



Opportunity International Australia

Annual Review 2005



OPPORTUNITY INTERNATIONAL
Australia

*"Give a man a fish,
he'll eat for a day.
Give a woman
microcredit, she, her
husband, her children
and her extended
family will eat for
a lifetime."*

Bono, September 2005, The New York Times



Africa: Woman at fish market

Thank you

We are extremely grateful to our Board, ambassadors, focus groups and volunteers around the country for committing so much of their time to sharing their skills, knowledge and experience. Their passion and dedication in supporting and promoting our mission is invaluable.

Our sincere thanks also go to those who have provided in-kind or pro-bono office space throughout the year. To our suppliers and those agencies who generously give goods and services above and beyond what is expected or asked – we thank you.

Contents

Reports from the Chairman and CEO	2
Global campaigns	4
Opportunity – a microfinance leader	5
Australian highlights 2005	6
Opportunity International Network	11
Opportunity and you	14
Board of Directors 2005	16
Financial statements	17



Strategic overview

Opportunity International is a pioneer and global leader with 35 years experience in providing microfinance and enterprise development to the working poor in developing countries. Microfinance includes the provision of collateral-free loans, savings, insurance and money transfers. Enterprise development incorporates a variety of training and support services for establishing and growing small businesses. Our desire is to see clients, their families and their communities transformed with dignity, empowerment and hope.

Opportunity International is one of the leading microfinance providers worldwide in terms of client numbers and performance. At the end of 2005, Opportunity had 810,220 active clients globally and a loan portfolio of \$250.9 million, creating or sustaining almost two million jobs.

Opportunity International Australia is part of the global Opportunity International Network. Our strategic intent is to build a community of passionate supporters, partnering to end poverty and transform lives through the provision of microfinance and enterprise development services. As a Support Partner in the Network, we raise and invest funds to establish and grow our Implementing Partners, who are locally based microfinance institutions. We also roll out enterprise development programs. In Australia, we have an experienced team of professionals specialising in development, financial services and microfinance investment.

The Network currently consists of 42 Implementing Partners spread throughout developing nations across Asia, Africa, South America and Eastern Europe, and Support Partners based in Australia, Canada, Germany, the UK and US. The Implementing Partners manage programs by employing local staff who work with clients. The Network Services Organisation is our coordinating body, which manages the membership of the Network and provides

technical services, research and development to all Network partners.

Opportunity International is motivated by Jesus Christ's call to serve the poor without regard to ethnicity, gender or religious affiliation.

We are guided by four core values:

- **Respect** – our respect for one another compels us to affirm the dignity, value and uniqueness of every client. Respect for our clients, donors and staff underpins all our actions.
- **Commitment to the poor** – we are motivated by our commitment to meeting the needs and expectations of our clients, being inspired by their well-being in everything we do.
- **Integrity** – we endeavour to maintain transparency with our clients and donors, actively integrating what we believe with what we do.
- **Stewardship** – we strive for quality and seek to maximise every opportunity to fulfil our mission in a thoughtful and cost-effective manner.



West Timor: Opportunity client Yuliana Lilly

Reports from the Chairman and CEO



*Terry Winters and
Paul Peters*

Terry Winters

The year 2005 saw an unprecedented focus on poverty and microfinance with the United Nations (UN) International Year of Microcredit, the Highly Indebted Country Debt Forgiveness Campaign and the UN World Summit review of the Millennium Development Goals (MDGs) to name a few. This focus combined with world disasters like the tsunami, ignited Australians with a common passion to help the estimated 2.7 billion people in the developing world living on less than US\$2 a day.*

The Opportunity International Network continued to expand and develop globally, adding 134,632 new clients. By the end of 2005, Opportunity was providing loans to over 810,000 current clients with a repayment rate of 98 percent. Almost two million jobs were created or sustained.

This incredible work would not be possible without the commitment of those who generously give to this cause and the experience and dedication of our Implementing Partners throughout the developing world.

We are indebted to our National Advisory Council and State Ambassador Networks whose volunteer members generously contribute their time, wisdom and guidance to the work of Opportunity International Australia. Thank you all.

On behalf of the Board, I would also like to thank our hard working staff and volunteers in our Australian offices who work above the call of duty in their passionate service of the poor. Without their time and expertise, and the leadership of our CEO, Paul Peters, the ongoing growth of Opportunity International Australia would not be possible.

I would like to pay a special tribute to the Board of Opportunity International Australia for their commitment, governance, wise council, patience and friendship over the past 12 years as my term as a director and Chairman comes to a close.

Subsequent to the end of 2005, the Board of Directors unanimously elected Andrew Tyndale to take on the Chairmanship of Opportunity International Australia for the next few years. He is well known to many of our key supporters and brings many years of commitment and support for Opportunity to the role. Andrew has served as a director since 1998 and with his wife, Philippa, has demonstrated his commitment to and understanding of our work. I am confident that Opportunity International Australia will continue to grow under his Chairmanship.

Sincere regards,

Terry Winters
Chairman

* Source: World Bank, 2001



Paul Peters

Dear Friends,

2005 has been a year of significant growth and impact! I want to thank each of you for your generous support. Donors, partners, ambassadors, advocates and friends – you make this possible.

Last year, Opportunity International Australia's revenue increased by 34 percent to \$9 million. With this funding, we were able to make a significant impact in Asia.

Opportunity Australia led the Opportunity International Network response to the tsunami disaster in Aceh, Indonesia and Southern India, raising \$1.3 million in the first few months of 2005 to help entrepreneurs re-establish their businesses, provide technical training and offer counselling. At year end, over 1,200 people had jobs – and we are just beginning. Our program in Indonesia has attracted attention and funding from other agencies, enabling our partners to increase client outreach and facilitate sustainable, long-term change.

Opportunity International Australia provided funding and support to establish the second Microfinance Bank (Kauswagan or "Progress" Bank) in the Philippines. By year end the Bank was serving almost 22,000 microentrepreneurs and was set for significant expansion in 2006. We also invested in three Implementing Partners in the Philippines which grew by 33 percent.



