

Annual Review 2010



"Because of..."



Opportunity International
AUSTRALIA

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Cover

Jobita Amolong and her daughter Elsie come from the coastal town of Salngan in Iloilo in the Philippines, a forgotten community so poor and marginalised that even local people didn't know it existed. To help the people in Salngan out of poverty, one of Opportunity's partners was able to introduce a weaving co-operative, training the locals in the craft so they could earn an income. There are now 28 looms working in the village, giving 42 families a sustainable livelihood.



CEO and Chairman report

Opportunity International Australia exists to provide opportunities for people living in poverty to transform their lives. We exist because of people like Jobita and Elsie – weavers from the Philippines – who you can see on the cover of this year's Annual Review. We exist because of people like Jhunu and Minati, who live in a leper colony in India, Merlinda from the Philippines, and Debora from the rural island of Nusa Tenggara Timur, Indonesia. You can find their stories in the pages to follow.

Because of our clients

Thanks to the small loans given to them (on average \$200) to grow a business and earn an income, Jhunu and Minati have been able to stop begging on the street. They can now provide proper meals of meat, fish and vegetables for their children. Merlinda has been able to buy her daughter a school uniform and is saving for her daughter-in-law to give birth in a proper hospital. Debora has been able to start building a concrete home for her family to live in, so they no longer have to sleep on a dirt floor with a leaking palm-branch roof.

The businesses these women own are diverse. In India, Jhunu and Minati make rope from coconut coir; in the Philippines, Merlinda sells fruit and vegetables and in West Timor, Debora owns a small kiosk selling food and drinks.

It is because of the small loans they have received that they have been given a hand up. It is because of their hard work that they have been able to turn their lives around. And it's because of the support of Opportunity donors that any of it was able to happen at all. To all our donors – thank you. Because of your generous giving, at the end of 2010, we were together helping more than 2.8 million families out of poverty. Every day, supporters of Opportunity reach out to people in need with donations that will be at work for years to come. We are encouraged that so many people recognise microfinance as a sustainable tool for poverty alleviation – bolstered by the fact that loans are repaid, allowing funds to go on to grow business after business, helping families and transforming communities not just in the short-term, but for good.

In the field, 2010 saw Opportunity move forward with our programs in India, Indonesia and the Philippines. We were able to send \$14 million to our local partners in these countries, walking alongside them as they provide microfinance and community development programs to people living in some of the poorest, most marginalised areas imaginable.

2010 also saw us farewell our former Chairman Andrew Tyndale, who dedicated 12 years of service to our work with people in poverty. We are so grateful for Andrew's expertise and commitment – and above all, his passion. His belief in microfinance and his care for people in poverty has boldly led Opportunity to have an impact on millions of lives around the world. Building on this strong track record, Opportunity will continue to make ground in the fight against poverty in 2011 and beyond.

Andrew remains part of the Opportunity Ambassador Network – a group of more than 160 people who work hard to tell the Opportunity story within their networks and advocate for people like Merlinda, Jhunu and Debora. In 2010, they hosted numerous fundraising and information events, some of which you can read about on page 26. To all our Ambassadors – thank you for not being afraid to speak up for those who have no voice.

As well as Ambassadors, Opportunity is supported by a team of volunteers and interns. In 2010, volunteers donated 10,920 hours to our cause, helping us steward our resources by offering their support, skills and expertise to help us in our mission. To all our volunteers and interns – thank you for sharing your time with us, it makes such a difference.

Finally, to all our committed staff and Board members – thank you for all that you contribute day after day. You go above and beyond, and it is because of you that our programs don't just survive, they thrive.

As we look forward to the coming year, we are excited for what is to come. During 2011, the Opportunity International Network will celebrate its 40th anniversary. For the past 40 years, we have been working alongside people living in poverty. While we will certainly celebrate the significant impact we have been able to have in that time, we won't pause to do so. With the deadline for the Millennium Development Goals less than five years away, the need for microfinance and other sustainable interventions is still immense. We will continue to build momentum and do all that we can to meet that need – because we must.

Warmly



Chris Sadler
Chairman



Robert Dunn
Chief Executive Officer



Chairman Chris Sadler and Chief Executive Officer Robert Dunn meet with microfinance clients and their families in India.

2010 at a glance

Objective: Grow our program outreach

We will continue to extend our outreach to enable the supply of microfinance to more people living in poverty.

2010 outcomes

Continued to fund and work with our partners as they increased their outreach to more than 2,819,000 people in India, Indonesia and the Philippines.

India

- Helped more than 1,577,700 people use microfinance to grow small businesses and provide for their families, increasing our outreach by more than 575,000 people since 2009. Following our initial financial support, our partners have grown their client outreach in aggregate by 716,000 people.
- Added five new partners to our Program, bringing the total number of microfinance institutions we work through to 19.
- Distributed \$12,571,000 to our partner microfinance institutions.
- Continued to implement our Social Performance Management (SPM) program through a number of our partners.
- Assisted our partners during a challenging operating environment as microfinance came under increasing scrutiny towards the end of 2010. This included advocating on their behalf to the Indian government and local banks – helping distinguish our partners as socially motivated and not profit seeking.

Philippines

- Helped more than 801,800 people access microfinance to enable them to work their way out of poverty.
- Distributed \$924,000 to our partner microfinance institutions.
- Continued with our Philippines Renewal Program, helping our partners develop their programs and products to ensure they effectively meet the needs of people in poverty.

Indonesia

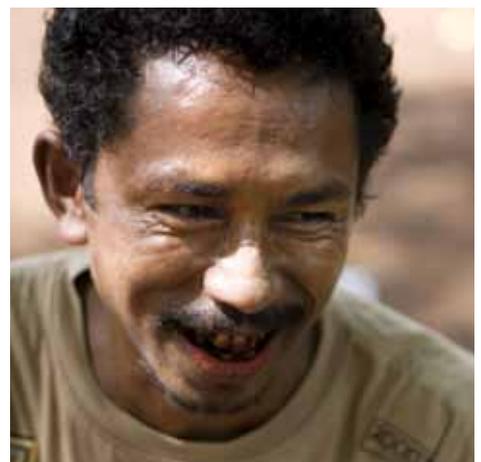
- Helped our partner TLM expand its outreach by more than 10,600 people, serving a total of 27,000 clients with microfinance.
- Distributed \$677,000 to our partner microfinance institutions.
- Assisted TLM as it designed a mobile banking initiative, in order to provide isolated clients in West Timor with access to electronic transactions via 'banking vehicles' – services they would otherwise be without.
- Assessed options for expanding our programs in Jakarta.

Objective: Improve organisational performance

We will conduct our operations in a way that reflects our values, demonstrating accountability and transparency in all that we do.

2010 outcomes

- Demonstrated good stewardship with fundraising and administration costs at 18% of fundraising revenue and undesignated revenue covering all undesignated costs.
- Maintained good governance within the organisation, with three new directors added to our Board and Chris Sadler appointed as Chairman in May.
- Continued to reduce costs wherever possible, with pro bono support from corporations and supporter organisations totalling an estimated \$305,000.
- Received support from a team of volunteers and interns who donated more than 10,920 hours to our cause.
- Continued to work by our formal policies and procedures and The Opportunity Way, a team-developed framework outlining who we are and how we operate.



Helping 2,819,000 people out of poverty.

Objective:

Grow the richness of program interventions

We will investigate supporting complementary community programs (health and other community initiatives that can be offered alongside microfinance), leading to greater transformational impact for the people that we serve.

2010 outcomes

- Supported our partners in India as they offered training to clients (such as rice farming training) and community development programs (such as the Community Health Leader initiative that sees community leaders educated on a range of health topics including pre-natal care, sanitation and first aid).
- Assisted our partners in the Philippines as they offered business training to clients (such as ASKI's guidance in bookkeeping and specific livelihood training in soap making or meat processing) and community development initiatives involving health, sanitation and education.
- Supported our partner TLM in Indonesia as it introduced a range of client training, educating people on financial management, entrepreneurship and good health practices. Access to health care centres was also offered, providing clients with free or subsidised medicines.
- Introduced the Healing Fields Foundation to three of our microfinance partners in India. Healing Fields assists organisations to develop and deliver innovative health programs to people in poverty.
- Facilitated the introduction of professional medical practitioners and administrators to two failing poor hospitals that serve the communities where partner microfinance clients live.
- Continued with our SPM program, a tool to help us measure the impact our programs are having in the lives of people in poverty, using the 'Progress Out of Poverty Index'.

