

BSP CONVERTIBLE NOTES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

**BSP CONVERTIBLE NOTES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company as at 31 December 2014, the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and report as follows:

Directors

The names of the directors of company at the date of this report are:

Kevin Bernard McCarthy
Johnson Kalo

Robin Gerard Fleming
Cecil Browne

Principal Activities

The principal activity of the company is to lend funds to Bank of South Pacific Limited - Fiji Branch for use in its business activities in Fiji.

Results

The profit after income tax for the year ended 31 December 2014 was \$1,601,986 (2013: Profit after income tax was \$864,617).

The profit for the year include support fee of \$1,174,000 (2013: \$569,941) received from Bank of South Pacific Limited of Papua New Guinea as per the Support Deed to enable the company to meet dividend commitments to Fiji Class Shareholders.

Dividends

During the year, final dividend of \$1,022,780 (2013: 245,197) and interim dividend of \$472,005 (2013: \$508,479) was declared and paid on Fiji Class Shares of the company.

Shareholders of Fiji Class Shares are entitled to receive dividend equal to the amount of dividend paid to the ordinary shareholders of Bank of South Pacific Limited of Papua New Guinea.

Reserves

It is proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Unusual Transactions

In the opinion of the directors, except for support fee of \$1,174,000 received from Bank of South Pacific Limited of Papua New Guinea, the results of the operations of the company during the financial year were not substantially affected by any other item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the company.

DIRECTORS' REPORT [CONT'D]

Events Subsequent to Balance Date

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

Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the company has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the company could become liable; and
- (iii) no contingent liabilities or other liabilities of the company have become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

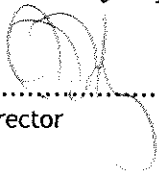
As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

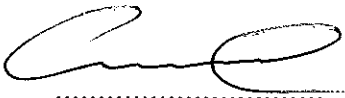
Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in the financial statements) by reason of a contract made by the company or by a related company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 16th day of February 2015.


.....
Director


.....
Director

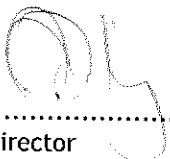
STATEMENT BY DIRECTORS

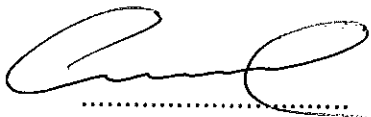
In accordance with a resolution of the board of directors of BSP Convertible Notes Limited, we state that in the opinion of the directors:

- [i] the accompanying statement of profit or loss and other comprehensive income of the company is drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2014;
- [ii] the accompanying statement of changes in equity of the company is drawn up so as to give a true and fair view of the changes in equity of the company for the year ended 31 December 2014;
- [iii] the accompanying statement of financial position of the company is drawn up so as to give a true and fair view of the state of affairs of the company as at 31 December 2014;
- [iv] the accompanying statement of cash flows of the company is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 31 December 2014;
- [v] the financial statements have been properly prepared in accordance with International Financial Reporting Standards;
- [vi] at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due; and
- [vii] all related party transactions have been adequately recorded in the books of the company.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 16th day of February 2015.


.....
Director


.....
Director



Independent Auditor's Report

To the Shareholders of BSP Convertible Notes Limited

Report on the Financial Statements

We have audited the accompanying financial statements of BSP Convertible Notes Limited (the 'Company'). The financial statements comprise the statement of financial position of the Company as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' and Management's Responsibility for the Financial Statements

Directors and Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Fiji Companies Act, 1983, and for such internal control as the directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 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 financial statements that give 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 the reasonableness of accounting estimates made by directors and management, as well as evaluating the overall presentation of the financial statements.

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

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T: (679)3313955 / 3315199, F: (679) 3300981 / 3300947*



Opinion

In our opinion the financial statements give a true and fair view of the financial position of the Company as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion:

- a) proper books of account have been kept by the Company, so far as it appears from our examination of those books, and
- b) the accompanying financial statements are in agreement with the books of account and to the best of our information and according to the explanations given to us give the information required by the Fiji Companies Act, 1983 in the manner so required.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

16 February 2015
Suva, Fiji


PricewaterhouseCoopers
Chartered Accountants

BSP CONVERTIBLE NOTES LIMITED
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2014

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	Notes	2014	2013
Interest income	5	\$ 455,294	663,627
Interest expense	7	-	(339,449)
Net interest income		455,294	324,178
Support fees from BSP	6	1,174,000	569,941
Operating expenses	7	(27,308)	(29,502)
Profit / (loss) before income tax		1,601,986	864,617
Income tax expense	4(a)	-	-
Profit / (loss) for the year		1,601,986	864,617
Other comprehensive income / (expense)		-	-
Total comprehensive income / (expense) for the year		\$ 1,601,986	864,617

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to financial statements set out on pages 11 to 19.