Paul Peters in the Philippines, 2005

Each fact and figure is not a number, but rather a person, a family, a member of a community who is now working, earning income and providing for their family because of the support we were able to provide in partnership with you.

Thank you for your support and friendship and we look forward to the year ahead.

Warm regards,

Paul Peters
CEO

"If you can imagine it, you can create it. If you can dream it, you can become it."

William Arthur Ward

imagine...

Global campaigns in the fight against poverty



Make Poverty History campaign, 2005

The United Nations (UN) Year of Microcredit ended on 8 November 2005. Microfinance came to the fore through activities held in over 100 countries to promote it and utilise the support and resources of the UN.

Throughout the Year, committees were set up in more than 60 countries. Clay O'Brien, Business Development Director for Opportunity International Australia, was the chairman of the Australian committee for the 2005 UN Year of Microcredit.



The year was also marked by the very visible 'Make Poverty History' campaign. Three issues central to the campaign were: reduce debt in developing countries, promote trade justice and provide more and better aid. Alongside the campaign and the review of the Millennium Development Goals (MDGs) agreed on by all 191 members of the UN in 2000, the year saw many high level meetings take place including the G8 Gleneagles summit. All levels of government were engaged and high profile advocates like Bono, Jeffrey Sachs, Bob Geldof and the Live 8 performers brought attention to the needs of the poor.

Opportunity International is partnering with other agencies to make poverty history by raising awareness about the MDGs. In addition, our growth has accelerated considerably, enabling us to expand our operations to make an even greater impact in the fight against poverty.

A great deal was achieved in the UN Year of Microcredit, the most significant of which was that microfinance has now been globally recognised as one of the solutions to poverty – simply by giving the poor the same opportunity we all have, access to a small loan.

"Microfinance is a powerful tool for reducing poverty. It enables people to increase incomes, to save and to manage risk. It reduces vulnerability and it allows poor households to move from everyday survival to a plan for the future."

Paul Wolfowitz, President of the World Bank

Opportunity International – a microfinance leader

Opportunity International has been making loans to the working poor in developing nations since 1971 – years before the term ‘microcredit’ was coined. In terms of client numbers and performance, Opportunity is now one of the leading microfinance providers worldwide, operating in 27 nations.

We are committed to providing products and services which best meet the needs of our clients and in 2005, we continued to broaden our range of financial services. Opportunity International is also a leading provider of non-financial services because we believe that clients need more than credit to significantly help them on a journey out of poverty. These services complement microfinance and address the broader issues in a community.

Opportunity International launched CIIMS (Client Impact Information Management System) in 2004 to measure impact and client transformation. CIIMS gauges the poverty level, impact and satisfaction of clients to help us assess the reliability and efficiency of our services. The data is increasingly being used to manage funding and investment so we can focus on areas of greatest impact.

Microloans (or microcredit) give the entrepreneurial poor access to business capital in the form of collateral-free loans. In 2005, Opportunity made over 1.3 million loans to more than 810,000 clients.

Microsavings increase the capability of clients to make decisions and invest in their children's education, household or business needs, and health care, by building a secure base of capital.

Microinsurance protects the poor from devastation in times of personal or community catastrophe. Since 2002, Opportunity has been developing insurance products such as life, property, and weather-indexed crop insurance. In 2006 Opportunity will roll out various health insurance products in East Africa and Asia.

Money transfers are a portion of a migrant worker's earnings sent back to their family members in their country of origin. Currently being piloted in the Philippines, the Opportunity Card enables Filipinos working overseas to transfer funds for less than A\$11, one of the most competitively priced remittance services.

Enterprise development services are non-financial services that Opportunity offers to clients. These range from basic entrepreneurship training at the Trust Bank group meetings, which aims to equip microfinance clients in foundational business planning and management, to knowledge transfer and the provision of services to facilitate access to new markets, technology and infrastructure; develop and improve products; and address key issues of poverty and marginalisation such as health and HIV/AIDS education.



Loan Officer – Elleonor Alindayo, Philippines

Elleonor Alindayo has been honoured with the Outstanding Community Development Officer of the Year Award for 2005 by Opportunity's partner in the Philippines, ASKI, for being an inspiration to others by her courage, strength and passion in reaching out to the poor.

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Australian highlights 2005



Professor Jeffrey Sachs with Paul Peters, CEO of Opportunity Australia

Opportunity International Australia seeks to raise funds from the Government, individuals, corporations and other organisations to expand microfinance and enterprise development programs throughout Africa and Asia.

In 2005, Opportunity International Australia increased its fundraising revenue by 36 percent to \$8.68 million from \$6.38 million in 2004.

Generous donors

Opportunity International Australia is privileged to have a network of passionate and committed donors who invest significant financial resources in helping the poor. These donors partner with us because they trust us to invest their gift wisely to achieve the deepest impact in the lives of the poor. They can imagine a world without poverty and they believe that microfinance, enterprise development and job creation are some of the most effective tools to alleviate poverty.

Engaged donors and partners

In addition to donors who give generous financial support, many of our donors also dedicate their time to help Opportunity Australia in a wide variety of ways.

Ambassadors and the Women's Opportunity Network (WON)

The purpose of our Ambassador groups is to engage passionate, influential Australian leaders and their networks to build awareness about Opportunity International. They are involved in fundraising, profiling Opportunity and introducing new friends to us through local and national events.

In 2005, we established several new formal Ambassador committees, including new groups in South Australia and the Gold Coast in addition to existing groups in Brisbane, Melbourne and Perth. The Women's Opportunity Network (WON) committee in Victoria organised three major fundraising events, a Christmas party and around 15 boardroom lunches in Melbourne.

In 2006, we plan to expand our Ambassador program (including the Women's Opportunity Network), throughout the country, supplying tools, resources and training as well as holding a number of events. This will provide a wider variety of ways for donors to support our work through their networks, skills and time.

"Look at how microfinance efforts like Opportunity International are changing the lives of the poor because it is practical, targeted, and makes sense."

Professor Jeffrey Sachs, Interview with Mark Scott (Editorial Director, Fairfax Limited), 13 October 2005

"Twenty-three years ago I started on this journey... I was excited then and I am still excited today. Let's imagine the difference that we can make together in changing people's lives, transforming nations, investing in something that will last."