Objective:

Grow our resources

We will increase our capacity to transform the lives of people living in poverty by significantly growing our funding from the Australian public, government and corporations, as well as locating new social capital sources, including the possibility of establishing new support partners in Asia to fundraise for our microfinance programs.

2010 outcomes

- Increased fundraising, event and grants revenue by 71% from 2009 to 2010, raising a total of \$11.1 million.
- Helped to establish Opportunity fundraising partners in Singapore and Hong Kong to assist with funding our microfinance programs in Asia.
- Encouraged leading Dutch social fund, Cordaid, to provide the equivalent of \$3.1 million to Opportunity's India Program.
- Had more than 160 Ambassadors advocating on our behalf – hosting numerous fundraising and information events to help us grow our resources and impact.
- Raised community awareness by partnering with The Global Poverty Project to produce and host the *1.4 billion reasons for the workplace* presentations.
- Relunched our *In Her Footsteps* documentary to help raise funds and awareness about poverty in India.
- Travelled with supporters on four Insight Trips to India, Indonesia and the Philippines, in order for them to see our work in the field first-hand and encourage others to get involved.
- Joined with BHP Billiton, Freehills and Minter Ellison Lawyers to present three *Put Yourself In Her Shoes* events in Brisbane, Melbourne and Sydney, raising more than \$879,000.
- Launched our charity gift catalogue, *Something Bigger*.



Thank you

Our sincerest thanks go out to all the donors, Ambassadors, volunteers, Board members and corporate supporters who so generously offer their finances, time, resources and pro bono assistance to help people out of poverty. Your commitment and contribution is so valuable. We also want to recognise the incredible work of all our staff – a team that often goes above and beyond the call of duty to enable us to have the greatest impact possible.

We would also like to thank the Australian Government's Overseas Aid Program, AusAID and the Australian Council for International Development (ACFID) for their valuable support and assistance.

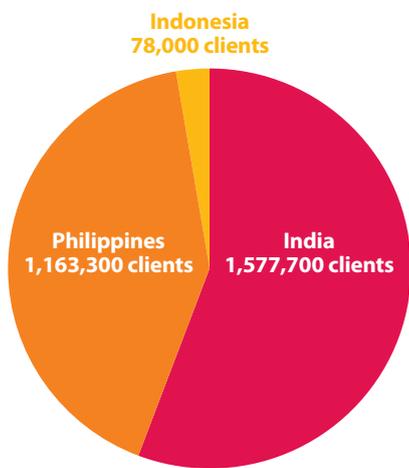
To everyone who plays a part in the Opportunity story – thank you for all that you do to help us put an end to poverty.

Our global impact

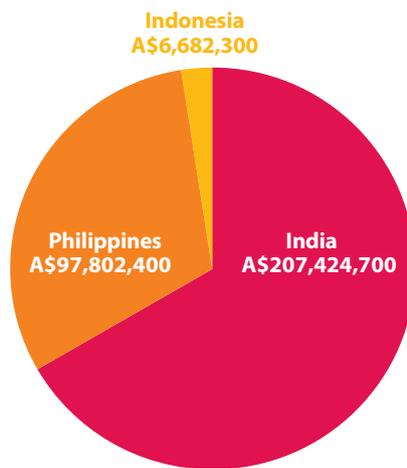
Opportunity International Australia operates as part of the broader Opportunity International Network – a global network of partners who support microfinance institutions around the world.

As well as here in Australia, these support partners exist in the United States, United Kingdom, Canada and Germany – and, now, Singapore and Hong Kong. Together, we work in 25 developing countries throughout Asia, Africa, Latin America and Eastern Europe, helping 3,730,300 people make their way out of poverty. At the end of 2010, our microfinance partners were providing more than A\$518 million in small loans to people in poverty.

Opportunity International Australia principally (but not exclusively) supports programs in Asia, currently focusing on work in India, Indonesia and the Philippines, and also China. By the end of 2010 our microfinance partners were serving more than 2,819,000 microfinance clients – helping them and their families grow small businesses and leave poverty behind.

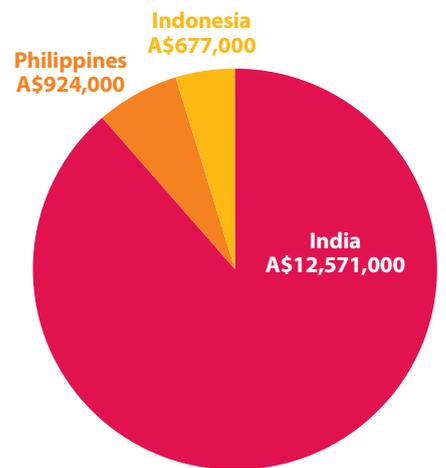


Where we work

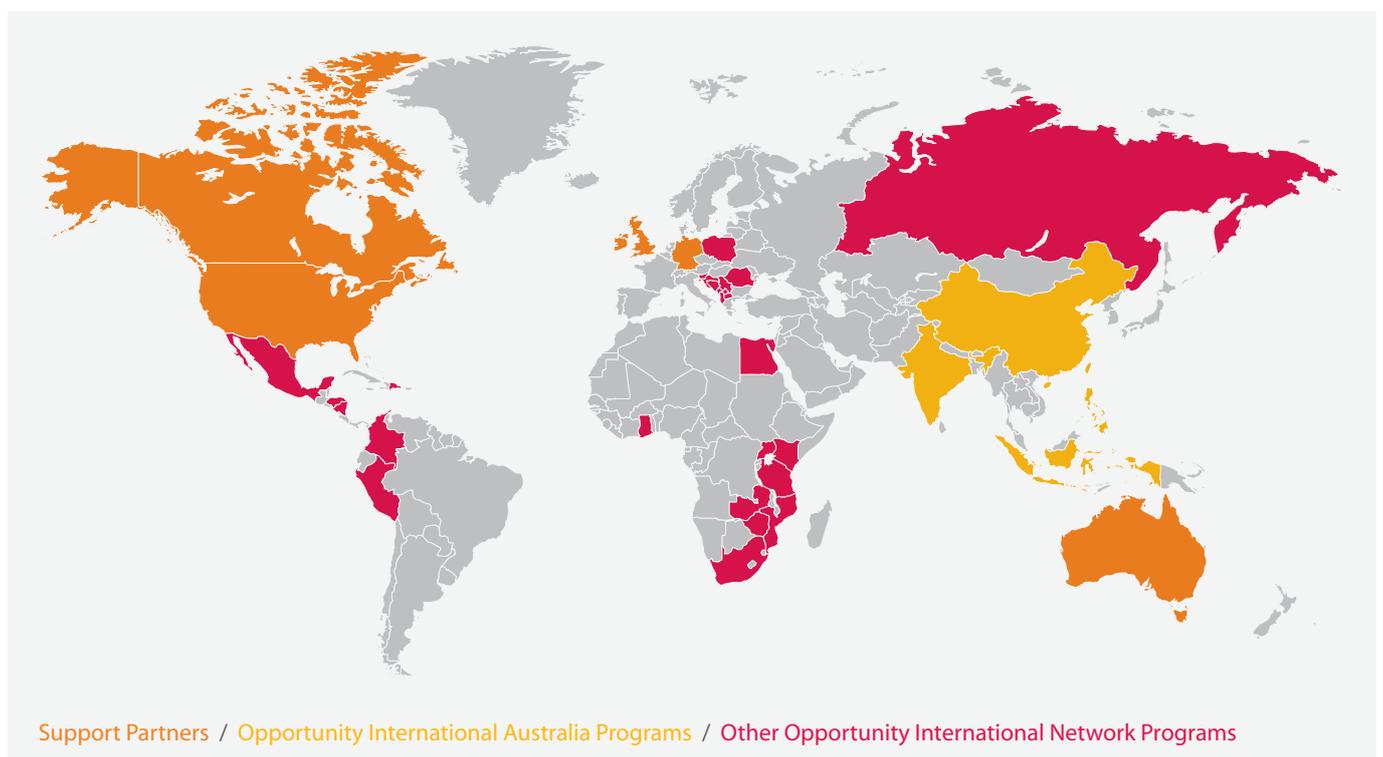


Loan portfolio

* Funding is provided by a variety of sources.



