



SAMOA INTERNATIONAL FINANCE AUTHORITY



ANNUAL **7TH** EDITION
2012 REPORT



GOVERNMENT OF SAMOA

OFFICE OF THE MINISTER OF FINANCE

Ministry of Finance, Central Bank of Samoa, Development Bank of Samoa, Samoa National Provident Fund, Samoa Life Assurance, Samoa Housing Corporation, Tenders Board, Samoa International Finance Authority, Cabinet Development Committee

03 March 2014

The Honourable Speaker
Legislative Assembly of Samoa

Pursuant to section 20(5) of the *Samoa International Finance Authority Act 2005*, I have the honour to submit the report of the Samoa International Finance Authority on its operations for the twelve months that ended on the 30th June 2012, together with the audited accounts for that period and the report of the Auditor on those accounts.

(Faumuina Faalotane Tiatia Liuga)
MINISTER OF FINANCE



Samoa International Finance Authority

Please address correspondence to
THE CHIEF EXECUTIVE OFFICER

03 March 2014

Honourable Faumuina Faaolatane Tiatia Liuga
Minister of Finance
Ministry of Finance
APIA

Dear Honourable Minister

I have the honour of submitting the Annual Report of the Samoa International Finance Authority as required by the *Samoa International Finance Authority Act 2005* for the financial year 1 July 2011 to 30 June 2012

The report comprises:

- (a) a report on the Authority's operations during the twelve (12) months ending on 30 June 2012; and
- (b) the Authority's audited accounts for the twelve (12) months ending June 2012 together with the auditor's report.

Yours faithfully

Alosamoa Erna Va'ai-Aiono
CHIEF EXECUTIVE OFFICER

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Chairperson's Statement



It is with immense pleasure that I welcome you to this edition of the Samoa International Finance Authority (SIFA) Annual Report. However, before I delve into highlighting this year's events, I firstly pay tribute to the former Governor of the Central Bank and Chairman of the SIFA Board Leasi Papalii Tommy Scanlan for his invaluable contribution to the success of SIFA. Of emphasis is his participation in the Authority's mission to comply with international standards to achieve its goal of being the premier jurisdiction for offshore business since inception of the Authority in 2005. As the new Chairperson of the SIFA Board, I wish Leasi all the best in his future endeavours and acknowledge his service to SIFA throughout his term as Chairman of the Board.

Taking on the role of Chairperson of the SIFA Board has been challenging both on the domestic and international front. My new role meant diverse responsibilities which concurred with Samoa celebrating its 50 years of independence from colonial rule. The all year independence celebrations also coincided with the Rugby World Cup which saw SIFA host a farewell dinner and contributed a substantial monetary donation to our 15s national rugby team in September as they prepared for the world cup in New Zealand.

Apart from SIFA lending generous support to our sporting fraternities such as rugby, judo, golf and netball for development, its core functions as alluded to in the SIFA Act were well implemented.

On the regulatory front, SIFA through senior management continued attendance of peer regulatory workshops such as the Peer Review Group (PRG), International Association of Insurance Supervisors (IAIS) and the Group of International Finance Centres Supervisors (GIFCS) amongst other meetings to ensure being informed of international developments in the offshore arena.

On the promotional front, SIFA again undertook its Asian Roadshow to Singapore, Hong Kong and China to secure its niche in the Asian market and ensure it is maintained amid competition from well-established offshore centres.

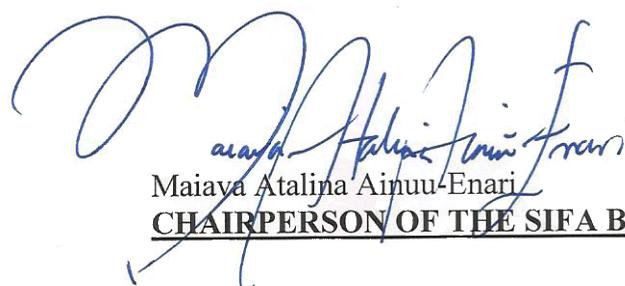
Other developments to note include the introduction of various amendments to the *International Companies Act 1988* such as the immobilisation of bearer shares as well as other relevant international financial services legislation which is testament to SIFA's commitment in adhering to international standards as well as affirming its objective of becoming the Switzerland of the Pacific through offering diverse international financial services and products.

Despite the changing global economic environment, SIFA continues to operate successfully as evident in its 14 million profit within this financial year, a slight increase from the previous year. In this respect I congratulate the CEO, management and staff for all the hard work in the previous 12 months.

I record my congratulations to fellow Board members namely the Attorney General, CEO of the Ministry of Finance and private sector members for their invaluable contribution to the operations of SIFA. Persevere with the great work!

Despite the stringent international standards, pressures from standard setters and competition from renowned offshore markets, SIFA continues to sustain and operate successfully with the support of its Government, Board members and dedicated staff.

I look forward to another successful year's work and may God bless you all.



Maiava Atalina Ainuu-Enari
CHAIRPERSON OF THE SIFA BOARD

Chief Executive Officer's Statement



The beginning of the financial year 2011/2012 brings to a close an era marked by the illustrious career of Mr Leasi Papalii Tommy Scanlan (former Governor of the Central Bank and Chairman of the SIFA Board) and ushers in the first lady Governor.

To this end, I acknowledge and salute the significant contributions of Mr Scanlan who had reached the highest echelons of leadership internationally in the August OECD Global Forum and Sub Group on the Level Playing Field. I thank him also for his strong and steadfast support to SIFA as its founding Chairman. May I also take this opportunity to sincerely congratulate and warmly welcome on board the recently appointed Governor and Chairperson of our Board, Mrs Atalina Enari.

Preparations for Samoa's bid to win the IRB Rugby 15s World Cup were also kickstarted and witnessed patriotism at great heights as the various companies and the local community selflessly gave substantial donations. SIFA is no exception and gave unsparingly. SIFA's other major sponsorships extended to the Judo World Cup 2011 and the SIFA Samoa Golf Classic.

On the legislative front, a new Trusts law is being refined and its author a Hong Kong based UK lawyer gave workshops to our Staff members and representatives of the private sector on its rationale and technicalities. The SIFA Act 2005 is also being reviewed for necessary changes in light of recent developments and emphasis on corporate governance issues. Samoa's latest innovation also became law (the Special Purpose International Company), followed closely by the passage of the Tax Information Exchange Agreement Act 2012. The latter means that all Tax Information Exchange Agreements (TIEAs) signed by Samoa to date: (Australia, New Zealand, Netherlands, San Marino, Principality of Monaco, Ireland, Sweden, Finland, Greenland, Iceland, Norway, Faroes, Denmark and Mexico) can now be implemented.

The promotional efforts of SIFA were taken up several notches with a Roadshow travelling to Singapore, Hong Kong and the Peoples Republic of China. The official Government delegation led by the Hon. Minister of Finance (Faumuina Faaolatane Tiatia Liuga) for the first time comprised not only the Associate

Ministers but included the Opposition Whip. Such opportunity gave valuable insights to our Parliamentarians on the activities of SIFA which is particularly useful given the constant need for us to remain competitive in our business laws.

The crossborder nature of SIFA's business necessitates training on international standards of best practice in supervisory issues to continue. With a desire to ensure a high level of skills and knowledge being retained in the Office in such a dynamic area, workshops and training particularly on ever changing international standards remains in the fore of Management Training. As such, senior Managers and staff have attended meetings and workshops conducted by the OECD, the International Monetary Fund (IMF) and the Corporate Registers Forum (CRF) besides peer regulatory annual meetings of the Offshore Group of Insurance Supervisors (OGIS) and the Offshore Group of Banking Supervisors (OGBS). Attachments with the New Zealand Registry of Companies for the Registration Section have enriched and enhanced not only the Staff members knowledge on the latest electronic innovations of that Office but have also proved to be a real "eye opener" on their work ethic and standards. Such exposure is especially required as the SIFA Online Registration System called mysifa.ws makes progress.