Noel Alcaide, CEO of Opportunity Microfinance Bank, Manila, Philippines, Imagine 2005

Events

Annual Dinners – Imagine

In June 2005, Opportunity International Australia hosted Noel Alcaide, CEO of the Opportunity Microfinance Bank in the Philippines at our Imagine dinners nationally. The keynote speaker at the event, he spoke about the difference a group of passionate, united individuals can make. In four states the dinners raised a total of \$1.4 million for the poor.

International Weeks

Opportunity Australia launched International Week in October, an event aimed at bringing the field to our donors to engage and inspire them by hearing reports directly from our Implementing Partners.

For our first event, we invited the CEO of our West Timor partner, Pak Rozali, and members of his senior management team, to visit Australia and speak about their innovative solutions to poverty, particularly in rural areas. Events held in Sydney, Melbourne, Brisbane and Perth were attended by about 180 Opportunity International supporters who reported a greater insight into our operations. International Week is now planned for autumn and spring each year.

Partner Forum

In October 2005 Opportunity hosted its second annual Partner Forum. The event continued the theme of 'Imagine' and gave our program

and project partners the chance to network and think strategically about poverty. Keynote speakers included Ambassador Robert Seiple, Chairman and Founder of the Institute for Global Engagement, and a special recorded interview with prominent economist and campaigner against poverty, Professor Jeffrey Sachs.

Insight Trips

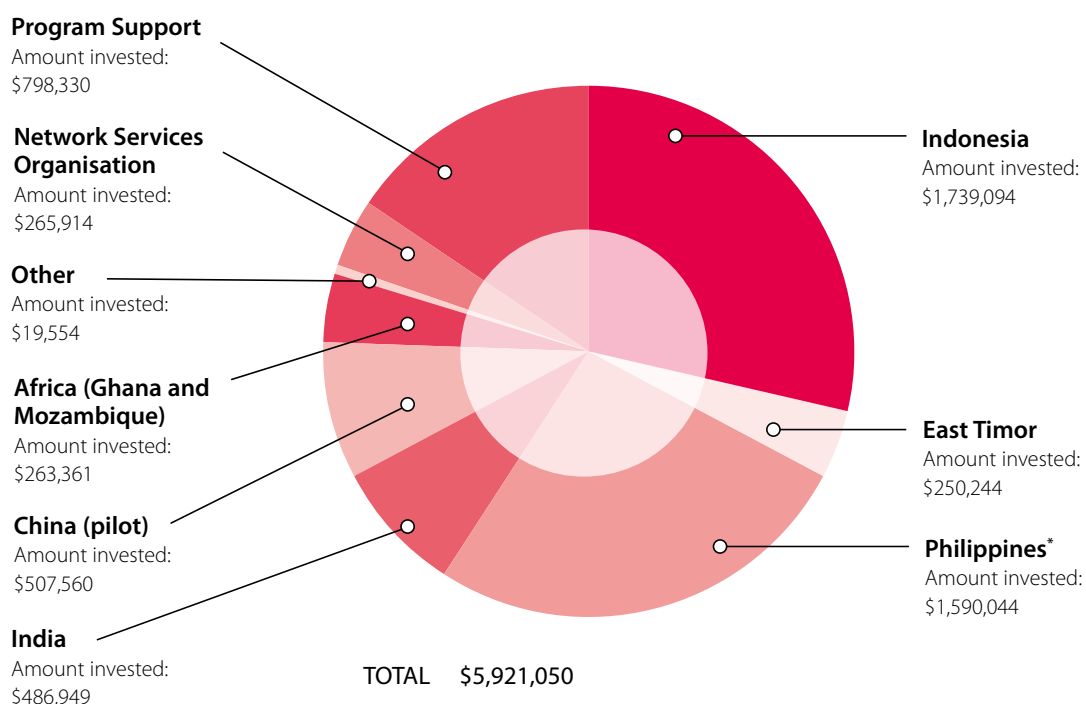
Insight Trips enable donors to see first-hand the transforming impact their contribution is making in the field. Opportunity Australia held several Insight Trips throughout 2005 to the Philippines, Indonesia and India. These visits took key supporters to meet the staff, loan officers and management teams of Opportunity's Implementing Partners. Donors also spoke with clients and saw their businesses in operation.



Noel Alcaide, Imagine dinners, 2005

Investing in microfinance and enterprise development

During 2005, Opportunity International Australia Ltd provided \$6.05 million in funding and support to 11 microfinance institutions (MFIs) throughout Asia and Africa.



* In addition, Opportunity International Australia provided a convertible loan to TSKI for the establishment of Kauswagan Bank totalling \$465,934.

** The above figures exclude funds received at the end of the year that will be disbursed in early 2006.

As a result of this investment, the MFI's in these countries experienced tremendous growth in terms of client outreach, improvements in sustainability and impact in client's lives. Some Impact Highlights include:

Asia

Indonesia

During 2005, Opportunity International Australia was one of many organisations to lead the global response to the tsunami in **Aceh** (please refer to overview on page 10).

In **West Timor**, Opportunity focused on building the capacity of our Implementing Partner, TLM, in the areas of management, governance, human resources and operations. TLM launched enterprise development services to improve market access and profitability particularly for rural clients, and is positioning itself to grow significantly over the next three years. This will include the establishment of a formal financial institution.

In **Bali**, Opportunity's operations were significantly impacted by political events in 2005. Partners responded by providing microfinance and support services to entrepreneurs who needed to change or refinance their businesses; as a result outreach has slowed. Support was also provided for staff development and operational improvements.

East Timor

Opportunity Australia has a microfinance program in East Timor, run through our Implementing Partner, OTL, which we established following the vote of independence in 1999. While the country environment has always been difficult, in 2005 the situation began to deteriorate, impacting our operation. OTL ended the year serving 3,135 clients with loans and entrepreneurship training. At the time of printing this Review, the security situation and civil unrest had severely impacted the lives of many of the clients, their businesses, the staff and the operations of the program.