Program disbursements





Because of Jhunu and Minati

In India, people who live in leper colonies are segregated and isolated from the rest of society. Shunned from the outside world, they live with disfiguring skin sores and crippled limbs. Not only do the sufferers live a marginalised life – their families and carers bear the stigma associated with living in the colony too.

This was the case for Jhunu and Minati. Coming from a colony in Orissa, India, Minati was ostracised at school, forced to sit apart from her classmates, though she herself did not have the disease. Then, when the two grew older and had families of their own, they were unable to earn a living. Begging on the streets, they struggled to find enough money to pay for food; eating one day and going hungry the next. Their income was just 75 cents a day.

Minati's one hope was to finish school. But being born into a poor family, they couldn't afford to pay for her tuition.

People's Forum, one of Opportunity's microfinance partners in India, saw their struggle. For six months they trained Jhunu, Minati and eight other women in the colony on how to make rope from coconut coir – weaving it with special machines, bundling it up and then selling it to a hardware store in town. Together, the women took a loan of 30,000 rupees (A\$732) which they used to buy supplies for their new business.

Today, Jhunu and Minati no longer have to beg. A visit to the colony sees the women laughing and chatting as they work – even in the scorching heat. "We can eat meals twice daily now and look after our families," they say. They have even been able to earn enough money to build a workplace for their business – a structure that sits proudly at the entrance to the colony. The colony itself has now been renamed 'Santidan' – which translates as 'that which gives peace'.



Our work in India

India makes up close to one-sixth of the entire global population – its massive population totals more than 1.2 billion. Sadly, many people in India live lives similar to those once faced by Jhunu and Minati. In many areas, poverty is rife – hunger is all too common, quality education is rare and diseases eradicated decades ago in countries like Australia are a part of every day life.

In 2010, Opportunity continued with its India Program, designed to reach out to some of the most isolated and marginalised people in the country. By the end of the year, we were serving more than 1.5 million people in India with microfinance, helping them grow businesses and work their way out of poverty. Throughout the year, Opportunity sent \$12,571,000 to our Indian subsidiary Dia Vikas Capital, allowing us to grow our outreach by more than half a million people. New partnerships with socially focused microfinance providers in India were also formed, allowing us to spread our outreach throughout the country.

2010 highlights

- By the end of 2010, we were helping more than 1,577,700 people in India access small loans and microfinance services to grow small businesses and provide for their families, increasing our outreach by more than 575,000 people since 2009.
- Throughout the year, five new partnerships were formed with local microfinance institutions in India. These were:
 - Ajiwika in Jharkhand, an impoverished state with a high tribal population.
 - People's Forum in Orissa, a state with India's highest child mortality rate.
 - Saadhana in Kurnool, which serves only poor women.
 - Prayas, who work in remote districts in Gujarat and Madhya Pradesh.
 - Annapurna in Mumbai, which, while it is a highly industrialised city, is also home to a huge slum population.
- By December, Opportunity was working through a total of 19 socially focused microfinance institutions in India.
- Leading Dutch social fund, Cordaid, has come alongside Opportunity donors to provide the equivalent of \$3.1 million to Opportunity's India program. Cordaid has more than 90 years' experience and expertise in structural poverty eradication and we welcome them as active partners. Mr Marc Breij, one of its senior executives, is now a Director of Dia Vikas Capital.
- A number of partners in our India Program also continued with our Social Performance Management program, including Shikhar, RGVN, C-DOT, People's Forum, GO Finance and Arth. Results have so far highlighted how our partners are reaching out to some of the most disadvantaged groups in the country – people with little or no access to sanitation, safe drinking water and electricity (read more about Social Performance Management on page 30).
- Many partners also offered specific training to clients to help them develop sustainable livelihoods. For example:
 - In the remote state of Assam, many people are dependent on rice paddies for their businesses and daily food. Most rice is cultivated using traditional tribal techniques which yield small harvests. Our partner RGVN trained a group of people on SRI (System of Rice Intensification) and equipped them with skills and multimedia materials to share their knowledge with small-scale farmers. Although the farmers were initially reluctant to change their methods, the introduction of SRI was an incredible success – yields increased by 116% in winter and 89% in summer, increasing incomes and the availability of a staple food for many.
 - ESAF (the parent organisation of our partner EMFIL) runs a comprehensive livelihood project for people producing handicrafts such as handmade paper, candles and textiles, many of whom are EMFIL microfinance clients. The program covers the development of designs, skills training and marketing of finished products. Clients gather to collect raw materials, learn new techniques and deliver finished products. About 200 women are regularly involved in production and priority is given to minority groups, including those living with HIV/AIDS.
- Many of our partners also run community development programs alongside microfinance that aim to empower clients with knowledge and infrastructure and improve living standards. For example:
 - A lack of health education means that preventable diseases are common in isolated communities across the Indian states of Uttar Pradesh and Bihar. In 2010, our partner Cashpor began addressing this urgent need through a Community Health Leader initiative, in partnership with the Healing Fields Foundation. Eighty women from poor communities commenced health leader training in September, learning about a range of topics including pre-natal care, sanitation and first aid. Each leader shares their knowledge with 300 households during their six-month internship, thus reaching a total of 24,000 households with practical health care training. This program has also been introduced to our partners, Ajiwika and Sambandh.
- Partners in our India Program are encouraged to establish relationships with each other, which particularly helps start-up microfinance institutions learn from the more experienced organisations in our program. Partners share knowledge and ideas, from IT providers to product innovation. For example, in 2010, Margdarshak shared the details of its buffalo loan product with one of Opportunity's other partners, Arth.
- Leading microfinance consultancy MicroSave continued to provide support to our partners, with a particular focus on strengthening operations and products.

Common businesses in India: animal husbandry, kiosks, saree and other clothing stores, tailoring centres, small street restaurants, craft making such as basket and candle making, crochet and embroidery.

The current climate of microfinance in India

Microfinance in India has grown to serve millions of households in recent years, though this growth is still dwarfed by the immense need for financial services.

Towards the end of 2010, microfinance came under significant scrutiny in the Indian state of Andhra Pradesh, with concerns raised over the treatment of borrowers and the levels of interest rates being charged. Many commentators accused commercial microfinance institutions – those organisations whose primary motive is making a profit on microfinance – of behaving irresponsibly, pursuing growth and commercial returns as they allow clients to build up excessive levels of debt. The controversy is also suggested to be, in no small part, a backlash toward the recent initial public offering by SKS Microfinance, India's largest for-profit microlender, headquartered in the state capital.

The situation in Andhra Pradesh had an effect on the microfinance industry as a whole, including Opportunity's socially focused partners, who primarily aim to help people out of poverty, not make a profit.

Andhra Pradesh – the centre of the concern

In late 2010, local politicians instructed microfinance borrowers in Andhra Pradesh to stop making loan repayments until the microfinance institutions met certain regulatory requirements. This put at risk the sustainability of all microfinance institutions in the area – with social microfinance providers being affected as well as commercial. About 15% of Opportunity's India Program portfolio operates in Andhra Pradesh, and Portfolio At Risk (PAR) for these partners has been affected.

Elsewhere in India – the need for bank lending

Outside Andhra Pradesh, client repayment rates have not been impacted. What has been of concern however is the hesitancy of banks to lend to microfinance institutions in all states, not just Andhra Pradesh. This reduced funding affects a microfinance institution's ability to expand its reach to people in need – those still waiting for much-needed financial services.

The need for microfinance in India remains massive – and Opportunity's partners have a strong track record of serving poor communities with their social mission.

Our partners remain capable of meeting the needs of the poor in India now and in the future, and the current lack of bank funding for microfinance is of concern. Consequently, Opportunity's ongoing support of our microfinance partners is now more important than ever.

