085. In that year as well the Fund reimbursed \$4,693,940 to CGA Limited, one of the shareholders in the company to ensure that SINPF's 20 shares in the company is maintained at 10% of the company's shareholding structure.

This lifted our total exposure in the company to \$ 28,897,824, with our equity recorded at \$ 11,955,105 and the loan at \$ 16,942,718.

In the same resolution, the shareholders further agreed that in the first 5 years the loan will be interest free whilst dividends only will be paid maximising the benefit of the company's 5 years tax holiday. Post 5 years, the loan will be charged at 1% below the domestic market lending rate and repayment to be determined by Board resolution. Post 5th year dividend policy will be determined by Board resolution.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(iv) BANK SOUTH PACIFIC LIMITED (BSP)

The Fund maintained its 2,500,001 shares in BSP during the year. The BSP share price at the end of the year was \$28.01 per share.

(v) SOLTUNA COMPANY LIMITED

In 2010 the SINPF Board purchased 68,456,617 shares in Soltai Fishing and Processing Company Limited for \$36,282,007 representing 29% of the company's shareholding. As well the Board also provided a \$50 million ten (10) year loan to the company, secured against all the company's fixed term properties and a 5 year government guarantee.

In April 2012, the company changed its name from Soltai Fishing and Processing Limited (Soltai) to Soltuna Company Limited.

The company in May 2012 issued additional shares to its shareholders. This is to acquire additional funds to complete the upgrade of its production capacity to process a throughput of 120 tonnes of fish per day. The Fund purchased its allotted shares of 18,543,383 at \$0.33 cents per share for a value of \$6,119,316 in June 2012. This brings the Fund's new total number of shares in the company to 87,000,000 for a value of \$42,401,323 at the end of 30th June 2012.

During the year in August the Board also purchased Western Province Executive 6,266,385 shares. This brings SINPF total number of shares in the company to 96,296,690 representing 32.1% of the company total shares. As at 30 June 2013, these were recorded in the Fund's books for \$45,469,230.01.

(vi) SASAPE INTERNATIONAL SHIPYARD LIMITED (SISL)

Under a joint venture agreement (JVA) entered into with Silentworld and Logistics Ltd, (SSL) an operating company Sasape International Shipyard Limited (SISL) was incorporated in February 2011 to lease and operate the slipway facilities at Base 2 at Tulagi, Central Islands Province, formerly owned by Sasape Marina Company Limited, a company wholly owned by the Solomon Islands Government (SIG). These assets were purchased by the SINPF after a successful joint bid was lodged by SSL and SINPF in 2010.

SINPF has a 25% share in SISL. During the year the SINPF Board fully subscribed its allotted 882,834 shares by purchasing the remaining unsubscribed 880,334 shares at \$1 each. At the end of the year SINPF Board is the owner of 882,834 shares worth \$882,834.

(vii) SOLOMON TELEKOM COMPANY LIMITED (STCL)

The Fund's equity investments in Solomon Telekom Company Limited remained unchanged during the year at 51,946,625 class A shares, representing 64.74% of the company's shareholding. These shares are recorded at cost at \$89,115,662 in our books.

The other shareholders are Cable & Wireless plc holding 26,138,272 class B shares representing 32.58%, and Investment Corporation of Solomon Islands holding 2,149,625 class A shares representing 2.68% of the company's ownership respectively.

As approved by the Board, the Fund's 64.74% shares of 51,946,625 in Solomon Telekom Company Limited was revalued by Australian based Ernst and Young for \$329,700,000. The Board as at 30 June 2013 has taken up this value of \$329,700,000 for its 51,946,625 shares in STCL.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(viii) PROVIDENCE PROPERTIES LIMITED (PPL)

In 2007, the SINPF Board purchased WMI (PNG) Limited 75,000 shares prior to Solomon Mutual Insurance Company Limited (SMI) coming under a court appointed manager, managing the scheme of arrangement to pay out all policy holders, close the insurance business of the company with amendments to the company's memorandum and articles of association, and changing the name of the company to Providence Properties Limited (PPL). The purchase of the shares from WMI (PNG) Ltd liquidators secured their support to agree with the scheme of arrangement proposed by the SINPF Board.