Despite the slow recovery worldwide from the economic recession, and the fallen USD exchange rate, I am happy to note an increase in our net profit.

This year's activities culminated with the monumental celebration of Samoa's Golden Jubilee which saw thousands of our fellow countrymen return on a pilgrimage. With great fanfare, a three (3) day holiday showcased various cultural festivities and featured a UB40 concert at the Apia Park. A rally with spiritual content also took place underscoring the foundations of this country duly acknowledged in its Constitution as being founded upon God.

May the good Lord's face continue to shine upon this blessed nation.

Soifua ma ia manuia,



Alosamoa Erna Va'ai-Aiono
CHIEF EXECUTIVE OFFICER

1. Management and functions of the Samoa International Finance Authority

The Authority is managed by a Chief Executive Officer (CEO) appointed by Cabinet on the advice of the Minister. The Authority assumes responsibilities of a one stop regulatory shop which is in accordance with accepted international standards for banking, insurance and corporate service provider regulation.

SIFA is administered by a Board of Directors consisting of four Government officials (i.e. the Governor of the Central Bank, the Attorney General, the Chief Executive Officer of Ministry of Finance) and up to three directors from the private sector. The latter must have financial services background with relevant knowledge, experience and expertise to aid the Authority in its performance. The Board must meet at least once every two months. The Board members have a statutory obligation to declare any direct personal or pecuniary interest in any matter on each and every occasion the matter is discussed, and as soon as the member has knowledge of the relevant facts.

The functions referred to below broadly represent the varying functions performed on a daily basis and the diverse nature of operations of the Authority. On the one hand the Authority performs a regulatory and supervisory function where the ultimate objective is to protect and uphold the reputation and integrity of our Centre whilst on the other hand promote the financial facilities and explore ways to enhance the attraction of Samoa as an international finance centre.

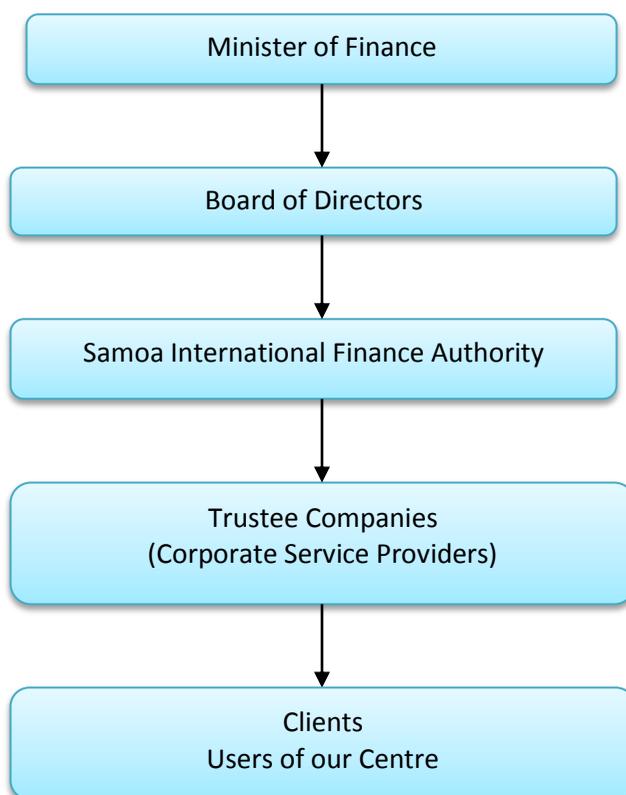
Functions of SIFA pursuant to section 4 of the *Samoa International Finance Authority Act 2005* are:

- ⇒ To monitor and supervise the conduct of international financial services provided within Samoa;
- ⇒ To protect and maintain the good repute of Samoa as a centre for international financial services;
- ⇒ To ensure coordination and cooperation between the public sector agencies, private corporations and non-governmental organizations concerned in any way with international financial services;
- ⇒ To promote Samoa as a centre for international financial services;
- ⇒ To make recommendations for the introduction, amendment or replacement of legislation pertaining to international financial services, companies and other forms of business structures;
- ⇒ To carry out research and to commission studies on the international business sector and related services;

- ⇒ To be responsible for the general administration of international financial services legislation and for the collection of all fees, charges and other revenue due thereunder;
- ⇒ To advise and make recommendations to the Government generally on any matter relating to international financial services; and

Such other functions in relation to international financial services as may by Order be made by the Head of State.

The following represents the current structure of Samoa International Finance Authority:



2. Structure of the Samoa International Finance Authority

2.1 Board of Directors



CHAIRPERSON
Maiava Atalina Ainuu-Enari



ATTORNEY GENERAL
Aumua Ming Leung Wai



CEO – SIFA
Alosamoa Erna Va'ai-Aiono



CEO – MINISTRY OF FINANCE
Tupa'imatuna Iulai Lavea



PRIVATE SECTOR
Fatima Strickland



PRIVATE SECTOR
Tuatagaloa Alfred Schwalger

2.2 Management

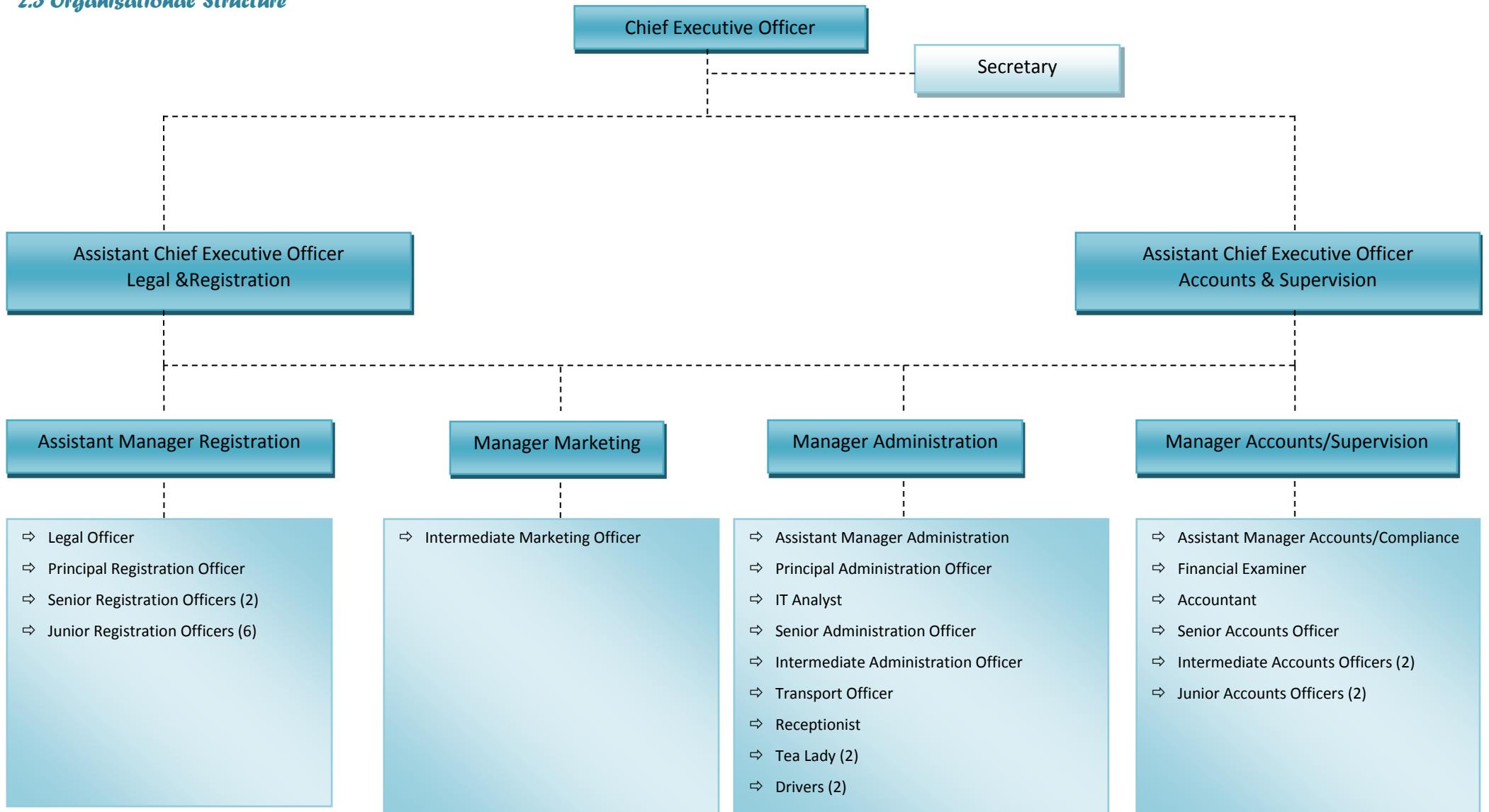


Standing (L-R) Agnes Kerslake – Marketing Manager, Koroseta Lesatele – Asst Manager Admin, Kolisi Simamao – Asst Manager Accounts/Compliance, Kalala Mataia – Asst Manager Registration

Sitting (L-R) Ala Meleisea – Manager Accounts/Compliance, Alosamoa Erna Va'ai-Aiono – CEO, Cheshire Malua – ACEO Accounts/Compliance, Sieni Voorwinden – ACEO Registration/Legal

Absent: Moana Ah Poe – Manager Admin

2.3 Organisational Structure



2.4 Staff Members



3. Governing Legislation of SIFA

The Samoa International Finance Authority (SIFA) was established by the *Samoa International Finance Authority Act 2005* (SIFA Act) and administers the following legislation. In its quest to comply with international standards and keeping abreast of developments in the offshore world, the Authority and relevant local bodies regularly review its laws with a view to further diversifying its product base and broaden the range of corporate vehicles already available.



Court House

3.1 SJFA Act 2005

The SIFA Act established an independent statutory body to regulate, administer and supervise international financial services within Samoa. The Act also prescribes the powers, functions and duties of the authority and formalized the role and functions of the Board by statute. Additionally it enables the centre to develop and grow as a one stop regulatory shop in light of international financial services and businesses available globally.

3.2 International Companies ACT 1988

The Act provides for the incorporation and registration of international and foreign companies. Incorporation is a relatively simple and only exceptionally will take more than one day. Application is made to the Registrar of International and Foreign Companies through a licensed trustee company, accompanied by the company's Memorandum and Articles of Association, the incorporation fee which is fixed, and notice of registered office. A Schedule of Standard forms of Memorandum and Articles of Association which can be adopted with or without variation is provided in the Act.

3.3 International Trusts Act 1988

This Act provides for the registration of an international trust thus enabling it to enjoy certain privileges and exemptions. An international trust is a trust in respect of which one trustee at least is either a trustee company, an international or foreign company and the beneficiaries are at all times non-resident. The registration and annual renewal fee is US\$150.00. Discounted fees on a long term registration basis for five (5), ten (10) or twenty (20) years are available. In regard to legal issues concerning a trust, the Court will apply the Act and the English common law and equity in force in Samoa but to validate the trust instrument, it may apply the law of the country where the trust instrument is executed or where the trust property is situated or where the trustees (or any one of them), the settlor or the beneficiaries are normally resident or domiciled.

3.4 Trustee Companies Act 1988

This Act provides for a company incorporated as a domestic company to be licensed to conduct trustee company business for non-residents of Samoa (offshore clients). Trustee companies, also known as corporate service providers are the core of the offshore industry, being the only entities allowed to engage in the incorporation and servicing of international companies.

3.5 International Banking Act 2005

The Act governs the licensing of international and foreign companies registered under the *International Companies Act 1988* and other overseas companies who wish to carry on international banking business from within Samoa.

The Inspector of International Banks is appointed by the Minister responsible for the regulation and supervision of licensees. The licensing and disciplinary powers reside with the Minister. The Act provides a three (3) tiered licensing system for **A**, **B1** and **B2** class offshore banking licenses. The categories of licenses vary according to capital requirement and authorised scope of activities, for example whether deposits can be accepted from the public or whether the bank is a captive bank. Application is made through the Inspector of International Banks who inter alia shall require from the applicant particulars of its financial standing, a business plan, its ultimate beneficial ownership (together with references and financial reports), and verification that every director, controller or manager is a “fit and proper person” in terms of integrity, competency and soundness. All licensees are required as a condition of their licence to establish and maintain a physical presence in Samoa.

3.6 International Insurance Act 1988

Regulates offshore insurance business carried on by international and foreign companies registered under the *International Companies Act 1988*. There are four (4) types of insurance licences i.e. general, long term, reinsurance and captive insurance business. Applications are made to the Registrar of International Insurance and the applicant company is required to produce evidence as to its financial standing, share ownership, police clearances and references. Registration fees vary depending upon the category of business carried on. Registration is renewable every 12 months on payment of the prescribed fee.

3.7 International and Limited Partnership Act 1998

The Act provides for exempt International Partnerships and Limited Partnerships. An international or limited partnership is defined as being registered under the Act and in respect of which all partners are at all times non-residents of Samoa; and the partnership does not carry on business or engage in a trade in Samoa; and one of the partners or limited partner of the limited partnership is either an international company, registered by a foreign company or a licensed trustee company. Every partnership is required to have a registered office in Samoa, which must be the office of a trustee company.

3.8 Segregated Fund International Companies Act 2000

Provides for a Trustee company to apply to the Registrar to either (1), incorporate a segregated fund international company or to register an existing international company as a segregated fund international company if authorised by its memorandum or (2), to register a segregated fund international company by way of continuance.

Applications must be lodged together with Memorandum and Articles of the proposed company, Notice of registered office, the prescribed fee(s) and certificate by the trustee company confirming all requirements of the Act have been complied with.

3.9 Prevention & Suppression of Terrorism Act 2002

The Act provides for the criminalisation of various specific acts including terrorist bombing, hostage taking, attacks against Internationally Protected Persons, unlawful seizure of aircraft, violence at airports and seizure of ships. The financing of such terrorist acts is also an offence. The Act further provides for the freezing and forfeiture of funds and proceeds used for the financing of terrorism and allows for the arrest and extradition of suspected foreign terrorists. Additionally, the Act gives effect to Samoa's international treaty obligations regarding the prevention and suppression of terrorism.