Philippines

During 2005, Opportunity Australia worked specifically with four Implementing Partners in the Philippines – TSKI, TSPI, ASKI and KMBI – to establish new branches and invest in enterprise development services. Our Implementing Partners are being required to convert to regulated financial institutions, enabling them to provide secure savings and increase access to financial services for the poor.

India

In 2005, Opportunity Australia and partner, IMED, focused on improving the quality of lending and establishing the foundations for high outreach, institutional sustainability and improved products and services for the poor, as well as staff accountability and client training (please refer to overview of our post-tsunami work on page 10).

China

Opportunity employs a different approach in China: loans are larger in size and lent to larger businesses to enable them to employ the poor. In 2005, 500 loans were disbursed, impacting 280 clients. Microfinance is not widespread in the Chinese market, and the pilot faced a variety of challenges, including strict government regulations and complexities in reaching its target market. New partnerships and business curriculums were developed and tested with the aim of achieving steady client growth. In December 2005, the equity in Opportunity International's pilot in China was transferred to Opportunity International Hong Kong to facilitate access to international funding.

Africa

Ghana

In 2005 Opportunity Australia provided loans to 1,200 women in the poorest areas of Ghana, impacting over 6,000 lives. In addition to branch development and capacity building, Opportunity provided clients with HIV/AIDS training and education.

Mozambique

Opportunity Australia provided funding to Mozambique for the establishment of a microfinance bank for the poor called Banco Oportunidade de Mozambique (BOM). The bank was licenced in June, enabling it to accept client savings. It currently has four branches.

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Responding to need



West Timor:
Manuel Ruku, from
Firdaus Trust Bank

Innovative Programs

During 2005, Opportunity International Australia worked with key partners to help them roll out a number of successful enterprise development pilot programs including:

Entrepreneurship training program, Chennai, India

In Chennai, Opportunity partner, IMED, carried out a successful new entrepreneurship training program integrated into weekly Trust Bank meetings. The modules are tailored to largely illiterate clients in their first to fourth loan cycles. IMED is now looking at even more sophisticated levels of training for clients. In addition, Opportunity International is planning to tailor this program for other partners throughout Asia.

The Seaweed and Cattle Fattening programs, Indonesia, West Timor

Opportunity International's partner, TLM, provides two lending products (Seaweed Cultivation and Cattle Fattening) targeting the rural poor in isolated areas. These programs are designed to suit the seasonal nature of their income. Last year, over 1,200 rural farmers participated in these programs.

Quilting and sewing business, Indonesia, Aceh

Skills training is crucial in reconstruction and economic rehabilitation. Therefore one of the capacity building strategies implemented by Opportunity International's Indonesian partner, YDS, focused on the establishment of enterprise development centres. One of the centres trains and employs 41 single Acehnese women to create high quality quilted products. The centre also runs an apprenticeship program, which trains Acehnese refugees with the basic skills they need to set up their own small business or secure employment.

Tsunami Report

Opportunity International made a significant contribution to the tsunami relief effort, implementing a strategy for long-term, sustainable social and economic reconstruction in Indonesia (Aceh) and Southern India (Chennai).

Through the generosity of both new and committed donors, Opportunity Australia raised over \$1.4 million in funding for tsunami rebuilding efforts.

India, Chennai

In India, Opportunity International implemented a project designed to enable poor entrepreneurs severely affected by the tsunami to rebuild their lives and become self reliant. Initial emergency relief was provided to 339 Opportunity clients. Collateral-free loans, business planning assistance, grief and post traumatic stress counselling and business development mentoring was provided to 800 clients. This enabled clients to successfully re-establish their devastated businesses and positively impact wider community rehabilitation.

Indonesia, Aceh

In response to the devastation wrought by the tsunami, Opportunity International developed three enterprise development centres and an investment program by combining business skills training with support and finance mechanisms, creating jobs for 446 tsunami refugees, and impacting the lives of 3,460 tsunami survivors.

Opportunity International Network

The global Opportunity International Network has grown exponentially during the last five years. During 2001-2005, we made four times as many loans (4 million) as we did in our first 30 years of operation.

In 2005, Opportunity International made more than 1.3 million loans worldwide. The majority of Opportunity loans – 86 percent – were made to women, one of the most vulnerable groups among the poor. Women tend to be the most successful beneficiaries of microfinance, because they are more likely to invest all their earnings into their children’s health, education and diet.

In 2001, the World Bank estimated that there were 2.7 billion people living on less than US\$2 a day. The challenge to meet this need is tremendous, but the Opportunity International Network has an ambitious goal of reaching two million clients and their families by 2010 by hiring 5,000 staff at all levels, and developing a wider range of financial and non-financial services to impact clients’ lives at an even deeper level.

“Opportunity International creates a solution that endures. It fixes things permanently. You can support them because their work is sustainable.”

Ambassador Robert Seiple, Institute for Global Engagement, Partner Forum 2005

Recent Achievements	2003	2004	2005
Total active clients	487,205	675,588	810,220
No. of loans provided	713,982	1,007,900	1,341,596
Dollars loaned (AUD)	\$230.4m	\$315.8m	\$466.5m
Average loan size (AUD) Outside Eastern Europe	\$180	\$173	\$194
Jobs created or sustained	922,885	1,215,621	1,991,666
Loan repayment rate	97%	98%	98%
No. of loans to women	87%	87%	86%