The court appointment manager having satisfied all the requirements under the scheme applied to the High Court for the termination of the scheme of arrangement in June 2010. The order granting the termination of scheme was made on 13th July 2010 allowing the management of the company to return to the PPL Board. The Board immediately approved the transfer of the shares from WMI (PNG) Limited to the SINPF Board and lodged the transfer of shares for registration with the Registrar of Companies.

Following the transfer of the shares, the SINPF Board holds 450,000 shares representing 90% of the company's shareholding, with the balance of 10% still remaining under Siva Kumaran's ownership.

At an Extra-ordinary General Meeting (EGM) in February 2012, the members of PPL approved the voluntary liquidation of the company. PPL was placed on voluntary liquidation on 9th July 2012 with the appointment of a Liquidator.

PPL was formally liquidated and wind up during the year in January 2013. The SINPF Board recovered all its equity investments of \$6,245,403 for its 450,000 shares after the company paid out all its debts and in addition made a capital gains of \$735,703.05.

(ix) SOLOMONS OCEANIC CABLE COMPANY LIMITED (SOCC)

The SINPF Board and its subsidiary Solomon Telekom Company Limited (STCL) incorporated a new company Solomons Oceanic Cable Company Limited (SOCC) on 15th September 2011. It is anticipated that SINPF Board will own 51% and STCL 49% of the company. SOCC will develop, operate, and own a submarine fibre optic cable network system that will greatly improve Solomon Islands connectivity to the rest of the world.

During the year SINPF finally completed the purchase its 5,100,000 allotted shares at US\$1.00 per share for US\$5,100,000 representing \$37,728,632 in SBD terms.

(x) OFFSHORE MANAGED FUNDS

The Fund has investments in three managed funds namely; UBS Australian Share Fund, Vanguard US 500 Stock Index Fund, and Vanguard European Stock Index Fund.

The Fund Manager must have assets more than USD \$ 1 billion and the individual fund must be more than USD\$ 250,000

UBS Australian Share Fund covers the ASX 300 with most of the value invested in ASX 100 stocks. The Vanguard US Stock Index Fund in 500 stocks in the US S & P 500 Index, and the Vanguard European Stock Index Fund that follows the composition of the MSCI European Index in roughly 460 stocks.

At the end of the period the Fund has 1,446,582.65 units in UBS Australian Share Fund at the recorded price of \$ 10.78 per unit. During the year the Fund reinvested its quarterly distributions to purchase additional 53,380.37 units in the Fund under the Fund's Distribution Reinvestment Program (DRP).

The Fund continued to maintain the same level of units in Vanguard US 500 Stock Index Fund at 207,924, with a closing price of \$122.72 per unit recorded at the end of the year. The Fund as well maintained the same level of units in Vanguard European Stock Index Fund at 64,673.62 with a closing price per unit of \$123.39 at the end of the year.

These funds are selected based on their proven past track performance, and low fee structures.

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

8. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings \$	Machinery and Equipment \$	Motor Vehicles \$	Furniture and fittings, computer equipments and others \$	Total \$
At Cost/Valuation					
Balance as at 1 July 2012	36,355,000	8,649,749	3,593,625	8,399,582	56,997,956
Additions/transfer from IAS	-	5,323,183	1,706,656	1,294,764	8,324,603
Revaluation increment	29,321,727	-	-	-	29,321,727
Transfer/Disposal	(7,212,170)	(2,278,535)	(676,063)	(909,102)	(11,075,870)
Balance as at 30 June 2013	<u>58,464,557</u>	<u>11,694,397</u>	<u>4,624,218</u>	<u>8,785,244</u>	<u>83,568,416</u>
Accumulated Depreciation					
Balance as at 1 July 2012	5,549,169	5,681,575	1,973,054	6,717,907	19,921,705
Charges	1,663,001	1,698,399	633,861	809,239	4,804,500
Transfers/Disposal/ Adjustments	(7,212,170)	(2,109,226)	(608,454)	(1,241,543)	(11,171,393)
Balance as at 30 June 2013	<u>-</u>	<u>5,270,748</u>	<u>1,998,461</u>	<u>6,285,603</u>	<u>13,554,812</u>
Written Down Value As at 30 June 2013	<u>58,464,557</u>	<u>6,423,649</u>	<u>2,625,757</u>	<u>2,499,641</u>	<u>70,013,604</u>
Work in progress	5,637,236	-	-	2,100,075	7,737,311
Carrying Value As at 30 June 2013	64,101,793	6,423,649	2,625,757	4,599,716	77,750,915
Carrying Value as at 30 June 2012	105,675,501	5,158,845	1,620,571	3,349,141	115,804,058
				June 2013 \$	June 2012 \$
Aggregate depreciation recognized as expense during the year:					
Land and buildings				1,663,001	1,663,002
Machinery and equipment				1,698,399	1,036,382
Motor vehicles				633,861	521,130
Furniture and fittings, computer equipment and others				809,239	989,553
				<u>4,804,500</u>	<u>4,210,067</u>
Capital works in progress					
Balance as at 1 July 2012				78,727,806	31,098,736
Additions				33,944,164	45,438,399
Transfers/Capitalizing of projects				(104,934,659)	2,190,671
Balance as at 30 June 2013				<u>7,737,311</u>	<u>78,727,806</u>