3.10 Money Laundering Prevention Act 2007

This Act provides for the prevention of Money Laundering and repeals the Money Laundering Act 2000. Further it implements international standards of best practice set by the Financial Action Task Force (FATF) to prevent Money Laundering. The Act defines “money laundering” as engaging whether directly or indirectly in any transaction that involves property which is the proceeds of crime or having reasonable grounds for believing the property represents proceeds of crime. A maximum period of seven (7) years and/or a fine not exceeding SAT\$1,000,000 (approximately USD4,300, 000) is the penalty for an offence committed under this Act. The Act covers all “financial institutions” as defined in the Act to include not only banks and trust companies, but money transmission services, insurance companies, trust business providers, lawyers, accountants and investment business.

3.11 Mutual Assistance in Criminal Matters Act 2007

The Act facilitates the provision and obtaining of international assistance in criminal matters. Criminal matter refers to criminal investigations and criminal proceedings and includes a matter (whether arising under the laws of Samoa or another foreign state) relating to the forfeiture or confiscation of property for an offence or the restraining of dealings in property that may be forfeited or confiscated for an offence. The Act demonstrates the Authority and Samoa’s commitment to comply with international standards combatting international criminal activities.

3.12 Proceeds of Crime Act 2007

The Act defines “proceeds of crime” as any property wholly or partly derived or realized, whether directly or indirectly from a serious offence whether situated within or outside Samoa. The Act empowers enforcement agents of the Authority, Police Services, Money Laundering Prevention Authority, Financial Intelligence Unit, Customs Department and Central Bank to take the appropriate course of action where any property defined in the Act is believed to have been derived directly or indirectly from a serious offence within or outside Samoa. The offence is punishable by imprisonment for a maximum period of not less than five (5) years. Foreign restraining orders pertaining to the nature of criminal activities covered by the Act are obtained via the *Mutual Assistance in Criminal Matters Act 2007*.

3.13 Mutual Funds Act 2008

This Act provides for the licensing and supervision of International Mutual Funds and Collective Investment Schemes and for managers and administrators. The Registrar of International Mutual Funds who is appointed by SIFA is expressly given the mandate to supervise and regulate mutual funds. Three types of mutual funds are provided for under the Act namely, Professional, Private and Public Funds. Every application under the Act or a license must be accompanied by a notice of the address of the applicant's place of business and address for service, name and address of a person resident in Samoa authorised to represent the applicant and accept due process of service, and the address of any place of business that the applicant has outside of Samoa.

3.14 Electronic Transactions Act 2008

The Act facilitates the use of electronic transactions which involves alternatives to paper-based methods of communication, storage and authentication of information to conduct business. The Act defines 'electronic' as including electrical, digital, magnetic, optical, electromagnetic, biometric and photonic as well as "electronic record" which is defined as information generated, sent, received or stored by electronic means including electronic data interchange, electronic mail, telegram, telex or telecopy. This Act goes hand in hand with the Authority's aspiration to implement its online registration system to ensure that it has the capacity to offer its services to all clients through electronic means through the use of the internet. The ultimate objective of this Act is to provide easy access, where clients from around the world can transact business with the centre at the push of a button.

The benefits of the legislation include:

- ⇒ Allowing the International Companies Registry to maintain its records in electronic form and accept registration of documents online or electronically.
- ⇒ Allowing the private sector i.e. Trustee Companies to maintain their company files and records electronically either at their offices in Samoa or overseas.
- ⇒ Allowing Trustee Companies to minimise costs of courier services from their parent companies in overseas locations using electronic means of communication instead.
- ⇒ Overcoming the geographical disadvantage of Samoa and providing a competitive advantage over other competing jurisdictions.

3.15 Special Purpose International Companies Act 2012

This new Act introduces the civil law concept of a foundation into our common law jurisdiction. Its enactment enables the creation of a new form of hybrid company which operates as a charitable trust in terms of its ownership but functions as a company in terms of its formation. The structure of this Act is based upon the *International Companies Act 1988* and follows its format. These special purpose types of companies are formed in the same way as an international company and thus are operated by a Board of Directors pursuant to a Memorandum of Association, Powers and Articles Of Association. Such companies can only be established, and must always be administered for the ultimate benefit of charity and must always be administered through a trustee company licensed in Samoa. Further, the trustee company must also always be in the possession of the crucial document that these companies must have which is the Founders Rights Certificate, a document which carries with it control rights similar to those of shareholders.



Parliament House at Mulinuu where all laws are passed

4. Activities of the Authority

To ensure that its activities are in line not only with international standards but matching developments applying in other renowned offshore centres, the Authority continues with its active membership in various international fora as follows:

- ⇒ Founding member of the Corporate Registers Forum (CRF);
- ⇒ Member of the Offshore Group of Insurance Supervisors (OGIS);
- ⇒ Member of the International Tax Planning Association (ITPA);
- ⇒ Member of the Group of International Finance Centre Supervisors (GIFCS);

The Authority through its different Divisions ensures that it performs its respective functions in the utmost manner not only to efficiently serve its clientele but to keep abreast with developments in the international business arena. On that note, a new Marketing Division was established during the past twelve months in addition to the Registration, Accounts and Administration Divisions of the Authority.

4.1 Registration Division

The Registration Division carries out a crucial role in the operation of the Authority being responsible for



Registration Division

incorporation of international business companies which is its main product along with international trusts, segregated and mutual funds and the newly created special purpose international company. Incorporating an international company is relatively simple and only exceptionally will it take more than one day.

There is no prescribed application form and no prior Government approval required. Application is made to the Registrar of International and Foreign Companies through a licensed trustee company, accompanied by the company's Memorandum and Articles of Association, the incorporation fee of US\$300.00 which is fixed, and Notice of registered office. The *International Companies Act 1988* provides a Schedule of standard forms of Memorandum and Articles of Association which can be adopted with or without variation. Only one subscriber is needed and normally this would be a trustee company or a nominee company acting on behalf of the beneficial owner, whose name does not need to be disclosed.

Other services carried out by the Registration Division include amongst others, the winding down of companies, issuing of certificates of good standing, name changes, amalgamations, share and capital reduction and issuing shares at a discount. The Registration/Legal Division also provides legal advice on any matters in the performance of its functions.

During peak periods (January and February) the Registration Division is often faced with as many as one hundred (100) to five hundred (500) companies to be incorporated in a single day. Company incorporation may be processed within a period of twenty four hours or even less.

In the last twelve (12) months the gross number of international companies registered with SIFA is four thousand and fourteen (4,014). The total number of live international companies registered with the Authority as at June 2012 is 30,224.

There are currently eight (8) registered trustee companies to undertake offshore business in Samoa.

4.2 Accounts/Compliance Division

The Accounts Division of the Authority is responsible for recording and maintaining accurate and complete records of the Authority with regards to its financial transactions and assets. The Accounts division is also responsible for the designing and implementation of internal control policies in ensuring the adequacy of its financial reporting and disclosures. The Authority's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) to enhance the quality and transparency of information presented in our financial statements.



Accounts/Compliance Division

The external auditor for SIFA is required by law to be advertised for tender every two (2) years. The financial accounts are currently being audited by our local Auditors: Lesa ma Penn Certified Public Accountants.

One junior accounts officer was hired during the past year to assist with executing the functions of the accounts division.