Sustainability – 2005

Operational* 114.59%
Financial** 100.06%

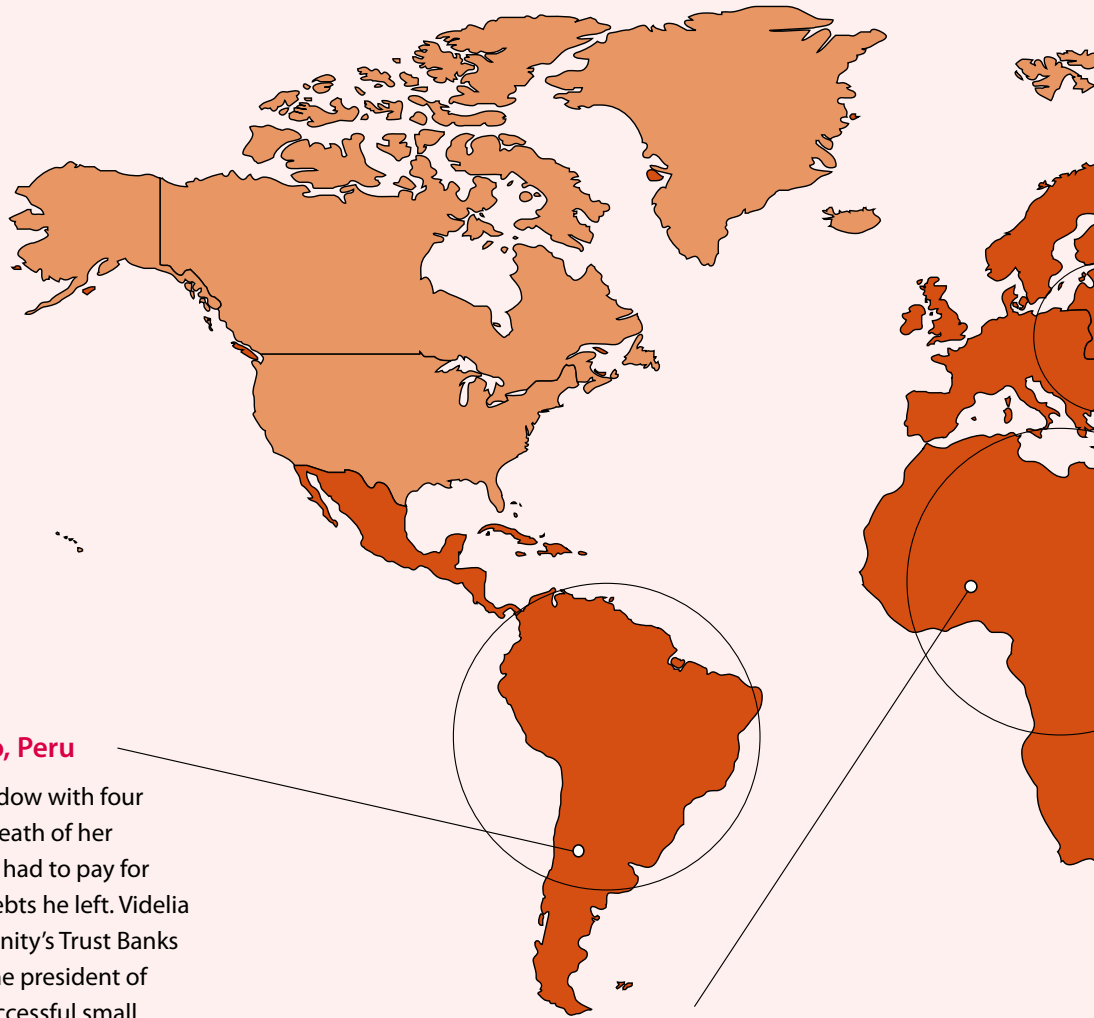
Job Impact – 2005

Jobs created 577,089
Jobs sustained 1,414,577
Total Job Impact 1,991,666

* **Operational sustainability** is the ability of an organisation to cover the costs of its lending program with the revenue earned from its lending program.

** **Financial sustainability** is the ability of an organisation to cover the costs of its lending program with the revenue earned from the lending program, including the cost of its capital and inflation.

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Client Story – Videlia Callo, Peru

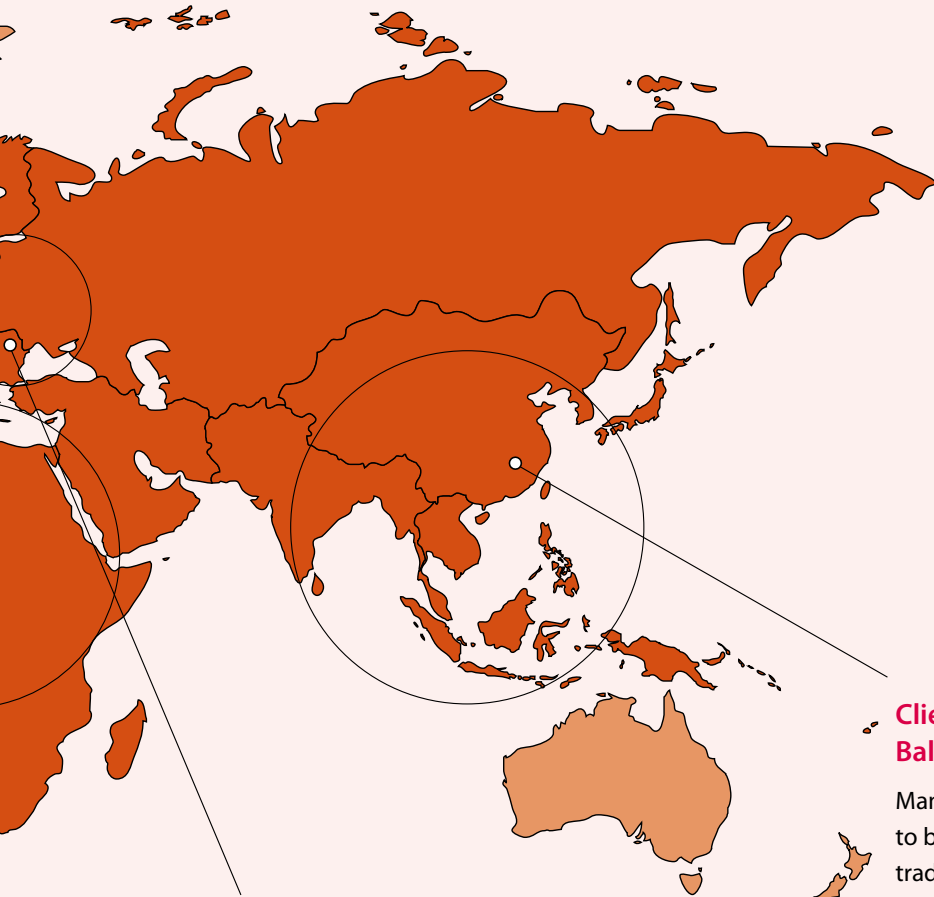
Videlia Callo is a 45-year-old widow with four children to support. After the death of her husband, she had to sell all she had to pay for her husband’s burial and the debts he left. Videlia decided to join one of Opportunity’s Trust Banks in Northern Lima. Now she is the president of the Trust Bank and runs two successful small businesses. She has also led other women in her community to start a welfare kitchen, providing free meals to over a hundred orphans and others in need.