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Work in progress comprise of the follow significant projects:

Residential land and building	4,319,155	3,372,736
Rental land and building	1,318,081	71,496,933
Computer project	2,100,075	1,667,466
Machine & Equipment not in use	-	2,190,671
	<u>7,737,311</u>	<u>78,727,806</u>

9. CURRENT LIABILITIES – ACCRUALS & PROVISIONS

Nominees trust account	3,997,583	3,192,646
Rental bond	2,769,940	2,441,534
Accruals and employee provisions	3,258,797	2,432,380
	<u>10,026,320</u>	<u>8,066,560</u>

10. RELATED PARTIES DISCLOSURE

Related Party Disclosures requires the disclosure of information relating to aggregate compensation of key management personnel. The key management personnel of the Fund are members of the Fund's Board and senior staff who have responsibility for planning, directing and controlling the activities of the Fund. In 2013, this group comprises of 16 in total, including the General Manager (CEO), 6 non-executive Fund Board Members, and 10 senior staff. The non-executive Fund Board Members should be eight (8) in total however, 2 is yet to be appointed by the Minister of Finance. Fees of the non-executive members of the Fund Board are determined by the Minister of Finance. The General Manager (CEO) contract is subject to review by the Board of trustees in terms of the Fund's policies. The Fund's Board of Directors determines the remuneration of other key executive. The key management personnel are:

The specified directors of the Fund during the year were:

Names	Appointment	Date of appointment	Term of appointment	Date appointment lapse	Representing
Mr. Baoro Laxton Koraua	Director Chairman	7 th March 2012 30 th March 2012	3 years	7 th March 2015	Employer
Mr. Peter Boyers	Deputy chairman	11 th October 2010	3 years	11 th October 2013	Minister's discretion
Mr. Harry Kuma	Member	22 nd June 2013	1 years	22 nd June 2014	Crown
Dr. Levi Hou	Member	9 th September 2011	3 years	8 th September 2014	Employees
Mr. Gideon Zoleveke	Member	29 March 2013	3 years	29 March 2016	Employer
Dr. Alice Pollard	Member	29 March 2013	3 years	29 March 2016	Minister's Discretion

The specified executives of the Fund during the year were:

Names	Position
Tony Makabo	General Manager
Michael Wate	Deputy General Manager/
Ruth Alepio	Board Secretary
Alfred Sare	Manager Administration
Suzanne Orudiana	Manager IT
Aluta Kakadi	Manager Operations
Areau Hivu	Internal Auditor
Ishmael Kako	Legal Counsel
Rose Karoa	Manager Finance
	Manager Property

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The remuneration of the Fund's key management personnel were as follows:

	June 2013	June 2012
	\$	\$
Total remuneration is included in 'personnel expenses' as follows:		
Short-term employee benefits	4,251,312	2,759,309
Post-employment benefits	318,848	206,948
Total Compensation	4,570,160	2,966,257

Short-term benefits include cash salary, and in the case of staff, annual leave, motor vehicle benefits, car parking, health benefits and the fringe benefits tax paid or payable on these benefits.

Post-employment benefits include superannuation benefits and in the case of staff, health benefits. Other long-term benefits include long service leave. The components of remuneration are reported on an accrual basis.