4.2.1 Compliance/Supervision

Comprised under the Accounts division is the compliance or supervision team which is responsible in assisting the Chief Executive Officer and the Legal Team in executing the supervisory and regulatory role of the Authority in monitoring and supervising the conduct of its licensed financial entities. As of 30 June 2012 the following entities were licensed and registered with us:

Licensed Entities	No
International Banks	8
Trustee Companies	8
Private International Mutual Fund Companies	4
International Fund Manager and/or Administrators	4
International Public Fund	1
International Insurance Companies(Managers)	4 (2)
Registered Auditors	13
Registered Liquidators	14

As part of its supervisory role, the supervision team is responsible for licensing as well as regulating the above entities against international supervisory standards of best practice such as the Basel Core Principles on Banking Supervision, Insurance Core Principles set by the International Association of Insurance Supervision (IAIS) and the 40 + 9 Recommendations promulgated by the Financial Action Task Force (FATF) in combating money laundering and terrorist financing activities. All supervisory efforts are aimed at upholding the reputation of our jurisdiction as a secure International Finance Centre through its continuous drive to adhere to international standards keeping abreast with international developments and that has direct bearing on our international services. The supervision team also receives and analyses statutory financial information pertaining to the above licensed entities to ensure that they are in compliance with their statutory obligations.

4.3 Administration Division

The Administration Division administers staff regulations and manages all staff resources and assets.



Administration Division

4.3.1 Staff Developments

During the year, four (4) new staff members were recruited which includes an Accountant who replaced a staff member who was promoted to a Management position, an IT Analyst and two students from the National University of Samoa who secured permanent employment after working part-time for three (3) months.

The Authority continues to encourage all its members to pursue further studies with the local Tertiary Institutions in order to obtain qualifications relevant to their work. In this regard, eleven (11) staff members are studying on a part time basis where five (5) are pursuing studies at the University of the South Pacific at Alafua and six (6) at the National University of Samoa.

4.3.2 Student Work Experience / Part-time

The Office took on board two (2) students from the National University of Samoa (School of Business and Entrepreneurship) in October 2011 for four weeks work experience. They were allocated to the Registration and the Accounts Section. The Office then hired them as part-time workers from November 2011 until February 2012. The reason being that the bulk of SIFA's work load (renewals) is carried out every year during the months of November to February the following year.

4.4 Marketing Division

Pursuant to Section 4 of the *Samoa International Finance Authority Act 2005*, some of the core functions of the Authority are to (a) promote Samoa as a centre for international financial services and (b) to make recommendations for the creation and improvement of any facilities likely to enhance the attraction of Samoa as a centre for international financial services.



Marketing Division

SIFA has continued to be blessed with modest success in the market in the 2011-2012 financial year. Despite varying measures of recoveries achieved by certain economies, the market at large was still struggling with the after effects of the global financial crisis and the undertows of anti-terrorism measures imposed by the relevant international regulatory bodies. SIFA was under no illusion that more effort was needed to continue momentum in promoting the Samoan jurisdiction as a stable and sound investment environment for the discerning investor. At the same time, we needed to strike the right balance between the regulatory functions of SIFA and promoting Samoa as an international finance jurisdiction in order to maintain our integrity and remain relevant in the current business environment.

‘SAMOA FIRST – MOVING WITH THE TIMES’.

In an effort to facilitate improved trade relations with its major trading partners, Samoa moved west across the international dateline in December 2011. Samoa went from the ‘last jurisdiction to close to the first to open. It was an opportunity to re-position SIFA in the market as being a jurisdiction that is proactive, innovative and competitive. Our new slogan was titled ‘Samoa First - Moving with the times.’

Samoa has become the first jurisdiction to open for business in the world, and have some exciting new additions and extensions to its product offering on the horizon.

INNOVATIVE NEW PRODUCTS IN THE PIPELINE

- i. *Special Purpose International Companies Act 2012* (SPIC) which is a hybrid company offering features of both companies and foundations. It is indeed a corporate solution found only in Samoa.
- ii. Proposed new Trust Law that is arguably the most advanced trust law in the world. Provisions will be as good as if not better than the trust laws in other jurisdictions, offering some solutions which are exclusive yet again, to Samoa.

- iii. Flexible operation – it is envisioned that the new trust law will be administered both within and outside Samoa. There will also be incentives provided to encourage Trust Companies and their key employees to set up in Samoa.
- iv. Revision of the *Trustee Companies Act 1988* to ensure appropriate regulation, and also to provide for Private Trust Companies.

In April 2012, following the 2011 Asia Roadshow which covered Ningbo, Fuzhou and Xiamen, SIFA in collaboration with the Offshore Incorporations Ltd (OIL) Group were keen to expand the success to other emerging cities of the People’s Republic of China such as Shenzhen and Chengdu as well as reinforcing earlier representations to Hong Kong and Beijing. Singapore was also revisited after having concentrated solely on China over the past three (3) years.

Samoa over the past years has developed modern user products and legislation with some in the pipeline signalling a move towards Asset Protection and Wealth Management services. In the same manner measures are being taken to enhance the level of the regulatory framework vital to cover banking, finance, insurance, re-insurance companies, trusts and foundations.

2012 ASIA ROADSHOW PROMOTION

The pre-selected audiences of over a hundred (100) per location were treated to seminars on Samoa as a viable alternative for international business and wealth planning. With the assistance of China Economic Review and the Offshore Incorporations Limited, the Asia Roadshow was well received. All presentations were bilingual on print and audio in English and Chinese languages.

ADVERTISEMENT & PUBLICITY

Articles and advertisements were placed in strategic publications (printed and online) such as the China Economic Review, the Business Annual Offshore Guide, China Offshore Finance Guide and directory listing in the International Financial Review.

MARKET TRENDS & FUTURE PROSPECTS

The OIL 20/20 Survey titled “The Offshore Industry in 2020 – An Asian Perspective of the Offshore Industry” shows that China’s demand for offshore entities is growing as companies and High Net Worth Investors ‘go global’. The growth areas being Asia, South America and Africa. From OIL’s survey, our strengths in the market are based on Samoa’s excellence at managing Chinese names, solid international reputation, affordability, speed of legislation for PRC structures, high level government support and Samoa is deemed the best jurisdiction for re-domiciliation. From the Clients’ perspective, Samoa is attractive due to prompt Certificate of Incorporations/incumbency/good standing and fixed renewal fees irrespective of amount of share capital, and confidentiality provisions.

With eight (8) licensed trustee companies who are our jurisdiction front-liners, Samoa looks to increase market share by improving on current performance levels and developing product depth and new solutions to meet current and anticipated future market needs.

4.4.1 Sponsorship & Community Services

On the home front SIFA contributed favourably to the local community through sports and community welfare initiatives.

The 2011-2012 sponsorship portfolio included Samoa's elite sports teams and athletes (top 10 international ranking), projects or activities that have a national approach and national outreach as well as events of world-wide status.

For the first time since 2005, the jersey naming rights to Samoa's dynamic Manu Samoa 7s has been made available. SIFA was successful in the bidding process and has utilized the six (6) month captive audience live and broadcast reach of the HSBC IRB WORLD SEVENS CIRCUIT for global exposure of the SIFA brand. The Manu Samoa Sevens is the only local property that has a regular presence in the Asian market with its annual fixtures in Hong Kong and Japan.

Whilst the sponsorship is oriented towards activities that offer SIFA exposure to desired target markets, the community services on the other hand contributed to initiatives that are often overlooked by the corporate community due to their marginal capacity to provide a return on investments due to the nature of their operations. In 2011-2012 SIFA's community services portfolio included physically and mentally challenged NGOs, children's ward literacy, youth spiritual and creative wellness and victims of crime.