In India, Opportunity's local subsidiary, Dia Vikas Capital, is playing an important advocacy role in the sector. Opportunity and Dia Vikas are constantly monitoring the situation in India and advocating on behalf of our microfinance partners to the Indian government and local banks. In early 2011, Robert Dunn, CEO of Opportunity, and KC Ranjani, Managing Director of Dia Vikas, had a very positive meeting with the Deputy Governor of the Reserve Bank of India to discuss the current situation. He reiterated that the Reserve Bank remains supportive of financial inclusion for the people of India, and the important role microfinance can play in bringing this about.

The Malegam Report

The situation in Andhra Pradesh has prompted India's microfinance sector to re-examine its purpose and goals for the future. The Reserve Bank of India commissioned a review of the sector. Its results – the Malegam Report – are currently being debated by stakeholders before legislation is implemented.

Key recommendations of the Malegam Report include:

- The introduction of codes of conduct to ensure clients are respected and protected by microfinance institutions.
- Greater transparency of interest rates, including a recommendation for interest rates to be capped at 24% p.a.
- Increased lending by banks to microfinance institutions.
- Increased emphasis on skills development and training of clients.

For Opportunity and our partners, these recommendations reflect our existing practices – client-focused principles have been a key component of Opportunity's India program since its inception, and our partners provide a range of business and financial literacy training to clients to ensure that the service we provide truly is having a positive impact.

Opportunity is confident of the crucial role that social microfinance plays in enabling poor people to transform their lives. We welcome and encourage developments in the sector that refocus attention on the needs of poor communities.

Our partners in India

Cashpor

Cashpor is one of the largest microfinance institutions in northern India, serving close to 470,900 clients. Based in the city of Varanasi, Uttar Pradesh, it serves some of the most populated and poverty-affected areas of India. Cashpor has provided poor women with an alternative source of credit since 1997, before which the only alternatives were moneylenders who charged exorbitant interest rates, trapping people in a cycle of debt. Ninety percent of Cashpor's clients live in rural areas where most use loans for agricultural businesses, while others invest in small trading and manufacturing enterprises. Cashpor has also established a scholarship program for clients' children and a health training program.

Since we partnered with Cashpor in 2008, it has grown its outreach by 180,900 clients.

Sharada

Sharada operates across four states in southern India and currently serves more than 151,200 people. It was one of the first Indian microfinance institutions to reach out to the urban poor, and has a particular focus on marginalised groups – women, low-income earners and those who belong to 'lower' castes. Established in 1999 to disburse education loans so women in poverty could send their children to school, Sharada now provides loans to women so they can start small trading or production businesses, with some investing in small agricultural-based enterprises.

Since we partnered with Sharada in 2008, it has grown its outreach by 53,600 clients.

EMFIL

EMFIL is the microfinance arm of ESAF, based in the state of Kerala, which is known as the 'spice garden of India'. In operation since 1995, it now serves close to 326,100 clients across five states. Although Kerala is one of the most educated Indian states, unemployment is high and the state's economy is particularly dependent on remittances. EMFIL is playing an increasingly important role in the area as a result of the global financial crisis, which caused widespread redundancies and forced thousands of migrant workers to return home. The organisation offers a range of financial services to its clients as well as business development services. It also offers opportunities for people to earn livelihoods through a garden nursery and dairy collection centre.

Since we partnered with EMFIL in 2009, it has grown its outreach by 196,100 clients.

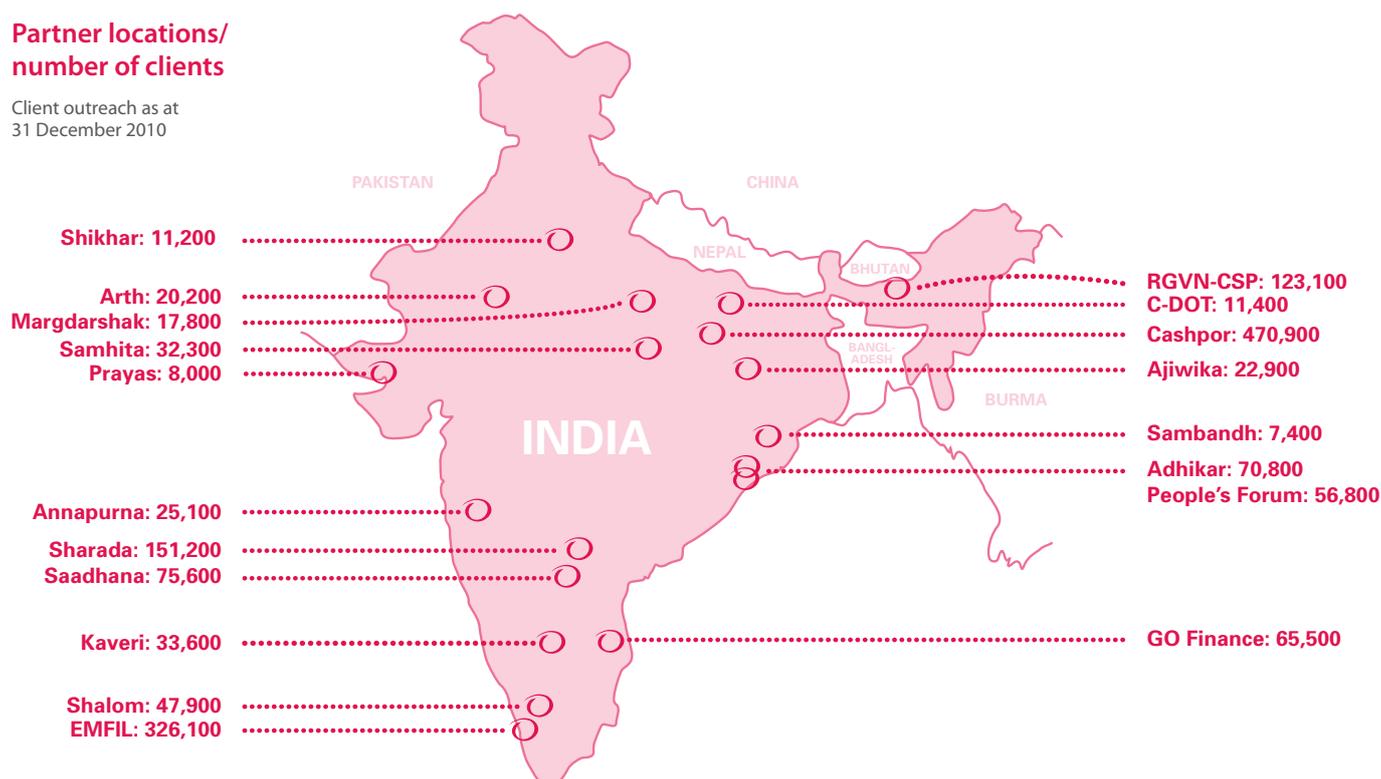
RGVN-CSP

RGVN-CSP operates in the remote state of Assam in north-eastern India, which is well-known for its tea and silk production. RGVN was established in 1990 and in 1995, it commenced its credit and savings program, which now serves close to 123,100 clients. Almost all RGVN-CSP's clients are female, living in either urban or rural areas, with most investing loans into small trading businesses such as kiosks. Others have used their loans to invest in sewing, farming and animal husbandry businesses.

Since we partnered with RGVN-CSP in 2008, it has grown its outreach by 63,300 clients.

Partner locations/ number of clients

Client outreach as at
31 December 2010



Saadhana

From its humble beginnings in a small apartment, Saadhana is now the leading microfinance institution in Kurnool, Andhra Pradesh, serving more than 75,600 clients across five districts. With an economy led by information technology, the state is experiencing rapid growth, but for those without an education (50% of women in Andhra Pradesh are illiterate), opportunities to benefit from the economic growth are scarce. All of Saadhana's clients are women, with the majority using loans to start trading and services businesses.

Since we partnered with Saadhana in 2010, it has had to reduce its client outreach by 12,800 clients. This is a reflection of the current climate of microfinance in Andhra Pradesh (for more information, see page 8)

Adhikar

Adhikar is a microfinance institution based in Orissa, one of India's most impoverished states, with the highest infant mortality rate in the country. Adhikar began its microfinance program in 2004 and has since grown to become one of the largest microfinance institutions in the state, serving close to 70,800 clients. Adhikar, which translates as 'right' or 'entitlement,' delivers a broad range of services, including an innovative money remittance service for migrant workers – the first of its kind in India.