As at 30 June 2012 loans by the Fund to key management personnel are as follows:

Housing Loan	64,820	163,814
Others	186,908	156,135
Total Loans	251,728	319,949

Major transactions with Government Organisations / Statutory Bodies for the year ended 30 June 2013 are as follows:

Name of company/organisation	Outstanding	Received	Total Form A's/SD
Solomon Islands Electricity Authority			
Contribution	(112,563)	3,450,190	3,337,627
Surcharge	90	71,712	71,802
Solomon Islands Water Authority			
Contribution	(5,476)	1,007,709	1,002,233
Surcharge	2,798	-	2,798
Total	(115,151)	4,529,611	4,414,460

Name of company/organisation	Outstanding	Paid	Total Purchases
	Goods and Service	Goods and Service	Goods and Service
Solomon Islands Electricity Authority	317,811	12,529,077	12,846,888
Solomon Islands Water Authority	248,437	1,059,602	1,308,039
Total	566,248	13,588,679	14,154,927

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

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Related Party transactions

For related party investments in other companies in Solomon Islands, refer to note 7.

11. AUDITORS REMUNERATION

Fees totaling \$330,384 was provided in the accounts for audit services this year (\$429,132 last year). No other benefits were received by the auditors (Office of the Auditor General) during the year other than fees paid for normal accountancy services.

12. GOING CONCERN

The Fund is designed to provide retirement and saving benefits to its members and it operates within the parameters of the Solomon Islands economy. The Central Bank has reported that prospects for the Solomon Islands economy are positive, however warns that further economic growth depends on maintenance of law and order and the Government's commitment to reforms and policies to enhance employment and the living standards of all citizens.

The Fund's Board and Management believes the Fund can comfortably meet its obligations to members as and when they fall due and that with concentrated attention, and the co-operation of the Central Bank, the opportunities for improved financial performance for the benefit of members can be realized.

13. CONTINGENT LIABILITY

(a) Deed between SINPF and BSP

Following the Deed signed on 26th March 2007, between Solomon Islands National Provident Fund and Bank of South Pacific Limited and for the purpose of satisfying the BPNG prudential guideline, and in consideration for BSP entering into the said Sale Agreement, SINPF undertake to guarantee the performance of the Solomon Islands Government Long Term Bonds of Forty Two Million Four Hundred and Ten Thousand Solomon Dollars (SBD42,410,000.00).

The balance to date of the long term bonds is \$16,730,435.18.

(b) Civil Case between SINPF and Gegeu & Others.

In a civil case before the courts; Gegeu & others -v- SINPF Board High Court civil case number 157 of 2013, the former tenants of demolished NPF Food Courts sued the Fund for \$5,138,749. The SINPF Board is of the opinion that this claim has no basis and is applying to the courts to have this claim struck out.

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank.

	June 2013 \$	June 2012 \$
(a) Cash balance comprises of:		
Cash at bank	73,238,885	157,809,051
Cash on hand	3,400	2,800
	<u>73,242,285</u>	<u>157,811,851</u>

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(b) Reconciliation of the operating Surplus/(Loss) after Interests to the net cash flows from operations:

	June 2013 \$	June 2012 \$
Net surplus/(deficit) after interests to members	527,339,027	24,640,188
<i>Adjustments for:</i>		
Depreciation expense	4,804,500	4,210,067
Annual interests to members	246,613,840	64,021,802
Bad and doubtful debts	7,569,771	(3,503,442)
Net gain/(loss) in changes in fair values of financial assets	(678,013,626)	(8,361,355)
Gain on disposal of fixed assets	(291,291)	(785,715)
Receivables and prepayments	(121,265,662)	(63,859,973)
Trade and provisions	1,698,129	413,884
Contributions (Interest Payable write back)	-	(3,208,593)
	<u>(11,545,312)</u>	<u>13,566,863</u>

15. EMPLOYEES

The number of full time permanent Fund employees as at 30th June 2013 is 107 (112 in 2012).

16. FINANCIAL INSTRUMENTS

Exposure to operational, credit, liquidity, interest rate, and currency risk arises in the normal course of the Fund's operations. The structure of the Fund's balance sheet is primarily determined by the nature of its statutory functions and commercial considerations. At the same time, the Fund continually manages its exposure to risk, through a variety of risk management techniques. Risk management of the Fund is regulated by internal instructions and closely monitored by the Board.