2012 Asia Promotional Visit



5. Developments

5.1 Professional Trainings & Seminars

In order to keep abreast of the global programmes and their implications impacting the Authority, Management and Senior Staff members attended various trainings and seminars during the year. Furthermore, staff training is accorded priority given the fast pace with which developments in international standards are occurring within the offshore industry. The following trainings and seminars were attended by key staff during the year:

Professional Trainings and Workshops

- ⇒ Offshore Group of Insurance Supervisors Training in Bahamas – November 2011
- ⇒ Small Countries Financial Management Training Course in the Isle of Man – September 2011
- ⇒ Peer Review Group Assessors Training in Argentina – January 2012
- ⇒ Attachment with the New Zealand Companies Office in Auckland, New Zealand – May 2012

Seminars and Conferences

- ⇒ Group of International Finance Centre Supervisors (GIFCS) Meeting in Labuan, Malaysia - September 2011
- ⇒ Members of the Peer Review Group (PRG) Meeting in Paris, France – September 2011
- ⇒ Commonwealth Secretariat and International Finance Centre Conference in London, United Kingdom – October 2011
- ⇒ Organisation for Economic Cooperation and Development Global Forum Peer Review in Paris, France – October 2011
- ⇒ Corporate Registers Forum (CRF) Conference in New Delhi, India - February 2012
- ⇒ Group of International Finance Centre Supervisors (GIFCS) Meeting in London, United Kingdom - March 2012
- ⇒ Offshore Group of Insurance Supervisors (OGIS) Annual Working Meeting in Gibraltar – May 2012

5.2 Online Registration System

The Authority continues to develop and further strengthen its Online Registration System in order to facilitate electronic processing of international companies offered to the international investor as firstly introduced in the first phase of this project in 2007. Some of the features of the Online Registration System are: the ability to keep a log of the registered company's history at the push of a button; for instance the system now keeps track of a company's share capital, par value, shows whether Chinese characters are used for a certain company's name, whether a certificate of good standing has been issued for the concerned company and whether a charge is registered with the concerned company. Other features of the online system include the revamping of the search engine whereby expanded results of words and characters are retrieved when carrying out name searches. It is the belief that having an Online Registration System is more efficient, timely and an accessible system not only for the Companies Registry but more importantly for the client compared to a manual and often labour intensive system. Work is well underway regarding the upgrade to the new SIFA Registration System (SRS) webpage later on this year. This means that the Online Registration System can be accessed anywhere in the world by going to the mysifa.ws webpage. Having the system online is also a step closer to having a paperless transition.

5.3 Social Club

The Social Club carried out various social activities for the benefit of employees outside of working hours. Social events for this year placed importance on healthy living through various sports and healthy challenges. SIFA staff participated in the Ministry of Health's Work Place Physical Activity Challenge for a period of six (6) months. The challenge required workplace participants to undertake at least three (3) physical activities each week and keep a log of workers' weight loss to record progress. In the end SIFA obtained various sporting equipment as a reward, for its physical activities. Further, the Social club also participated in a women's netball tournament for the month of September hosted by the Women in Leadership and Advocacy (WINLA). WINLA is under the auspices of all Government ministries and corporations headed by Women CEO. Concurrently, walkathons and costume days were a normal feature for each month which raised funds to assist the Social Club and its activities. On the spiritual and social side SIFA staff participated in the annual 13 Days of Christmas Program for the second time hosted by the Congregational Christian Church at Vaitele-Uta. Participation in such activities continues to raise the overall morale of employees.



6. Samoa International Finance Authority Financial Performance

“Despite the challenging global environment, SIFA continues to operate successfully as evident in its 14.3 million profit for this financial year; an improvement from the previous financial year.”

Audited Accounts Summary:

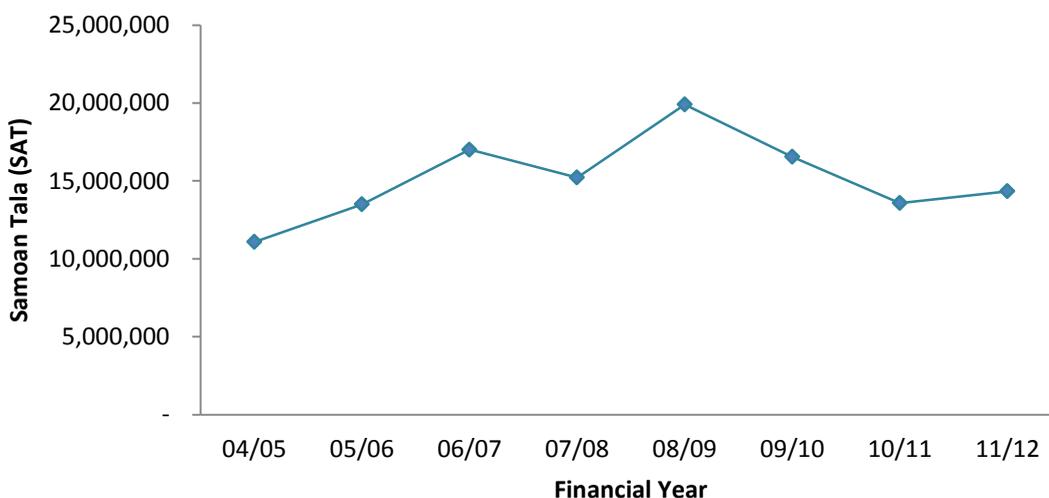
Financial position:

As of the end of the financial year under review, SIFA’s total assets stood at SAT44.8 million representing an increase of SAT1.3 million or 3.3 percent from the previous financial year. This increase is mainly due to an increase in SIFA’s cash assets. This increase in cash assets also represents a strong solvent position for the Authority with a solvency ratio of 49:1 which means that there is SAT49.00 to cover every SAT1.00 of liability.

Financial Performance:

As mentioned earlier, SIFA’s performance during the current financial year achieved a net profit of SAT14.3 million representing an increase of about 5.6 percent from the previous financial year. The increase in net profit was represented by an increase in annual and incorporation fees as well as exchange gains from foreign investments. Movement in net profit in the past financial periods is depicted in the chart below.

CHART 1: Movement in Net Profit



FINANCIAL STATEMENTS

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE SAMOA INTERNATIONAL FINANCE AUTHORITY

Scope

We have audited the financial statements of the Samoa International Finance Authority for the year ending 30 June 2012 as set out on pages 34 to 44. The Authority's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Authority.

Our audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures include examination on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with the International Financial Reporting Standards and the *Samoa International Finance Authority Act 2005* so as to present a view which is consistent with our understanding of the Authority's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Other relationship

Lesā ma Penn has no relationship with the Authority.

Audit Opinion

In our opinion:

- (a) proper books of account have been kept by the Authority, so far as it appears from our examination of those books, and
- (b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards and the *Samoa International Finance Authority Act 2005*:
 - (i) are in agreement with the books of account;
 - (ii) to the best of our information and according to the explanations given to us;
 - (a) give a true and fair view of the state of affairs of the Authority as at 30 June 2012 and of the results and cash flows of the Authority for the year ending on that date;
 - (b) give the information required by the *Samoa International Finance Authority Act 2005* 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.