Yaa Hawa, Ghana

Latin America – Active clients	2004	2005
Columbia	21,063	19,274
Dominican Republic	4,027	4,640
Honduras	7,472	8,869
Mexico	513	1,963
Nicaragua	31,844	33,971
Peru	3,778	5,959
TOTAL:	68,697	74,676

Africa – Active clients	2004	2005
Egypt	7,136	12,896
Ghana	53,029	60,942
Malawi	1,700	5,042
Mozambique	–	2,611
Uganda	10,959	12,817
Zambia	4,674	5,241
Zimbabwe	10,252	4,462
TOTAL:	87,750	104,011



Client Story – Mamik Windiariti, Bali, Indonesia

Mamik had limited capital and was only able to buy a few herbs and make five bottles of traditional herbal medicine each day. A loan from a Trust Bank enabled her to buy a wide variety of herbs in bulk quantities. Now Mamik has a large stock of herbal medicine, as well as fresh and dried herbs in sachets ready to sell. She can make 10 bottles of herbal drinks a day and her daily income has doubled from \$3.30 to \$6.60. Mamik's dream of sending her two children to university has become the goal of her savings plan.



Suren Avaguyan, Russia

Eastern Europe – Active clients	2004	2005
Albania	4,336	7,345
Bulgaria	2,363	2,357
Croatia	585	570
Macedonia	4,871	5,294
Montenegro	7,320	11,629
Poland	902	882
Romania	1,109	1,348
Russia	16,327	17,986
Serbia	2,523	2,758
TOTAL:	40,336	50,169

Asia – Active clients	2004	2005
China	98	280
East Timor	2,874	3,135
India	14,274	20,399
Indonesia	42,146	43,303
Philippines	419,511	514,247
TOTAL:	478,903	581,364

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Opportunity and you



Hope: African woman shares her smile with the world

There are thousands of Australians giving generously to the work of Opportunity International. This investment is having a life-changing return for our clients and a personal reward for those involved.

Many ways to give

There are many ways you can invest in the work of Opportunity International and empower the poor to end the cycle of poverty:

1. Global Partnership Fund

The Global Partnership Fund is for donors wanting to invest in the area of greatest need across a broad range of programs and strategic initiatives to achieve maximum growth in client outreach, improvements in sustainability, and greater client impact. Investments could be used to meet funding shortfalls for specific projects or to support one of Opportunity International's strategic initiatives.*

2. Country Programs/Projects

This program is for donors who are passionate about a particular country and want to invest in Opportunity International's strategy to start up or expand operations and client outreach on a national scale. Opportunity Australia is currently building the capacity of microfinance institutions throughout Asia and Africa. In 2006, countries of special focus are India, Indonesia, the Philippines, Ghana, Rwanda and Uganda.*

3. Trust Banks

Within a country program, a Trust Bank profiles a particular group of clients, typically 15 to 30 poor entrepreneurs, mainly women, who co-guarantee each other's loans so they can start small businesses and support their families. A tax deductible gift of a minimum of \$10,000 provides sponsorship and reporting for a Trust Bank group.* In 2005, Opportunity received funding for 175 Trust Banks.

4. Impact Monthly

Starting from \$50 a month, the ongoing support of our Impact Monthly Partners enables us to plan more effectively for the future and direct funds to projects that need it most urgently.

** Donors will receive progress reports on supported projects twice a year.*

*Partner with us
as we imagine a
different tomorrow*

The future: Investment 2006

Imagine a group of men and women who live with a conviction that they have a part to play in making poverty history; who work together to see communities transformed. This kind of partnership is central to the work of Opportunity International.

In 2006, Opportunity International Australia needs to evolve and significantly grow fundraising revenue through partnership and strategic investments. Our priorities include:

1. Global Partnership Fund

The Global Partnership Fund is for donors wanting to invest in the area of greatest need across a broad range of programs and strategic initiatives to achieve maximum growth in client outreach, improvements in sustainability, and greater client impact.

2. India

We plan to fund at least 25,000 new microentrepreneurs by 2009 through increased investment in our partner IMED, based in Southern India (Chennai, Tamil Nadu). In addition, the Opportunity International Network is gathering a team of specialists to develop a national expansion program to scale-up microfinance services across India, to reach one million clients by 2015.

3. Indonesia, West Timor

Opportunity's partner, TLM, currently serves 17,000 mainly rural entrepreneurs in West Timor. We want to invest in TLM to see an expansion of its microfinance operations to over 32,000 poor entrepreneurs and their families by the end of 2008.

4. Philippines

Opportunity International is the leading provider of microfinance services across the Philippines, currently serving over 500,000 clients through nine microfinance partners. By the end of 2006 we aim to provide a minimum of 32,000 poor entrepreneurs with a broader range of financial and enterprise development services.

5. West Africa (Ghana)

As the current leading formal financial institution serving 26,000 microentrepreneurs in Ghana, Opportunity's microfinance operation seeks to expand its outreach by establishing a national branch network targeting 82,000 loan clients and providing secure savings facilities for around 58,000 savings clients by 2008.

6. East Africa

As part of Opportunity's expansion in East Africa, we are seeking funding to consolidate and expand microfinance operations in Uganda, Kenya and Rwanda.



India: Microfinance can help this girl fulfil her dream – a university degree

Board of Directors 2005

Terry Winters FAICD is Chairman of Opportunity International Australia and a Director of Opportunity International Network. He founded Link Telecommunications Pty Ltd in 1982, led the creation of Optus Communications Pty Ltd from 1989-1992 and is also Chairman of the Multiple Sclerosis Society of Victoria Limited.

Peter Cadwallader, Deputy Chair of Opportunity International Australia, is the owner and Chief Executive of the Intercontinental Group. He is a member of the Accounting and Financial Advisory Committee for the Institute of Directors.