(a) Credit risk

The Fund takes on exposure to credit risk which is the risk that a counter party will be unable to pay amounts in full when due. Fund's maximum credit risk, excluding the value of collateral, is generally reflected in the carrying of financial assets. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any.

Credit risk on financial assets is minimized by dealing with recognized monetary institutions.

At balance sheet date concentrations of credit risk are noted for Bank South Pacific, ANZ Bank, and Westpac Bank. The asset allocation at balance date is as follows:

	June 2013		June 2012	
	\$	%	\$	%
Assets				
Held to maturity	639,728,851	27%	599,673,323	41%
Financial assets at fair value	1,170,010,601	49%	311,195,944	21%
Investment properties	212,438,000	9%	106,404,765	7%
Loans and advances	87,783,592	4%	94,121,207	6%
Cash	73,242,285	3%	157,811,851	11%
Receivables	119,655,313	5%	78,848,653	5%
Property, plant and equipment	77,750,915	3%	115,804,056	8%
Total	<u>2,380,609,557</u>	<u>100%</u>	<u>1,463,859,799</u>	<u>100%</u>

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The assets allocation range defines the high and low extremes within which each assets class may move in response to changing economic conditions. By approving an asset allocation range, the Board still maintain ultimate control over investment policy at the micro level while the Investment and Credit Sub-board Committee and Investment Manager are given the flexibility needed at operational level to quickly respond to and take advantage of changing economic circumstances to accept and consider investments for the Board and Ministerial approval.

The Investment Manager shall evaluate investment proposals to ensure viability and consistency with the approved investment strategy and prudential standards issued by Central Bank of Solomon Islands.

(b) Government security risk

The Fund has a significant exposure to the Solomon Islands Government (SIG) through its holding of government securities and bonds. The total holdings from SIG at 30 June 2013 is \$83,950,962 (June 2012: \$97,517,186).

(c) Foreign exchange risk

The Fund holds assets denominated in currencies other than Solomon Islands dollars, the functional currency. The Fund is therefore exposed to currency risk, as the value of the securities, and the dividends earned denominated in other currencies will fluctuate due to changes in exchange rates. The Fund manages this risk through regular review of its off-shore investment portfolio. The carrying amounts of the Fund's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Currency					Total \$
	SBD \$	AUD \$	USD \$	Euro \$	Others \$	
30 June 2013						
Assets						
Held to maturity	485,472,133	63,443,220	42,108,015	27,075,399	21,630,084	639,728,851
Financial assets at fair value	1,065,102,788	13,943,071	23,098,941	3,784,991	64,080,810	1,170,010,601
Investment properties	212,438,000	-	-	-	-	212,438,000
Loans and advances	87,783,592	-	-	-	-	87,783,592
Cash	73,242,285	-	-	-	-	73,242,285
Receivables	119,655,313	-	-	-	-	119,655,313
Property, plant and equipment	77,750,915	-	-	-	-	77,750,915
Total	2,121,445,026	77,386,291	65,206,956	30,860,390	85,710,894	2,380,609,557
Liabilities						
Creditors	1,177,317	-	-	-	-	1,177,317
Accruals and Provisions	10,026,320	-	-	-	-	10,026,320
Special Death Benefits	2,107,241	-	-	-	-	2,107,241
Members Contributions	1,693,478,795	-	-	-	-	1,693,478,795
Total	1,706,789,673	-	-	-	-	1,706,789,673
Net	414,655,353	77,386,291	65,206,956	30,860,390	85,710,894	673,819,884

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30 June 2012

Assets

Held to maturity	450,644,874	55,910,433	41,629,140	30,108,359	21,380,518	599,673,323
Financial assets at fair value	205,588,980	17,805,160	19,526,469	(1,622,764)	69,898,099	311,195,944
Investment properties	106,404,765	-	-	-	-	106,404,765
Loans and advances	94,121,207	-	-	-	-	94,121,207
Cash	157,811,851	-	-	-	-	157,811,851
Receivables	78,848,653	-	-	-	-	78,848,653
Property, plant and equipment	115,804,056	-	-	-	-	115,804,056
Total	1,209,224,386	73,715,593	61,155,609	28,485,595	91,278,616	1,463,859,799