BSP CONVERTIBLE NOTES LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2014

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	Ordinary Share Capital	Fiji Class Shares	Accumulated Losses	Total
	\$	\$	\$	\$
Balance as at 31 December 2012	250,000	-	(952,638)	(702,638)
Conversion of Convertible Notes to Fiji Class Shares	-	16,090,806	-	16,090,806
Profit for the year	-	-	864,617	864,617
Dividend on Fiji Class Shares (Note 11)	-	-	(753,676)	(753,676)
Other comprehensive income for the year	-	-	-	-
Balance as at 31 December 2013	250,000	16,090,806	(841,697)	15,499,109
Profit for the year	-	-	1,601,986	1,601,986
Dividend on Fiji Class Shares (Note 11)	-	-	(1,494,785)	(1,494,785)
Other comprehensive income for the year	-	-	-	-
Balance as at 31 December 2014	250,000	16,090,806	(734,496)	15,606,310

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

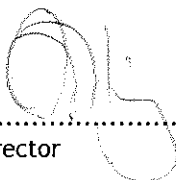
**BSP CONVERTIBLE NOTES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

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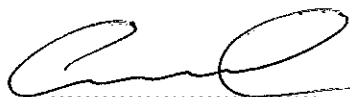
	<u>Notes</u>	<u>2014</u>	<u>2013</u>
CURRENT ASSETS			
Cash at bank	12	\$ 518,670	407,809
Total current assets		518,670	407,809
NON-CURRENT ASSETS			
Advance to Bank of South Pacific Ltd - Fiji Branch	8	15,100,000	15,100,000
TOTAL ASSETS		15,618,670	15,507,809
CURRENT LIABILITIES			
Payables	9	12,360	8,700
TOTAL LIABILITIES		12,360	8,700
NET ASSETS		15,606,310	15,499,109
SHAREHOLDERS' EQUITY			
Share capital - Ordinary Shares	10	250,000	250,000
Share capital - Fiji Class Shares	10(b)	16,090,806	16,090,806
Accumulated losses		(734,496)	(841,697)
TOTAL SHAREHOLDERS' EQUITY		\$ 15,606,310	15,499,109

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

For and on behalf of the board and in accordance with a resolution of the directors.



 Director



 Director

BSP CONVERTIBLE NOTES LIMITED
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2014

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	2014 Inflows/ (Outflows)	2013 Inflows/ (Outflows)
Cash flows from operating activities		
Interest received	\$ 455,294	854,894
Interest paid	-	(561,635)
Payments to suppliers	(23,648)	(32,101)
Net cash provided by operating activities	431,646	261,158
Cash flows from financing activities		
Proceeds from support fees	1,174,000	569,941
Dividend paid on Fiji Class Shares	(1,494,785)	(753,676)
Net cash used in financing activities	(320,785)	(183,735)
Net increase in cash and cash equivalents	110,861	77,423
Cash and cash equivalents at the beginning of the year	407,809	330,386
Cash and cash equivalents at the end of the year (Note 12)	\$ 518,670	407,809

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 19.

NOTE 1. GENERAL INFORMATION

BSP Convertible Notes Limited (the company) is a limited liability company incorporated and domiciled in Fiji. The address of its registered office and principal place of business in Fiji is Level 12, Suva Central Building, Corner of Renwick Road and Pratt Street, Suva. The company is listed on the South Pacific Stock Exchange (SPSE).

The principal activity of the company is to lend funds to Bank of South Pacific Limited - Fiji Branch for use in its business activities in Fiji.

The financial statements were approved for issue by the Directors on 16 February 2015.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Companies Act 1983 and International Financial Reporting Standards ('IFRS').

Basis of Preparation

The financial statements of the company have been prepared on the basis of historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of preparation (Cont'd)

New standards, interpretations and amendments adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for financial year beginning on or after 1 January 2014 that have a material impact on the company.