Apia, Samoa
21 February 2013



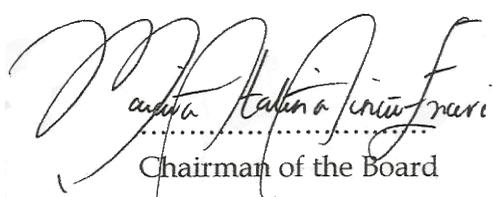
Lesā ma Penn
Certified Public Accountants

SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2012

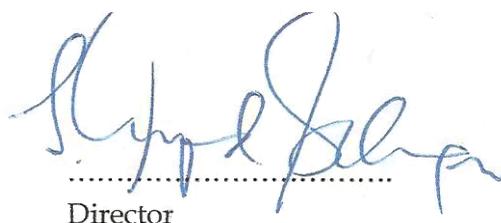
	Note	2012 WS\$	2011 WS\$
ASSETS			
Non-current assets			
Property plant and equipment	3	7,578,731	7,429,488
Receivables and prepayments	4	1,629,449	1,473,075
Investment	5	1,190,000	1,000,000
		10,398,180	9,902,563
Current assets			
Cash and cash equivalents	6	32,606,933	31,836,929
Receivables and prepayments	4	1,281,093	1,148,372
		33,888,026	32,985,301
Total assets		44,286,206	42,887,864
EQUITY AND LIABILITIES			
Equity			
General Fund		43,594,404	42,257,941
Total Equity		43,594,404	42,257,941
Current Liabilities			
Payables and accruals	7	603,552	506,041
Provisions	8	88,250	123,882
Total Liabilities		691,802	629,923
Total Equity and Liabilities		44,286,206	42,887,864

The relevant notes on pages 37 to 44 form part of this statement of financial position.

On behalf of the Board and in accordance with the Board resolution dated 21 February 2013.



 Chairman of the Board



 Director

**SAMOA INTERNATIONAL FINANCE AUTHORITY
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 WS\$	2011 WS\$
REVENUE			
Incorporation and Annual Fees		18,390,403	17,924,518
License Fees		293,080	298,601
Other Revenue		769,771	571,265
Interest Income		1,158,253	1,219,795
Exchange gain		98,684	-
		20,710,191	20,014,179

EXPENSES			
Audit fees		6,210	6,210
Building project costs written off	3	74,750	-
Depreciation	3	299,103	291,805
Directors fees		39,181	40,652
Communication		59,436	50,296
Management allowance		150,705	139,667
Printing and Stationery		177,355	175,887
Promotions	9	2,925,059	3,182,188
Occupational Costs		438,796	444,198
Staff Costs		1,222,240	1,255,019
Exchange loss		-	373,107
Loss on sale of fixed asset		-	12,760
Others		980,893	465,918
		6,373,728	6,437,707

Net Income for the year		14,336,463	13,576,472
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 2012**

Balance in General Fund at beginning of year		42,257,941	51,681,400
Plus net income for year		14,336,463	13,576,472
Less Payments to the Government of Samoa		(13,000,000)	(22,999,931)
Balance in General Fund at end of year		43,594,404	42,257,941

The relevant notes on pages 37 to 44 form part of the above statements.

SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 WS\$	2011 WS\$
CASH FLOWS FROM/(TO)			
OPERATING ACTIVITIES			
Fees and licence revenues		19,361,938	18,794,385
Cash paid to employees		(1,306,584)	(1,207,980)
Cash paid for rent and maintenance		(331,752)	(355,625)
Cash paid for promotional expenses		(2,718,620)	(2,719,114)
Cash paid for other expenses		(2,130,103)	(2,341,691)
Net advanced deposits		85,808	81,966
Net cash flows from operating activities		12,960,687	12,251,941
CASH FLOWS FROM/(TO)			
INVESTING ACTIVITIES			
Interest received		1,331,412	1,250,173
Proceeds from sale of fixed assets		-	1,205
Acquisition of fixed assets		(522,095)	(323,722)
Investment in UTOS		-	(1,000,000)
Net cash flows from/ (to) operating activities		809,317	(72,344)
CASH FLOWS (TO) FINANCING			
ACTIVITIES			
Payment to the Government of Samoa		(13,000,000)	(22,999,931)
Net cash flows (to) financing activities		(13,000,000)	(22,999,931)
Net increase / (decrease) in cash		770,004	(10,820,334)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		31,836,929	42,657,263
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	32,606,933	31,836,929

The relevant notes on pages 37 and 44 form part of this Statement of Cash Flows.

SAMOA INTERNATIONAL FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
30 JUNE 2012

1. GENERAL INFORMATION

The Samoa International Finance Authority is established under the *Samoa International Finance Act 2005*. The address of its main office and principal place of business is at Level 6 of the Development Bank of Samoa Building. The Authority administers and supervises the registration of companies, trusts and the licensing of banks, insurance, mutual funds and trustee companies under various international financial services legislation.

Prior to the commencement of this Act, the Office operated as the Office of the Registrar of International and Foreign Companies, attached to the Central Bank of Samoa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and the laws of Samoa, in particular the *Samoa International Finance Authority Act 2005*.

The accounts have been prepared on the basis of historical costs, modified by the revaluation of certain assets and liabilities as outlined below.

Set out below is a summary of the significant accounting policies adopted by the Authority and in particular the accounting policy adopted where there exists a choice between two (2) or more acceptable policies.

All amounts are expressed in Samoa Tala (SAT).

(b) Comparative amounts

To ensure consistency with the current year, comparative figures have been restated where appropriate. Certain presentational changes have been made in the Financial Statements.

(c) Foreign currencies translation

Transactions in foreign currencies have been converted to SAT at the rates ruling at the time of the transaction. Assets and Liabilities in foreign currencies at year end have been converted at rates ruling on that date. Exchange differences are taken to the statement of income.

(d) Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in

applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below.

(e) Property, plant and equipment

Depreciation is provided on all property, plant and equipment so as to write off the assets over their estimated economic lives. The straight line method of depreciation has been used. The main categories of property, plant and equipment and their respective economic lives are:

Furniture and Fittings	10 years
Office Equipment	5 years
Motor Vehicle	5 years
Leasehold improvements	10 years
Freehold land	not depreciated

(f) Impairment losses

The Authority assesses at each balance date whether there is any objective evidence that any asset is impaired and appropriate action are taken to write off any impairment losses assessed.

(g) Revenue and expenditure recognition

Fee income are recognised when due and on a cash basis. Any fees received in advance are deferred and apply to the period they relate to.

Interest income is recognised on an accrual basis using the interest rate applicable.

Expenditures are recognised on the accrual basis when services have been completed.

(h) Employee entitlements

The provisions for employee entitlements to annual leave and long service leave are accrued at current pay rates in respect of employees services up to the balance date.

(i) Taxation

The Authority is exempt from income tax under section 23 of *Samoa International Finance Act 2005*.

(j) Receivables

Receivables including loans to staff are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the receivables are derecognised or impaired. These are included as current assets, except for those with maturities greater than twelve (12) months after balance date, which are classified as non-current.

(k) Financial instruments

Financial instruments recognised in the statement of financial position include cash balances, receivables and payables. SIFA is not party to any financial instruments with off-balance sheet risk. Financial instruments are measured at fair value.

Assumptions inherent in the calculation of net realisable value include the determination of the credit risk associated with the financial instrument. All carrying values are considered to approximate fair value.

(I) Leases

Operating lease payments, where the lessors effectively retain substantially all the risk and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease.