Liabilities

Creditors	1,502,051	-	-	-	-	1,502,051
Accruals and Provisions	8,066,560	-	-	-	-	8,066,560
Special Death Benefits	2,264,931	-	-	-	-	2,264,931
Members Contributions	1,330,713,078	-	-	-	-	1,330,713,078
Total	1,342,546,620	-	-	-	-	1,342,546,620
Net	(133,322,234)	73,715,593	61,155,609	28,485,595	91,278,616	121,313,179

(d) Foreign currency sensitivity analysis

The Fund is mainly exposed to the currency of Australian Dollar, US Dollar, GBP Pounds and PNG Kina.

The following table details the Fund's sensitivity to a 10% increase and decrease in the Solomon Dollar against the relevant foreign currencies. The 10% sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes listed shares and term deposits where the denomination of the investment is in a currency other than Solomon Dollar. A positive number below indicates an increase in net assets and where the Dollar strengthens 10% against the relevant currency. For a 10% weakening of the Dollar against the relevant currency, there would be a comparable impact on the net assets, and the balances below would be negative.

AUD impact (000s)		USD impact (000s)		Euro impact (000s)		GBP impact (000s)		PGK impact (000s)	
10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease

Changes in net assets	(8,614)	(7,048)	7,246	(5,928)	3,493	(2,858)	1,766	(1,445)	8,879	(7,265)
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(e) Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing; as a result, the Fund is not subject to significant amounts of interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash equivalents are invested at short-term market interest rates amounts of which are immaterial.

The credit risk on held to maturity investments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and the Solomon Islands government, a sovereign state. The Fund has no borrowing for which it has to pay interest expenses and its liability is limited only to members' contributions which receive interest earnings calculated on dividend basis. Accordingly an interest rate sensitivity analysis is not required.

The table below summarizes the Fund's exposures to interest rates risk. It includes the Fund's assets and liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates:

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Weighted average effective interest rate %	Up to 1 Year \$	1-5 years \$	Over 5 years \$	Non- Interest Bearing \$	Total \$
30 June 2013						
Assets						
Held to maturity	1.00%	430,873,626	124,904,263	83,950,962	-	639,728,851
Financial assets at fair value		-	-	1,170,010,601	-	1,170,010,601
Investment properties		-	-	-	212,438,000	212,438,000
Loans and advances		7,740,401	10,582,494	69,460,697	-	87,783,592
Cash		73,242,285	-	-	-	73,242,285
Receivables		-	-	-	119,655,313	119,655,313
Property, plant and equipment		-	-	-	77,750,915	77,750,915
		<u>511,856,312</u>	<u>135,486,757</u>	<u>1,323,422,260</u>	<u>409,844,228</u>	<u>2,380,609,557</u>
Liabilities						
Creditors		-	-	-	1,177,317	1,177,317
Accruals and Provisions		-	-	-	10,026,320	10,026,320
Special Death Benefits		842,897	632,172	632,172	-	2,107,241
Members Contributions		<u>112,953,483</u>	<u>427,883,056</u>	<u>1,152,642,256</u>	<u>-</u>	<u>1,693,478,795</u>
		<u>113,796,380</u>	<u>428,515,228</u>	<u>1,153,274,428</u>	<u>11,203,637</u>	<u>1,706,789,673</u>
Interest sensitivity gap		<u>398,059,932</u>	<u>(293,028,471)</u>	<u>170,147,832</u>	<u>398,640,591</u>	<u>673,819,884</u>
30 June 2012						
Assets						
Held to maturity	4.0%	415,341,091	111,144,278	73,187,954	-	599,673,323
Financial assets at fair value		-	-	311,195,944	-	311,195,944
Investment properties		-	-	-	106,404,765	106,404,765
Loans and advances		57,864,787	19,313,702	16,942,718	-	94,121,207
Cash		157,811,851	-	-	-	157,811,851
Receivables		-	-	-	78,848,653	78,848,653
Property, plant and equipment		-	-	-	115,804,056	115,804,056
	4.0%	<u>631,017,729</u>	<u>130,457,980</u>	<u>401,326,616</u>	<u>301,057,474</u>	<u>1,463,859,799</u>
Liabilities						
Creditors		-	-	-	1,502,051	1,502,051
Accruals and Provisions		-	-	-	8,066,560	8,066,560
Special Death Benefits		566,233	679,479	1,019,219	-	2,264,931
Members Contributions		<u>33,691,532</u>	<u>247,498,228</u>	<u>1,049,523,318</u>	<u>-</u>	<u>1,330,713,078</u>
		<u>34,257,765</u>	<u>248,177,707</u>	<u>1,050,542,537</u>	<u>9,568,611</u>	<u>1,342,546,620</u>
Interest sensitivity gap		<u>596,759,964</u>	<u>(117,719,727)</u>	<u>(649,215,921)</u>	<u>291,488,863</u>	<u>121,313,179</u>