David Emert is a consultant to Greenwood BKT and a retired Partner of Deloitte Touche Tohmatsu. He is a fellow of the Institute of Chartered Accountants in Australia and a graduate member of the Australian Institute of Company Directors.

Geoffrey Kells is Chairman of a number of organisations including Edwards Dunlop Limited, Anglican Retirement Villages and Macquarie Christian Studies Institute. He also consults to several public and private companies in Australia.

Anthony (Tony) McLellan is actively involved in a number of Christian organisations. He is a co-founder and the Vice Chairman of We Care America and the Chairman of Habitat for Humanity Australia.

Paul Peters is the CEO of Opportunity International Australia. Paul most recently held the position of Associate Partner for IBM Business Consulting (previously PWC Consulting). He also serves on the Board of Teen Challenge NSW and Youth Alive NSW.

Connie Ridley has a consulting business and a background in finance and securitisation. She is an Honorary Life Governor of the Royal Children's Hospital in Melbourne. It was with great pleasure that we welcomed Connie Ridley to the Board in 2005.

Andrew Tyndale leads a team of corporate finance specialists and reviews investment opportunities for Babcock & Brown, an international investment bank where he is a Director and Partner. Andrew also serves on the Board of several public companies.

Rhondda Vanzella is the Chief of Staff for Dr Brendan Nelson MP, Federal Member for Bradfield and has been a member of the State Executive of the NSW Division of the Liberal Party. Rhondda has also chaired various community committees.

Brooks C. Wilson AM is the immediate past Chairman of Opportunity International Australia. He is also the director of the Opportunity Microfinance Bank in Manila, Philippines and is the past chairman of Opportunity International's Implementing Partner in China.

Founder

David Bussau AM is the founder of Opportunity International Australia and one of the two co-founders of the Opportunity International Network. David is recognised as a social entrepreneur using market disciplines to solve social problems and was the 2003 Australian Entrepreneur of the Year.



The Board of Opportunity International Australia, 2005



The following statements comprise a Summary Financial Report prepared in accordance with the ACFID Code of Conduct Summary Financial Report format. A full financial report is available upon request.

Income statement

For the year ended 31 December 2005

	Consolidated 2005	Opportunity International Australia Ltd 2005	Consolidated 2004	Opportunity International Australia Ltd 2004
	\$	\$	\$	\$
REVENUE				
Donations and gifts	8,038,761	8,038,761	5,500,393	5,500,393
Legacies and bequests	35,714	35,714	–	–
Grants				
AUSAID	609,930	609,930	563,373	563,373
Other Australian	–	–	320,999	320,999
Other overseas	–	–	95,278	95,278
Investment income	73,779	66,971	53,265	53,265
Other income	250,799	175,809	164,903	144,357
Total revenue	9,008,983	8,927,185	6,698,211	6,677,665
EXPENSES				
Overseas projects				
Funds to overseas projects	4,856,806	4,856,806	3,126,569	3,126,569
Grant of equity to OI Hong Kong	220,337	589,314	–	–
Other project costs	1,191,380	1,064,244	887,282	762,786
Domestic projects	–	–	406,772	406,772
Community education	–	–	–	–
Fundraising costs				
Public	1,557,576	1,557,576	1,401,601	1,401,601
Government, multilateral & private	118,249	118,249	105,164	105,164
Events expense	271,933	271,933	163,162	163,162
Administration & other	616,378	616,378	514,423	514,423
Total expenses	8,832,659	9,074,500	6,604,973	6,480,477
Excess of revenue (shortfall) from continuing operations	176,324	(147,315)	93,238	197,188

Balance sheet

As at 31 December 2005

	Consolidated 2005	Opportunity International Australia Ltd 2005	Consolidated 2004	Opportunity International Australia Ltd 2004
	\$	\$	\$	\$
CURRENT ASSETS				
Cash assets	1,547,036	1,547,036	1,483,837	1,217,661
Financial assets – receivables	75,787	75,787	360,404	194,167
Other current assets	40,601	40,601	80,908	77,786
Total current assets	1,663,424	1,663,424	1,925,149	1,489,596
NON-CURRENT ASSETS				
Other financial assets	574,565	574,565	108,631	697,945
Plant and equipment	196,702	196,702	79,429	71,209
Total non-current assets	771,267	771,267	188,060	769,154
TOTAL ASSETS	2,434,691	2,434,691	2,113,209	2,258,750
CURRENT LIABILITIES				
Trade and other payables	442,984	442,984	133,559	130,447
Provisions	149,180	149,180	98,963	98,963
Other	98,430	98,430	374,986	200,000
Total current liabilities	690,594	690,594	607,508	429,410
NON-CURRENT LIABILITIES				
Provisions	71,845	71,845	9,773	9,773
Total non-current liabilities	71,845	71,845	9,773	9,773
TOTAL LIABILITIES	762,439	762,439	617,281	439,183
NET ASSETS	1,672,252	1,672,252	1,495,928	1,819,567
EQUITY				
Reserves	1,672,252	1,672,252	1,495,928	1,819,567



Statement of changes in equity

For the year ended 31 December 2005

	Consolidated 2005	Opportunity International Australia Ltd 2005	Consolidated 2004	Opportunity International Australia Ltd 2004
	\$	\$	\$	\$
Balance at 1 January (commencing balance)	1,495,928	1,819,567	1,410,266	1,622,379
Excess of revenue (shortfall)	176,234	(147,315)	93,238	197,188
Foreign currency translation	-	-	(7,576)	-
Balance at 31 December (year end balance)	1,672,252	1,672,252	1,495,928	1,819,567

The notes to the Statement of Changes in Equity below is due to transitional provisions for the first time implementation of Australian Equivalents to International Financial Reporting Standards (AIFRS).