3. PROPERTY PLANT & EQUIPMENT

2012

Cost	30-Jun-11	Additions	Disposals	30-Jun-12
Land	6,414,655	-	-	6,414,655
Building – Work in Progress	-	400,063	-	400,063
Furniture and Fittings	411,137	2,279	-	413,416
Office equipment	1,081,835	46,004	-	1,127,839
Motor vehicles	253,000	-	-	253,000
Lease improvements	156,363	-	-	156,363
	8,316,990	448,346	-	8,765,336

Accumulated depreciation	30-Jun-11	Depreciation	Disposals	30-Jun-12
Land	-	-	-	-
Building – Work in Progress	-	-	-	-
Furniture and Fittings	236,987	38,605	-	275,592
Office equipment	493,542	194,261	-	687,803
Motor vehicles	94,428	50,600	-	145,028
Lease improvements	62,545	15,636	-	78,181
	887,502	299,103	-	1,186,605

Net book value	7,429,488			7,578,731
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2011

Cost	30-Jun-10	Additions	Disposals	30-Jun-11
Land	6,414,655	-	-	6,414,655
Furniture and Fittings	392,409	23,510	(4,782)	411,137
Office Equipment	1,108,753	300,212	(327,130)	1,081,835
Motor vehicles	253,000	-	-	253,000
Lease improvements	156,363	-	-	156,363
	8,325,180	323,722	(331,912)	8,316,990

Accumulated depreciation	30-Jun-10	Depreciation	Disposals	30-Jun-11
Land	-	-	-	-
Furniture and Fittings	203,595	38,117	(4,725)	236,987
Office equipment	619,314	187,452	(313,224)	493,542
Motor vehicles	43,828	50,600	-	94,428
Lease improvements	46,909	15,636	-	62,545
	913,646	291,805	(317,949)	887,502
Net book value	7,411,534			7,429,488

The SIFA Building Project is now on hold hence the Building Work in Progress cost of SAT400,063.00. This amount has been capitalised and relates to the designing works of the Building which will be used when the project resumes. Other building related costs considered necessary to be expensed have been charged to the Income Statement under "Building projects written off".

4. RECEIVABLES AND PREPAYMENTS

	2012	2011
Non-current		
Employee loans – secured	1,629,449	1,473,075
	1,629,449	1,473,075
Current		
Employee loans – secured	225,879	210,601
Less provision for doubtful loan	-	-
	225,879	210,601
Interest receivables	229,361	404,071
Prepaid expenses	825,853	533,700
	1,281,093	1,148,372

Employee loans are interest bearing, secured over tangible assets of the employee and generally for terms of 2 to 20 years.

These loans are expected to mature as follows:

Not later than 12 months	225,879	210,601
Later than 1 year but not later than 5 years	316,603	362,438
Later than 5 years	1,312,846	1,110,637
	1,855,328	1,683,676

5. INVESTMENT

Investment in UTOS at cost	1,000,000	1,000,000
Add: movement in fair value at balance date	190,000	-
	1,190,000	1,000,000

SIFA purchased \$1,000,000 worth of units from UTOS at \$1 a unit in April 2011. There are no terms and conditions on this investment. UTOS units were valued at \$1.19 per unit as at 30 June 2012. The unit price decreased to \$1.18 per unit on the 3 October 2012, after payment of a dividend of 7 sene per unit in August 2012.

6. CASH AND CASH EQUIVALENTS

	2012	2011
Cash and bank balances	1,690,821	1,647,660
Fixed deposits	30,916,112	30,189,269
	32,606,933	31,836,929

Cash on hand are not significant and bank balances are held in local commercial banks. Fixed deposits are also with the local commercial banks at terms ranging from 1 to 12 months at interest rates of between 2.6% and 4.2%pa. These fixed deposits are held in SAT except for a fixed deposit with ANZ held in AUD @ 2.63% for 1 month. Currency risk for this amount is assessed further on page 44.

7. PAYABLES AND ACCRUALS

Customers deposits	518,711	432,903
Withholding tax owing to MfR	2,564	1,643
Trust funds	-	-
Accrued expenses	82,277	71,495
	603,552	506,041

Customer deposits are funds deposited by the trustee companies to pay for incorporation/renewal fees of their clients when due.

8. PROVISIONS

Annual leave	62,892	69,544
Board members retirement	25,358	54,338
	88,250	123,882

Movement in provisions:	Annual leave	Annual leave
Balance at the beginning of year	69,544	36,108
Paid out during the year	-	-
Utilised during the year	(15,453)	(13,725)
Additional charged to income	8,801	47,161
	62,892	69,544

	Board members retirement	Board members retirement
Balance at the beginning of year	54,338	48,538
Paid out during the year	(33,897)	-
Additional provision charged	4,917	5,800
	25,358	54,338

9. PROMOTIONS**2012****2011**

Promotions – other	2,439,930	2,653,225
Seminars and conferences	379,749	434,002
Members	105,380	94,931
	2,925,059	3,182,188

10. CAPITAL COMMITMENTS

Commitment to Government of Samoa	13,000,000	22,999,931
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Total contribution of \$13,000,000 was committed to Government for the current financial 2011/2012 year under section 18 of the *Samoa International Finance Authority Act 2005*. This was paid during the year. The commitment for the 2012/2013 year is 11,000,000.

11. CONTINGMENT LIABILITIES

The Directors are not aware of any contingent liability at balance date: (2010/2011:\$nil)

12. LEASE COMMITMENTS

The Samoa International Finance Authority is leasing office space from the Development Bank of Samoa at a monthly rental of \$17,534.16 for an initial period of five (5) years, with an option of renewal after that date. The Authority also leases space at the Central Bank Building for storage, plus the recent lease of the Central Bank's Vault effective in July 2008 at a total revived monthly rental of \$1,468.15 for a period of three (3) years, with an option of renewal after that date.

Operating lease payable is as follows:

Not later than 1 year	216,283	228,028
Later than 1 year but not later than 5 years	210,410	-
Later than 5 years	-	-
	426,693	228,028

13. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation of key management personnel:

Remuneration including allowances	619,049	600,706
Director fees and allowances	39,181	40,652

The remuneration of key management personnel are determined by Cabinet and the Board. Key management personnel include the CEO, Assistant CEOs (2), Managers Marketing, Administration and Accounts.

14. FINANCIAL INSTRUMENTS

(a) Credit Risk

The risk is that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject SIFA to credit risk principally consist of bank deposits and staff receivables.

SIFA manages its exposure to credit risk by investing in financial institutions with ratings equal or higher than its own and by taking security for advances to staff.

Maximum exposure to credit risk at balance date are:	2012	2011
Bank balances	32,606,933	31,836,929
Interest accrued	229,361	404,071
Staff loans	1,855,328	1,683,676

(b) Currency risk

SIFA has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. The currencies in which SIFA primarily transact are Samoan Tala and US dollars. It is not SIFA policy to hedge against these exposures.

At balance date SIFA has the following exposure to the US dollar:

Financial assets:

Cash and cash equivalents	815,780	1,284,342
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Financial liabilities:

Payables-customer deposits	(518,711)	(432,903)
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Net exposure	297,069	851,439
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The following sensitivity is based on the foreign currency risk exposures in existence at the balance date:

Judgements of reasonably possible movements to profits

	Higher/(Lower)	Higher/(Lower)
WS\$/USD + 5%	(14,853)	(42,572)
WS\$/USD – 5%	14,853	42,572

At balance date SIFA has the following exposure to the Australian dollar:

Financial assets:

Cash and cash equivalents	2,178,938	2,165,848
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Financial liabilities:

Payables-customer deposits	-	-
----------------------------	---	---

Net exposure	2,178,938	2,165,848
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The following sensitivity is based on the foreign currency risk exposures in existence at the balance date:

Judgements of reasonably possible movements to profits

	Higher/(Lower)	Higher/(Lower)
WS\$/AUD + 4%	(87,158)	(86,634)
WS\$/AUD – 4%	87,158	86,634

Management believe the balance date risk exposure are representative of the risk exposure inherent in the financial instruments

(c) Interest rate risk

Fair value interest risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. The Authority's loans to staff are generally at fixed rates and therefore do not posed any significant interest rate risk.

Cash flow interest rate risk is the potential for a change in interest rates to change interest earnings. The Authority manages this risk in relation to its fixed deposits by negotiating with all four commercial banks for the most favourable rates available.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorised for issue on 21 February 2013.