



Credit Corporation (PNG) Limited Financial Results 31 December 2014

The 2014 Credit Corporation (PNG) Limited group results were released today by the group chairman, Mr Garth McIlwain.

- Core business cash operating profit from finance, property and dividend revenues was K82.50 million, a slight reduction when compared to the record profit of K85.20 million recorded for 2013.
- Group total assets reached K1,067,308 million at year end, a moderate increase from K1,042,331 million at the end of 2013.
- Total shareholders' equity at year end was K719.21 million, a slight reduction from K736.98 million at end 2013, largely as a result of the fair value adjustments detailed later in this release, and
- A dividend payment of K41.23 million was distributed to shareholders during August 2014 being at the rate of 13 toea per share. This is an 8.00% increase in the sum of K38.18 million distributed during August 2013 at the rate of 12 toea per share.

Fair value adjustments

In terms of the international accounting standards the following fair value adjustments have been made to the 2014 consolidated financial statements:

Bank of South Pacific Limited (BSP) shareholding

A negative adjustment is required largely to recognise the reduction from K7.98 to K7.14 in the value of BSP shares traded on the Port Moresby Stock Exchange. A sum of K32.94 million has been booked in this regard.

Investment Properties

The sum of K14.02 million has been recognised in order to bring to account the fair value of the various group investment properties. This is consequent to reducing rental levels and current and anticipated vacancy levels in the present market.

Following these adjustments a group after tax profit result of K24.52 million is recorded for 2014.

As mentioned during the 2014 annual meeting of shareholders and recorded in the annual report it was expected 2014 would be a "lull year". The challenges as the PNG economy adjusts to reduced LNG and mining activity and low agricultural commodity prices have flowed through. However the 2014 core operating profit of K82.50 million whilst slightly reduced when compared to 2013, is a very satisfactory outcome. As of date of this release, the BSP share trading price is K7.35, a noticeable recovery, perhaps a reaction to the recent excellent profit results released by BSP.

Ongoing trading prospects for 2015 will continue to be challenging, however the Board is confident that measures are in place that will ensure the best outcomes for profitability as the year progresses. Strong liquidity and generous capital remain a feature relative to all group subsidiary companies. This will ensure that the Credit Corporation (PNG) Limited Group retain its large and respected status amongst the locally owned corporations in the South Pacific.

Chairman

A handwritten signature in black ink, appearing to read 'McIlwain'.

Garth McIlwain