New standards, interpretations and amendments not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. The company is yet to assess the impact of these standards and intends to adopt the standard no later than the accounting period in which it becomes effective. None of these are expected to have a significant effect on the financial statements of the company, except for the following:

Topic	Key requirements
IFRS 9 'Financial instruments'- classification and measurement (effective 1 January 2018)	IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

a) Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at bank.

b) Comparatives

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Foreign Currencies

Functional and presentation currency

The company operates in Fiji and hence the financial statements are presented in Fiji dollars, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions during the year are translated to Fiji currency using the rate of exchange ruling at the date of transaction. All gains and losses arising from fluctuations in exchange rates are brought to account in determining the results for the year.

d) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Current tax for current and prior periods is recognised as a liability or an asset to the extent that it is unpaid or refundable.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Payables

Payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

f) Interest Income

Interest income on advances is brought to account on an accrual basis, unless collectability is in doubt.

g) Share capital

Share capital comprises of the ordinary shares and Fiji Class Shares which are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h) Support Fees from Bank of South Pacific (BSP)

According to the Support Deed between BSP and BSP Convertible Notes Limited dated 5 March 2010, BSP has agreed to ensure that, on and immediately after each payment of dividend on the Fiji Class Shares under BSP Convertible Notes Limited, the company will satisfy the solvency test.

Accordingly, the company receives support fees from BSP in the event, if the company does not satisfy the solvency test on and immediately after each payment of dividend. Solvency test is to ensure that the company is able to pay its debts in full as they fall due.

i) Rounding

Amounts have been rounded to the nearest dollar except where otherwise noted.

NOTE 3. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by management under policies approved by the board of directors. The board provides policies for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk.

(a) Market risk

i) Price risk

The company does not have investments in equity securities and hence is not exposed to equity securities price risk.

NOTE 3. FINANCIAL RISK MANAGEMENT (CONT'D)

ii) Cash flow and fair value interest rate risk

The company has interest-bearing assets in the form of advance to Bank of South Pacific Limited - Fiji Branch. This is at variable interest rate, and accordingly company is exposed to interest risk.

Bank of South Pacific Limited of Papua New Guinea has undertaken to provide necessary support as per the Support Deed to enable the company to meet dividend commitments to Fiji Class Shareholders. Accordingly, the interest rate risk and cash flow impact thereon is mitigated by Support Deed with Bank of South Pacific Limited.

(b) Credit risk

The company's financial assets are cash and cash equivalents and advance to Bank of South Pacific Ltd - Fiji Branch which represent the company's maximum exposure to credit risk in relation to financial assets. The credit risk on liquid funds is considered to be limited given that Bank of South Pacific Limited has a good credit rating and is a related entity.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet the company's present obligations.

The company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

Bank of South Pacific Limited of Papua New Guinea has undertaken to provide necessary support as per the Support Deed to enable the company to meet dividend commitments to Fiji Class Shareholders. Accordingly, the liquidity risk is also mitigated by Support Deed with Bank of South Pacific Limited.

NOTE 4. INCOME TAX

(a) Income Tax Expense

The prima facie income tax payable on profit or (loss) is reconciled to the income tax expense in the statement of profit or loss and other comprehensive income as follows:

	<u>2014</u>	<u>2013</u>
Profit / (loss) before income tax	\$ 1,601,986	864,617
Prima facie tax payable / (benefit) thereon at 20%	320,397	172,923
Tax effect of permanent differences:		
Non-taxable income - support fees	(234,800)	(113,988)
Tax losses recouped during the year	<u>(85,597)</u>	<u>(58,935)</u>
Income tax expense	\$ <u>-</u>	<u>-</u>

NOTE 4. INCOME TAX (CONT'D)

(b) Benefit of Income Tax losses not brought to Account

As at 31 December 2014, the company had unconfirmed unrecouped income tax losses of around \$36,067 (2013: \$658,544). These losses are available for carry forward for a period of 4 years from the year of loss. The company has not recognized deferred tax asset in respect to income tax losses given that the realization of the tax benefit is not considered to be probable.

NOTE 5. INTEREST INCOME	2014	2013
Advance to Bank of South Pacific Limited - Fiji Branch	453,000	662,332
Deposits with Bank of South Pacific Limited - Fiji Branch	2,294	1,295
Total interest income	\$ 455,294	663,627

NOTE 6. SUPPORT FEE	2014	2013
Support fees from BSP	1,174,000	569,941
Total support fee	\$ 1,174,000	569,941

Bank of South Pacific Limited of Papua New Guinea has undertaken to provide necessary support as per the Support Deed to enable the company to meet dividend commitments to Fiji Class Shareholders.