(f) Liquidity risk

The Fund invests the majority of the Fund's assets in investments that are not traded in an active market. The Fund holds a security that is listed on the Port Moresby Stock Exchange and units in a UBS Managed Fund where more than 90% of the investment are required to be held in listed stocks. Those units are considered readily realizable while those listed on Port Moresby Stock Exchange are not due to the illiquidity of the market.

The liabilities of the Fund are long term in nature and are well structured in terms of benefits comprising of a mix of benefit commutation and a fortnightly contributions payable through out the life-time of the member. The table below summarizes the Fund's exposures to liquidity risk and ₃₀ maturity analysis of assets and liabilities:

SOLOMON ISLANDS NATIONAL PROVIDENT FUND

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	Up to 1 month \$	1 - 3 months \$	3- 12 months \$	1-5 years \$	Over 5 years \$	Total \$
30 June 2013						
Assets						
Held to maturity	-	55,850,432	375,023,193	124,904,263	83,950,962	639,728,851
Financial assets at fair value	-	-	-	-	1,170,010,601	1,170,010,601
Investment properties	-	-	-	-	212,438,000	212,438,000
Loans and advances	-	-	7,740,401	10,582,494	69,460,697	87,783,592
Cash	73,242,285	-	-	-	-	73,242,285
Receivables	4,194,927	12,232,320	103,228,067	-	-	119,655,313
Property, plant and equipment	-	-	-	-	77,750,915	77,750,915
Total	77,437,212	68,082,752	485,991,661	135,486,757	1,613,611,175	2,380,609,557
Liabilities						
Creditors	1,168,374	8,796	147	-	-	1,177,317
Accruals and Provisions	349,359	-	623,327	9,053,634	-	10,026,320
Special Death Benefits	210,725	295,014	337,158	632,172	632,172	2,107,241
Members Contributions	11,295,348	33,886,045	67,772,090	427,883,056	1,152,642,256	1,693,478,795
Total	13,023,806	34,189,855	68,732,722	437,568,862	1,153,274,428	1,706,789,673
Net liquidity gap	64,413,406	33,892,897	417,258,939	(302,082,105)	460,336,747	673,819,884
30 June 2012						
Assets						
Held to maturity	-	11,482,041	403,859,050	111,144,278	73,187,954	599,673,323
Financial assets at fair value	-	-	-	-	311,195,944	311,195,944
Investment properties	-	-	-	-	106,404,765	106,404,765
Loans and advances	-	-	57,864,787	36,256,420	-	94,121,207
Cash	157,811,851	-	-	-	-	157,811,851
Receivables	2,390,855	8,602,620	67,855,178	-	-	78,848,653
Property, plant and equipment	-	-	-	-	115,804,056	115,804,056
Total	160,202,706	20,084,661	529,579,015	147,400,698	606,592,719	1,463,859,799
Liabilities						
Creditors	1,501,797	-	254	-	-	1,502,051
Accruals and Provisions	278,744	-	356,045	7,431,770	-	8,066,559
Special Death Benefits	141,558	198,181	226,494	679,479	1,019,219	2,264,931
Members Contributions	8,422,883	10,107,460	15,161,189	247,498,228	1,049,523,318	1,330,713,078
Total	10,344,982	10,305,641	15,743,982	255,609,477	1,050,542,537	1,342,546,620
Net liquidity gap	149,857,723	9,779,021	513,835,033	(108,208,779)	(443,949,819)	121,313,179

17. SUBSEQUENT EVENTS

There has not been any matter or circumstances that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operation of the Fund, the results of those operations, of the state of affairs of the Fund in future financial years.