Notes on Impact of adoption of AIFRS

The impact of adopting AIFRS on the total equity and surplus/deficit as reported on the previous Australian generally accepted accounting principles (AGAAP) are illustrated below:

Reconciliation of total equity as presented under previous AGAAP to that under AIFRS

	Consolidated		Opportunity International Australia Ltd	
	31 Dec 03	31 Dec 04	31 Dec 03	31 Dec 04
	\$	\$	\$	\$
Total equity under previous AGAAP	1,255,845	1,397,928	1,467,958	1,721,567
Adjustments to Accumulated Funds	154,421	98,000	154,421	98,000
Total equity under AIFRS	1,410,266	1,495,928	1,622,379	1,819,567

Reconciliation of 2004 year end surplus under the previous AGAAP to that under AIFRS

	Consolidated	Opportunity International Australia Ltd
	\$	\$
Prior year surplus as previously reported	149,659	253,609
Change in revenue recognition policy under AASB 104	(56,421)	(56,421)
Prior year surplus under AIFRS	93,238	197,188

Cash movements for designated purposes

For the year ended 31 December 2005

Movement of cash received or asset held for designated purposes that is 10% or more of total revenue for the year:

Designated purpose or appeal	Available at beginning of year	Raised during year	Disbursed during year	Available at end of year
	\$	\$	\$	\$
2005				
Grant of equity in Opportunity International (Anhui) Guarantee Company Limited to OI Hong Kong	589,314		589,314	–
Grant of funds for Opportunity International (Anhui) Guarantee Company Limited to OI Hong Kong		507,560	507,560	–
2004				
Equity in Opportunity International (Anhui) Guarantee Company Limited	–	–	–	589,314

Opportunity International Australia Limited's equity in Opportunity International (Anhui) Guarantee Company Limited was transferred to OI Hong Kong at 31 December 2005.

Funds raised for Opportunity International (Anhui) Guarantee Company Limited during 2004 and 2005 were wholly disbursed during 2005 to OI Hong Kong for use by Opportunity International (Anhui) Guarantee Company Limited, leaving a NIL balance at the end of 2005 in Opportunity International Australia Limited's accounts.

Designated purpose or appeal	Funding re-allocated from other projects at beginning of year	Raised during year	Disbursed during year	Available at end of year
	\$	\$	\$	\$
2005				
Tsunami funding	51,000	1,435,894	897,191	589,703
2004				
Tsunami funding	–	–	–	–

Opportunity International Australia Limited is engaged in funding tsunami relief work in Banda Aceh, Indonesia and in India.

In Banda Aceh, Enterprise Development Centres (EDC) and Microfinance Services have been developed by combining business skills training with support and finance mechanisms. As at 31 December 2005, achievements included the rebuilding and financing of 32 small businesses, the establishment of Enterprise Development Centres for joinery, sewing and paper recycling and the production of housing components that were used in the construction of 476 houses in tsunami-affected areas.

In India, achievements included the provision of one-on-one business planning with funding provided to 289 existing clients. In addition, 25 new Trust Bank groups formed and loans disbursed, with another 8 in orientation and a further 11 groups planned for formation.



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Independent audit report to the members of Opportunity International Australia Limited

We have audited the summary financial report of Opportunity International Australia Limited (“the company”) and the consolidated entity for the year ended 31 December 2005, comprising the income statement, balance sheet, statement of changes in equity, and accompanying notes to the financial statements, in accordance with Australian Auditing Standards.

The summary financial report is derived from the company’s annual statutory financial report. In our audit report to the members dated 23 May 2006 on the annual statutory financial report, we expressed a qualified opinion with respect to the *Charitable Fundraising Act 1991*. The *Charitable Fundraising Act 1991* requires that monies received in the course of a fundraising appeal are immediately paid into a bank account operated by not fewer than two persons jointly. During the year ended 31 December 2005, Opportunity International Australia Limited held one bank account into which fundraising monies of \$2,687 were received that was operated by a single signatory only. The total funds held in this bank account at 31 December 2005 was \$4,485.

In our opinion, the information reported in the summary financial report is consistent with the annual statutory financial report from which it is derived and upon which we expressed a qualified audit opinion referred to in the previous paragraph. For a better understanding of the scope of our audit, this report should be read in conjunction with our audit report on the annual statutory financial report.

Ernst + Young

Ernst & Young

J K Haydon
Partner
Sydney

Date: 7 June 2006

Client Story

Florentina and the Barrientos Community

Barrientos is a village in a coastal area of the Philippines in La Union province. The village is known for its unique natural resource – coloured stones – that provide a livelihood for many community residents through manual pebble collecting and selling. The coloured pebbles are used in the construction of internal and external walls of luxury housing.

Opportunity is supporting locals in the Barrientos village as they expand their pebble businesses. For those who need significant growth to provide for their families, Opportunity is helping clients to establish complementary or alternative businesses such as food vending or supply stores.

Florentina has made a living from pebble-picking for the last 13 years. A loan from Opportunity enabled her to buy pebbles from other suppliers, reducing her labour and increasing her income. She now buys pebbles from eight pickers and gives advanced payment in the form of rice and meat to enable the pickers to meet their daily needs. She also continues to collect pebbles herself.



Florentina collecting pebbles on the beach

Florentina is thankful for the help she has received. Not only has her business improved, but she is now also in a position to help others in the community.

Opportunity International is a global leader and pioneer with 35 years experience in providing microfinance and enterprise development services to the working poor in developing countries. Microfinance includes the provision of collateral-free loans, savings, insurance and money transfers. Enterprise development incorporates a variety of training and support services for establishing and growing small businesses. Our desire is to see clients, their families and their communities transformed with dignity, empowerment and hope. Opportunity International is motivated by Jesus Christ's call to serve the poor without regard to ethnicity, gender or religious affiliation.



Opportunity International Australia is committed to ethical practice and increasing transparency, accountability and sustainability.

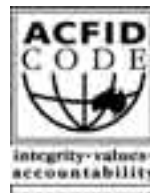
It is fully accredited by the Australian Government (AusAID). Donations over \$2 are tax-deductible.

Opportunity International Australia is a member of the Australian Council for International Development (ACFID) and is a signatory to the ACFID Code of Conduct.

The code requires members to meet high standards of corporate governance, public accountability and financial management.

Adherence to the Code is monitored by an independent Code of Conduct Committee elected from the NGO community.

More information about the ACFID Code of Conduct can be obtained from Opportunity International Australia and from ACFID.



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