NOTE 7. EXPENSES	2014	2013
Interest Expense		
Convertible notes	-	339,449
Total interest expense	\$ -	339,449
Operating Expenses		
Auditors' remuneration - audit	8,625	6,800
- other services	-	1,900
General expenses	18,683	20,802
Total operating expenses	\$ 27,308	29,502

NOTE 8. ADVANCE TO BANK OF SOUTH PACIFIC LIMITED - FIJI BRANCH

	<u>2014</u>	<u>2013</u>
Advance to Bank of South Pacific Limited - Fiji Branch	\$ 15,100,000	15,100,000

Advance to Bank of South Pacific Limited - Fiji Branch was subject to interest at the rate of 3%. The advance is repayable by demand made after the earlier of:

- a) The date on which Fiji Class Shares cease to be on issue;
- b) The date on which all the issued Fiji Class Shares are transferred to, and registered in the name of, BSP or entity which BSP controls; and
- c) The date agreed by BSP and BSP Convertible Notes Limited.

NOTE 9. PAYABLES

	<u>2014</u>	<u>2013</u>
Payables and accrued liabilities	12,360	8,700
Total payables	\$ 12,360	8,700

NOTE 10. SHARE CAPITAL

	<u>2014</u>	<u>2013</u>
Authorised capital		
500,000,000 A Class Ordinary Shares of \$0.01 each	5,000,000	5,000,000
200,000,000 Fiji Class Shares of \$0.01 each	2,000,000	2,000,000
	\$ 7,000,000	7,000,000
Issued and paid up capital		
25,000,000 A Class Ordinary shares of \$0.01 each (a)	250,000	250,000
3,064,968 Fiji Class Shares of \$5.2499 each (b)	16,090,806	16,090,806
	\$ 16,340,806	16,340,806

Ordinary Shares - A Class Ordinary Shares

- (a) 24,999,998 A Class Shares of \$0.01 each have been issued to Bank of South Pacific Limited. Bank of South Pacific Limited is a company incorporated in Port Moresby, Papua New Guinea.

Fiji Class Shares

- (b) 3,064,968 Fiji Class Shares have been issued at a total value of \$16,090,806.

Key rights of Fiji Class Shareholders are as follows:

- (i) The right to receive dividend equal to the amount of dividend to be paid on BSP Ordinary Share.
- (ii) The same voting rights as a BSP Ordinary Share and effected through a special voting share held by the Chairman of BSP.

NOTE 10. SHARE CAPITAL [CONT'D]

(iii) The Fiji Class Share may be exchanged on a one for one basis into BSP Ordinary Shares at a subsequent date and at the option of BSP on the occurrence of certain prescribed events.

Fiji Class Shareholders receive dividends twice yearly based on the interim results of 30 June and the final results on 31 December. Fiji Class Shares are quoted in the South Pacific Stock Exchange (SPSE).

NOTE 11. DIVIDENDS	<u>2014</u>	<u>2013</u>
Dividend on Fiji Class Shares	1,494,785	753,676
Total dividends	\$ 1,494,785	753,676

NOTE 12. NOTES TO STATEMENT OF CASH FLOWS

a) Cash and Cash Equivalents

Cash and cash equivalents consist of balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	<u>2014</u>	<u>2013</u>
Cash at bank	518,670	407,809
Total cash and cash equivalents	\$ 518,670	407,809

NOTE 13. CONTINGENT LIABILITIES

Contingent liabilities as at 31 December 2014 amounted to \$Nil (2013: \$Nil).

NOTE 14. COMMITMENTS

Capital expenditure commitments as at 31 December 2014 amounted to \$Nil (2013: \$Nil).

NOTE 15. RELATED PARTY TRANSACTIONS

- a) BSP Convertible Notes Limited is the subsidiary of Bank of South Pacific Limited. Bank of South Pacific Limited is a company incorporated in Port Moresby, Papua New Guinea.
- b) Transactions with the related parties were on normal trading terms and conditions no more favourable than those which would have been adopted if dealing with the parties at arms-length in the same circumstances.

NOTE 15. RELATED PARTY TRANSACTIONS (CONT'D)

Significant related party transactions during the year were:

- Interest received on advance to Bank of South Pacific Limited - Fiji Branch of \$453,000 (2013: \$662,332).
- Interest paid on convertible notes issued to fellow subsidiary, BSP Life Fiji Limited of \$Nil (2013: \$104,712).
- Support fee from Bank of South Pacific as per the Support Deed of \$1,174,000 (2013: \$569,941).
- Dividend paid on Fiji Class Shares to fellow subsidiary, BSP Life Fiji Limited of \$278,686 (2013: \$140,514).

c) Amounts due to, and receivable from related parties:

Appropriate disclosure of these amounts is contained in the respective notes to the financial statements.

d) Directors

The names of persons who were directors of the company at any time during the financial year are as follows:

Kevin Bernard McCarthy
Johnson Kalo
Robin Gerard Fleming
Cecil Browne

NOTE 16. EVENTS SUBSEQUENT TO BALANCE DATE

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