Since we partnered with Adhikar in 2009, it has grown its outreach by 21,200 clients.

Growing Opportunity Finance (GO Finance)

GO Finance is a microfinance institution based in the coastal city of Chennai, which is home to close to a million slum dwellers. Established in 2006, GO Finance aims to transform entire communities by offering microfinance to its 65,500 clients. The majority of clients start businesses in basket or candle making, crochet, tailoring or embroidering. Training is also offered to clients on a range of social issues such as disease prevention, nutrition and domestic violence.

Since we partnered with GO Finance in 2006, it has grown its outreach by 65,500 clients.

People's Forum

Established in 1988, this Orissa-based microfinance organisation initially focused on the health and wellbeing of marginalised people, working on the rehabilitation of destitute women and the mentally ill and offering vocational training. It began providing microfinance in 2004 and now serves close to 56,800 clients with a wide range of services including credit, savings, technical training, rural marketing and business development services.

Since we partnered with People's Forum in 2010, it has grown its outreach by 6,700 clients.

Shalom

Established in 1998, Shalom operates in the coastal state of Kerala as well as Tamil Nadu. It serves more than 47,900 clients, offering a variety of community services, including microfinance, housing, education, orphan care and care for the mentally ill. Shalom is committed to the development of underprivileged and marginalised groups such as women, and offers small loans so they can run farming or agricultural businesses in rural areas.

Since we partnered with Shalom in 2008, it has grown its outreach by 23,600 clients.

Samhita

Samhita is a start-up microfinance institution based in Bhopal, Madhya Pradesh. Established in late 2007, Samhita provides much-needed microfinance and social services to women who face rural isolation, gender discrimination and limited economic opportunities. Most clients are landless agricultural labourers with little or no education. They use loans to purchase livestock, while in urban areas, many clients invest loans into small trading businesses such as kiosks. Samhita is currently piloting a financial literacy program. It serves more than 32,300 clients.

Since we partnered with Samhita in 2008, it has grown its outreach by 31,700 clients.

Kaveri

Kaveri is a start-up microfinance institution that is building on the experience of SEARCH – a reputed Bangalore-based training and development institution – to deliver microfinance and livelihood development services in Tamil Nadu and Karnataka. In 2009, microfinance operations commenced under the Kaveri banner; it now serves more than 33,600 clients. 2011 has now seen the amicable end of our partnership with Kaveri, as it recently decided to change its focus from social impact to commercial outcomes – a mission that conflicts with Opportunity's commitment to poverty alleviation. Kaveri has since repaid all funds invested by Opportunity.

Since we partnered with Kaveri in 2008, it has grown its outreach by 33,600 clients.

Ajiwika

Ajiwika is a microfinance institution based in Jharkhand, an impoverished state with a high tribal population. Currently serving more than 22,900 people, Ajiwika is committed to reaching out to marginalised rural areas. It was established in 2006 as the microfinance program of NEEDS (Network for Development Support), an organisation that works in Bihar and Jharkhand to develop community support systems. Jharkhand is home to 32 tribes, four of which are classified as primitive tribal groups, meaning they have a declining or stagnant population and are the poorest of tribes.

Since we partnered with Ajiwika in 2010, it has grown its outreach by 3,400 clients.

Annapurna

Annapurna is a microfinance institution dedicated to serving poor communities in the cities of Mumbai and Pune. It is currently serving close to 25,100 clients. One of six organisations within Annapurna Pariwar, a non-government organisation established in 1975, the organisation began microfinance operations in 1993 and has a particular focus on slum dwellers. While Mumbai is a highly industrialised city home to thriving finance and film industries, it is the second most populated city in the world and there is a significant shortage of housing. Sixty percent of the city's population live in slums, which are chronically overcrowded.

Since this partnership only commenced in December 2010, no growth has yet been recorded.

Arth

Arth is based in the state of Rajasthan and currently serves more than 20,200. It was established in May 2007 as the microfinance branch of the Indian Institute of Rural Development. Rajasthan is a state powered by agriculture, low rainfall and recurrent droughts which mean that water insecurity and low agricultural and livestock productivity are ongoing issues for people living in poverty. This is exacerbated by a social system that discriminates against women and 'lower' castes. All of Arth's clients are women.

Since we partnered with Arth in 2008, it has grown its outreach by 10,500 clients.

Margdarshak

Margdarshak is a start-up microfinance institution based in Lucknow, Uttar Pradesh – the most populous state in India, home to 190 million people. Here, poverty rates are high and microfinance is scarce. Margdarshak commenced microfinance operations in July 2007. The majority of its clients are agricultural workers, while others are artisan workers who produce internationally acclaimed crafts, including 'chikan' (embroidery) and leather goods. Margdarshak currently serves more than 17,800 clients.

Since we partnered with Margdarshak in 2008, it has grown its outreach by 16,600 clients.

C-DOT

C-DOT was established in 2000 by a group of local professionals committed to alleviating poverty in their home state. It now serves more than 11,400 clients. C-DOT operates in Bihar, where microfinance is a relatively new concept; the state is vastly underserved with just 4 percent of demand currently met. Bihar has the highest rate of interstate out-migration in India, due to limited opportunities caused by lack of education, lack of land ownership and social discrimination.

Since we partnered with C-DOT in 2009, it has grown its outreach by 7,700 clients.

Shikhar

Based in Delhi, Shikhar is a start-up microfinance institution that offers microfinance to people living in slums. With their slums built on government land, these people are vulnerable to new developments, with hundreds of homes demolished to prepare for the 2010 Commonwealth Games. Established in 2007, Shikhar aims to help communities become resistant to financial and social risks, and instigate social transformation among its 11,200 clients.

Since we partnered with Shikhar in 2008, it has grown its outreach by 10,900 clients.

Prayas

Prayas is a microfinance institution serving marginalised groups including indigenous tribes, former sex workers and the 'Siddi' tribal group (descendants of African slaves brought to India during the Mughal period). Operating in the states of Gujarat and Madhya Pradesh, it currently serves close to 8,000 clients. Established in 2006 as the microfinance branch of Prayas Organisation for Sustainable Development, the majority of clients – all of whom are women – live and operate their businesses in and around urban slums.

Since we partnered with Prayas in 2010, it has grown its outreach by 900 clients.

Sambandh

Sambandh is the microfinance branch of the Regional Rural Development Centre, which started in 1992 as a development organisation. Based in Orissa, Sambandh was launched in 2006 to support the development and expansion of small businesses at a grassroots level. Sambandh also offers other products and services such as education scholarships for clients' children. It currently serves 7,400 clients – all of whom are women.

Since we partnered with Sambandh in 2008, it has grown its outreach by 4,200 clients.

CEO profile

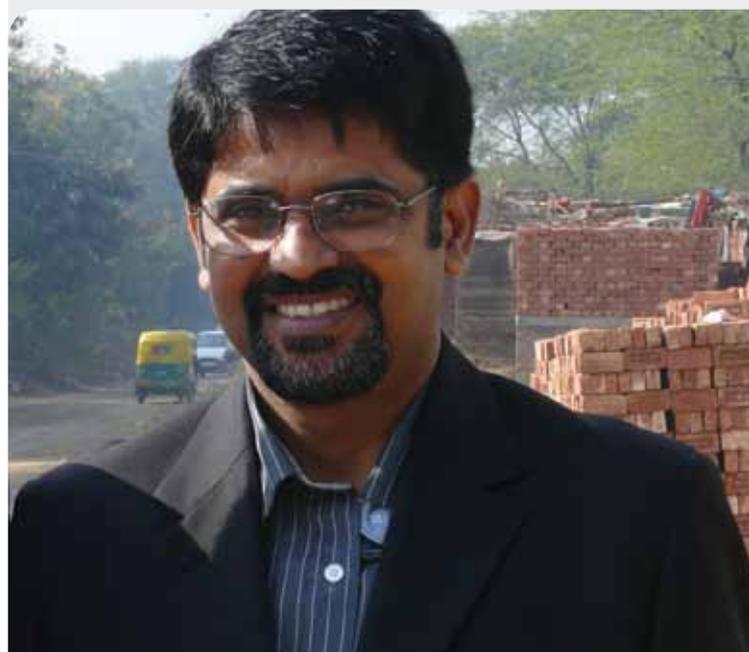
Satyavir Chakrapani: Shikhar, India

Raised in a poor village in Uttar Pradesh, India, Satyavir Chakrapani was exposed to the harshness of poverty from a young age.

Seeing the struggles and burdens that it caused in his community, he was determined to do something about it. This determination led to an academic and professional career in the development sector, working in livelihood creation, health care, education and information and communication technology. Shikhar was established in 2007, with Satyavir believing that people living in poverty need to be self-empowered and given opportunities to turn their lives around.

"For me, microfinance is a call and mission. I firmly believe that [microfinance has the] ability to release people from poverty if it is implemented in an apposite manner," he says.

Satyavir is also the General Secretary of the Delhi House Society, an honorary position. This society runs Sewa Ashram which provides shelter, food, health care and education to the destitute in Delhi. In 2010, The Delhi House Society was awarded the Mother Teresa Award for Social Justice for this work.





Because of Merlinda

Walking through the crowded marketplace, Merlinda holds bags filled with brightly coloured fruit. Her teenage daughter Jeannie helps by lifting a large bag over her shoulder, walking alongside her mother to Merlinda's fruit stall. It's a tiring act, but they don't complain – Merlinda is happy to have her own business, one that is now able to provide for the basic needs of her family.

It has taken many years for Merlinda to rebuild her life. As a young married couple, she and her husband farmed land where they had an abundance – until the day everything changed. "I can still remember the night I was shot at," she says, crying, describing the conflict over land with neighbours that forced them to flee their home. "Everything we'd worked for, and sacrificed for, was gone." Overnight, Merlinda and her family had entered into a life of poverty.

At first, Merlinda tried selling bananas to earn some money to support her family, but it wasn't enough. Thankfully, a small loan of 5,000 pesos (A\$125) from TSKI, one of Opportunity's partners in the Philippines, helped Merlinda buy enough stock to open a proper fruit stall and even a small restaurant. The income she has earned since has allowed her to slowly build a new home for her family and buy a school uniform for Jeannie.



She is also saving the money she needs to pay for her daughter-in-law, Sheila, to give birth to her first born in a proper hospital and not alone, like too many women living in poverty are forced to do.

Our work in the Philippines

In the Philippines, almost half the population – 45% of people – live on less than US\$2 a day; people like Merlinda and her family. The need is great.

During 2010, we sent \$924,000 to our partners in the Philippines, working alongside them as they serve some of the poorest communities in the country. At the end of 2010, more than 1,163,300 people in the Philippines were clients of microfinance institutions in the Opportunity International Network, using small loans and other financial services to grow small businesses and work their way out of poverty. Of these, 801,800 were clients of Alalay Sa Kaunlaran, Inc. (ASKI), Tulay Sa Pag-unlad, Inc. (TSPI), Taytay Sa Kauswagan, Inc. (TSKI), and Opportunity Kauswagan Bank (OK Bank), Opportunity's four main Filipino partners.

Operating for over 25 years, ASKI, TSKI and TSPI have each established a strong reputation for their commitment to fighting poverty and bringing about change in local communities. Since 2008, they have each undertaken targeted projects through our Philippines Renewal Program to improve the way they reach out to people in poverty in the Philippines — better meeting clients' needs with faster loan disbursements, more flexible loans and savings services plus training with greater relevance to clients' businesses — ensuring that microfinance really does make a difference. Throughout 2010, these projects continued, under the direction of Opportunity with assistance from technical consultancy MicroSave.

Common businesses in the Philippines: sari-sari (small grocery) stores, craft making, bakeries, crop farming, fishing, and vegetable, fish and meat selling.

2010 highlights

- At December 2010, ASKI was serving close to 65,600 clients, having reached out to an additional 5,800 clients throughout the year. TSPI was serving more than 282,900 clients, having grown its outreach by 18,800, and TSKI was serving 342,700 clients, having reached out to an additional 85,400 people throughout 2010. By the end of the year, OK Bank was serving more than 110,600 people.
- TSKI introduced a new group loan product called PKK2 ('Proyekto Kauswagan Sa Katilingban') which translates as 'project for the development of the community' and is in the process of being rolled out across all branches. PKK2 features flexible repayment options, faster disbursement times, reduced paperwork, flexible savings, shorter meeting times and no group co-guarantee — instead, two people are required to guarantee the loan. This redesigned guarantee has been greatly appreciated — clients no longer have to worry that their hard-earned savings might be used to pay back any number of their group members' loans. By December 2010, there were 109,900 PKK2 clients. The product's popularity has been so great that people have been queuing outside TSKI branch offices to apply for it, and it is estimated 90,000 are returning clients that had previously left the program. This illustrates the importance of TSKI listening and responding to the needs of its clients.
- ASKI began rolling out its new loan product 'Ok Ka' throughout its branches, a loan designed to bridge the gap between smaller group loans and larger individual loan products. Targeted at group clients who have displayed entrepreneurial ability and ambition to expand their businesses to employ other people, Ok Ka removes the co-guarantee and offers larger loan sizes ranging from Php.15,000-50,000 (A\$375-1,250), features faster application times and flexible loan terms as well as repayment schedules to reflect seasonal fluctuations in clients' income.
- TSPI's individual loan product (the Maunlad 'Progressive' Program) was designed in 2008 with the aim of helping entrepreneurial clients grow their businesses and employ other people. It features larger loan sizes — ranging from Php. 30,000 to Php. 150,000 (A\$676-3,378) — no centre meeting requirements (allowing clients to spend more time in their business), prompt payment discounts, faster processing times and flexible access to client savings. The first phase of the pilot test conducted in two branches was successful and in September 2010, TSPI decided to further fine tune the product and expand the pilot into other branches.
- All partners opened new branches to reach more communities in need: ASKI established 12 new branches, including in the small inland village of Tumauni and in the fast-growing town of Camiling; TSPI established 34 new branches in the Luzon and Mindanao regions of the Philippines and TSKI, as part of its new product and branch redesign, established 11 new branches and 122 unit offices using a hub and spoke model, enabling services to be closer to the client.

- As many of its clients have little education and no experience running a small business, ASKI also offers training. Workshops focused on specific skills, such as soap making or meat processing, while others cover basic business principles such as bookkeeping or seek to increase clients' confidence through leadership training and team building activities. ASKI also recently established a Grassroots Entrepreneurship Management training program to develop the skills of lending group leaders to become business consultants to their group members. Throughout 2010, 307 leaders participated in this training to then go on and share their learnings with the other members in their groups.
- TSKI recently established the Farmers Integrated Assistance Program (FIDA), an intervention aimed at addressing the needs of marginalised rural farmers who have no access to formal financial services or the facilities they need to make their businesses profitable.
- In addition to small business loans, TSPI offered loans for education services, housing, sanitation and agriculture.
- ASKI undertook a number of community development initiatives involving health, sanitation, education and livelihood training, with one project reaching out to the Igorots (an Indigenous group in Northern Luzon) who are some of the poorest and most marginalised people in the Philippines.
- In its second year of operation, OK Bank (which resulted from a merger between OMB and K Bank) focused on refining and resolving the legal, financial, operational and regulatory issues arising from this merger. To create an effective strategy and differentiate the bank from TSKI (its parent organisation), it developed a strategy that includes the following:
 - A focus on individual loans and loans for small-medium enterprises.
 - A focus on savings mobilisation.
 - Better risk management systems.
 - Client-led and customer-oriented delivery of services.
 - Use of ATMs to reduce the cost of services.
 - Efficient branch-based operations.
- As a microfinance-orientated 'thrift bank', OK Bank is able to offer savings accounts to the public, which also enables it to secure invested funds at a lower cost to help expand its programs. Currently the bank has attracted US\$5.9 million in savings.
- Technical consultancy MicroSave provided assistance to OK Bank on planning, product design and system improvement. New performance management systems and human resource information systems were put in place.



Our partners in the Philippines

Tulay Sa Pag-unlad, Inc. (TSPI)

Established in 1981 with a vision to see the poor of the Luzon Island community in the northern Philippines live with dignity and self-sufficiency, TSPI has close to three decades' experience working with people living in poverty. Based in Manila, it offers a broad range of financial services such as business, housing and education loans, microinsurance, business training and a range of community development initiatives. It currently serves more than 282,900 clients.

Alalay Sa Kaunlaran, Inc. (ASKI)

Based in Cabanatuan City in the northern Philippines, ASKI was established in 1987 – the product of a group of business leaders who wanted to provide an answer to the country's high poverty levels and unemployment rates. Offering much-needed microfinance loans to families in poverty, ASKI serves close to 65,600 clients with small loans, business training and community development projects that address food, water, sanitation and housing issues.

Taytay Sa Kauswagan, Inc. (TSKI)

TSKI serves 342,700 people throughout the Visayas, Southern Tagalog and Western Mindanao areas of the Philippines. Committed to community transformation, TSKI offers microfinance alongside business development services such as skills training, product development, market linkages and trade fairs. Each of its lending programs include a savings component, with the aim of imparting the importance of saving to clients and helping them prepare for unexpected financial difficulty, natural disasters or family illness. TSKI has been helping people out of poverty since 1986.

OK Bank

OK Bank (Opportunity Kauswagan Bank, Inc.) is a microfinance 'thrift' bank established in 2009. Its mission is to help alleviate poverty through the development and expansion of small and micro-enterprises in the Philippines, focusing on Luzon Island and the Visayas. It is based in Iloilo and serves more than 110,600 clients.

Partner locations/number of clients

Reference to client outreach is at 31 December 2010.



CEO profile

Angel De Leon: TSKI, Philippines

Working as its Executive Director for almost 25 years, Angel De Leon started at TSKI in 1986 with only two other staff members. Initially challenged to raise funds and convince donors that the poor can be trusted, it is through Angel's strategic leadership that the organisation now serves more than 300,000 clients and was voted the 'Most Outstanding Microfinance Organisation in the Philippines' in 2005. Angel aims for TSKI to continue to be an institution that is receptive to the needs of people living in poverty, enabling them to leave it behind permanently.





Because of Debora

There are two structures on the small piece of land Debora and her family live on in Oesao, a village about one and a half hours drive from Kupang, the capital of Nusa Tenggara Timur. One is made from palm branches – a small single room with a dirt floor. The other, made from concrete bricks, has a number of rooms, even with windows. Though the roof is still to go on, the concrete building will be Debora's family's new house – a proper home they have been able to build with the earnings from their small business.

Debora is a client of TLM, Opportunity's partner in West Timor. A few years ago, Debora and her husband Mikael rented a small patch of farmland to grow vegetables. They ate what they needed and sold the rest for what little income they could get, but it was never enough. Determined to look after her family, Debora decided to take out a loan from TLM to purchase extra vegetables from other farmers, hoping to sell them to her neighbours to make a profit. It worked, and slowly Debora was able to grow her business and apply for a larger loan.

With the additional income, Debora opened a small kiosk, selling food, drinks and other groceries. Today, Debora has been able to send four of her six children to school – Niktom (19), Elba (16), Ofir (13) and Elga (eight). She is saving for Didit (six) and Alfian (three) to go, too.



Her daily profit has grown by 35,000-50,000 rupiah (A\$3.90-5.60), giving Debora the money she needed to build a proper home for her family – for which they are extremely grateful.

Our work in Indonesia

In West Timor, Indonesia, our microfinance partner Tanaoba Lais Manekat (TLM) has a network of branches across the province of Nusa Tenggara Timur – from downtown Kupang to the hilltop villages of Kefamenanu – serving people just like Debora and her family.

These remote islands are some of the poorest in Indonesia, with estimates suggesting that 95% of people in rural communities struggle with poverty. Malnutrition and illiteracy rates are high and deaths from preventable diseases are all too common.

By the end of 2010, TLM was reaching out to close to 27,000 families living in poverty, growing its outreach by 64% since the start of the year. This growth is a reflection of the urgent need in West Timor, and in 2010, Opportunity sent \$677,000 to help reach out to more people with microfinance, helping families start businesses and earn incomes.

TLM's remarkable impact in 2010 follows a period of internal strengthening, including the launch of new loan products across all branches. Its reputation as a dedicated partner of poor communities has also facilitated its expansion into new regions where it can help people with no other opportunities.

2010 highlights

- By December 2010, TLM was helping close to 27,000 clients make their way out of poverty, an increase of more than 10,600 clients throughout the year.
- In order to provide efficient service to clients across its 19 branches and four rural service posts, TLM introduced a new online management information system. This provides TLM with real-time information, allowing them to monitor performance in extremely remote areas.

Common businesses in Indonesia:

kiosks, market stalls, small farms, animal husbandry, fish mongering, cake making and craft making such as weaving.

- Because many of TLM's clients live in isolated areas that are unserved by commercial banks, people tend to save in unconventional and less secure ways. This leaves them vulnerable to theft and is not conducive to planning for the future – either for their businesses or the wellbeing of their families. To help combat this issue, TLM spent part of 2010 developing a mobile banking initiative. This will see vehicles equipped with banking technologies travel to markets across West Timor, providing clients with access to electronic transactions so they can deposit savings as well as make loan repayments and withdrawals. A number of electronic banking machines will also be established in strategic locations across the province to reach those who have traditionally been left out from conventional banking services.
- In order to meet changes to the legislation overseeing microfinance in Indonesia, TLM established a cooperative. All lending operations previously managed by the foundation have been transferred to cooperative, which will also position TLM to expand the savings services it can offer to people in need.
- TLM conducted a new training curriculum with group clients, covering financial management, entrepreneurship and quality of life. Between August and November 2010, 21 training sessions were offered to group clients from 19 branches, reaching out to a total of 964 clients.
- As many clients in the area are illiterate, TLM also produced a number of videos to educate clients, covering business and good health practices. One video, entitled 'Awat Nyamuk Jahat!' ('Be careful with the mean mosquitoes!'), tells the story of a boy who contracts dengue fever and includes practical information on how to prevent dengue fever from spreading. Preventable diseases are common in West Timor – in 2009, the Kupang Hospital treated 113 people with dengue fever, 1,669 patients with diarrhoea (19 of whom died) and 129 cases of malnutrition (10 of whom died). Health standards are even worse outside of the region's capital, and TLM is working to raise awareness and improve standards of living.
- As West Timor is remote from the rest of Indonesia, recruitment of well-trained staff is often difficult. TLM regularly invests in training to ensure its team continues to meet the needs of their clients. In 2010, training included investment readiness, internal audit, service excellence and effective leadership – knowledge that staff are then able to utilise to better support clients.
- In areas where basic healthcare is not available to families, TLM has introduced a health service, giving people access to a doctor and free or subsidised medicines. It also uses the information collected at these clinics to lobby the local government to establish more permanent clinics.
- In remote agricultural areas where hunger can be a problem, TLM has provided a Food Security Program to 3,261 women. This allows clients to save food during the harvest season and have it returned during times when food is scarce. In some areas, TLM has also provided a supplementary feeding program to local children.

Sources: International Fund for Agricultural Development, Kupang Post

CEO profile

Rozali:
TLM, Indonesia

Rozali has served as TLM's CEO since its establishment in 1994. He founded the organisation with the equivalent of A\$200 and the support of a local church.

Under his inspirational leadership, TLM has grown into the largest microfinance institution in the region, employing over 200 staff and achieving impact and outreach in an incredibly tough environment.

Originally from Java, Rozali previously ran his own business and worked for a number of non-government organisations. He is highly regarded for his leadership, innovation and passion for serving the poorest of the poor, and his expertise and insights into community development have also been called on by other microfinance institutions across Indonesia.

Today, Rozali's primary focus is rural poverty, specifically linking people to markets so they can benefit from sales of their products.



Our partners in Indonesia

Partner locations/number of clients

Client outreach as at 31 December 2010.



Tanaoba Lais Manekat (TLM)

TLM operates in the remote islands of Nusa Tenggara Timur. The area has the least favourable social and economic statistics of all 33 Indonesian provinces, with communities consisting of mainly subsistence farmers who struggle to earn the income they need to keep their families fed. Founded in 1995, TLM serves close to 27,000 clients with a range of microfinance and community development services, including health and education. It also operates a rural bank that serves 870 loan clients and close to 5,400 savers and has offered clients an innovative 'cashless loan' to help keep their families fed throughout the year.

Dian Mandiri (DIMAN)

Founded in 1998 in response to the Asian financial crisis, DIMAN is committed to helping the disadvantaged – particularly women and the poorly educated – establish and strengthen productive small businesses. Currently serving 44,200 microfinance clients, it operates in the urban and rural areas of Jakarta, West Java and Banten. Providing a range of flexible loans with repayment schedules tailored to clients' income streams, DIMAN also offers community development programs and business training to help empower small enterprises and local communities.

China

The Opportunity International Network has an implementing partner based in China that was initially funded by Australian donors in 2003. It helps transform lives by providing small businesses with loans, training and consulting that enables them to develop and sustain income-generating enterprises which, in turn, create jobs for the marginalised unemployed. Opportunity International China operates in Hefei in Anhui province and Suqian in Jiangsu province.

In 2010, Opportunity International China helped grow and sustain 836 businesses, providing loans of between \$400 and \$30,000. Fifteen percent of clients are wholesalers and retailers, 30% run small workshops or work as manufacturers, 47% are agricultural clients and others are engaged in animal husbandry. More than 20,900 jobs were created and impacted by the loans Opportunity International China made in 2010.

Opportunity Hong Kong and Singapore

In 2010, Opportunity International Hong Kong and Opportunity International Singapore were established as new support partners of the Opportunity International Network. Opportunity Hong Kong primarily focuses on raising funds for network programs in China and India, while Opportunity Singapore will support all programs in Asia, particular Indonesia.

The establishment of new support partners in Hong Kong and Singapore will allow us to have an even greater impact on the lives of people in poverty.



About us

Who we are

Opportunity International Australia is a non-profit organisation that uses a business approach to solve the problem of poverty. Rather than a hand-out, we provide people living in poverty with a loan as small as \$100 to help them start or grow their own small business. This enables them to earn a regular income so they no longer have to struggle to afford food, clean water, proper shelter or an education for their children.

With 40 years' experience working with the poor, Opportunity is a leading provider and pioneer of microfinance and enterprise and community development services. Working through local microfinance institutions in developing countries, we are currently providing a way out of poverty for more than 2,819,000 people in India, Indonesia and the Philippines.

Alongside our support partners in the Opportunity International Network (United States, United Kingdom, Canada, Germany, Singapore & Hong Kong), we are currently helping 3,730,300 people out of poverty in 25 countries around the world.

Our mission

Our mission is to provide opportunities for people living in poverty to transform their lives.

Our vision

Our vision is to see millions of people lifted out of poverty permanently.

Our inspiration

Opportunity is inspired by Jesus Christ's call to love all people. We assist people in poverty without regard to gender, ethnicity or religious affiliation.

Our values

- Commitment to the poor
- Respect for our clients and partners
- Integrity
- Stewardship

What do we mean by 'inspired by Christ'?

In the gospel of Luke, Jesus tells a crowd the story of the 'good Samaritan'. The parable talks of a man who was mugged by some robbers, beaten and left to die on the side of a road. Three people come across the man, but only one stops – the Samaritan. On such a dangerous road, all three had their reasons to keep going, but only the Samaritan pushed his reasons aside to help.

Opportunity aims to be like the Samaritan. Moved with compassion, he pushes aside cross-cultural boundaries to show real and costly love to someone in desperate need. In the stories of Jesus' life, we see the same character displayed. Jesus mixed with some of the most despised people of his time – prostitutes, tax collectors and other outcasts. He helps and believes in all people – religion, race and gender don't come into it.

In our work with the poor, we come across a number of people who demonstrate 'Christ-like' behaviour every day. Some of these people are Christians, some are not. Some are the leaders and staff of our partner microfinance institutions who work in the most isolated, difficult areas imaginable; some are our staff who labour tirelessly to give a voice to the voiceless. Some are our clients who, despite their own circumstances, walk alongside others in their neighbourhoods to help them grow successful businesses, too.

Together, we work to reach out to people in need – religion, race and gender don't come into it.

Rather than focusing on evangelism, discipleship or church planting (roles that other organisations are fulfilling), we see our role as responding to one of Jesus' main messages – to love our neighbour as ourselves. 1 John 3:16 says this: "This is how we know what love is – Jesus Christ laid down his life for us. So, we also ought to lay down our lives for others." Opportunity is trying to answer this call.

What is microfinance?

Small loans are core to microfinance – giving people a tool to start a business and work their way out of poverty. But microfinance is about more than just credit. It involves providing access to all kinds of financial services, including savings accounts, money transfers and insurance, often alongside non-financial services such as business training.

Microfinance empowers people who wouldn't usually qualify for regular banking services because they have no form of collateral, formal identification or regular income.

By helping a mother buy a sewing machine to start a tailoring business or a father to buy seeds to plant a vegetable garden, microfinance enables people living in poverty to earn an income and provide for their families. As each business grows, loans are repaid and lent out again. And with 97% of loans paid back, the cycle continues, year after year. Each successful business feeds a family, employs more people and eventually helps to empower a whole community.

Loans: small, collateral-free loans are used as business capital, allowing people to start small businesses and earn regular incomes. In doing so, microfinance clients are able to provide for their families.

Money transfers: are used for a variety of purposes, such as sending money earned by a person working overseas to their family back home (remittances).

Microinsurance: helps protect people, their assets and their businesses in times of personal emergency or natural disaster.

Savings accounts: provide a safe place to store money – offering clients the freedom to invest in health care, education, housing and their business when the need arises.

Our methodology

Opportunity works through local microfinance institutions in developing countries. This ensures that we understand the needs of people living in poverty in the area and allows us to serve them effectively.

More than loans

While our financial support is key, we don't simply fund the loan portfolio of our microfinance partners. We support the organisation as a whole – helping them with capacity building and the technical aspects of their programs, so that they can provide a range of effective financial products and services. In addition, many of our partners offer non-financial community development services, reaching out to microfinance clients with interventions involving healthcare, education, infrastructure and so on. We understand that microloans on their own are not always enough to lift a person out of poverty and we are committed to helping our partners provide a range of flexible financial and non-financial services to help people leave poverty behind for good.

In regions where poverty is entrenched, the establishment and success of a microfinance institution presents immense challenges. Our technical support allows our partners to refine their operations and reach out to more and more people living in poverty. Without this non-financial support alongside funding, microfinance institutions may struggle to grow or effectively meet the needs of those people living in the area.

How we work



Because of the need: poverty

Close to two out of every five people in the world live in poverty. 2.7 billion people globally struggling to survive on less than US\$2 a day, while 1.4 billion people live on less than US\$1.25 a day – what the World Bank defines as ‘extreme poverty’. Poverty is not a small problem – it is one that requires desperate attention.

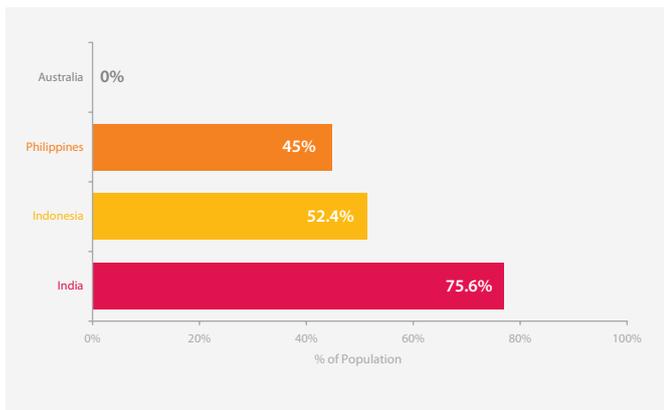
In most poor countries, \$1.25 is enough to get you two simple meals of rice and vegetables. This leaves you with about 10c for everything else in life – shelter, clothing, sanitation, transport and schooling.

What do you do then if someone gets sick? You’re faced with a terrible choice – between going to the doctor and feeding your family.

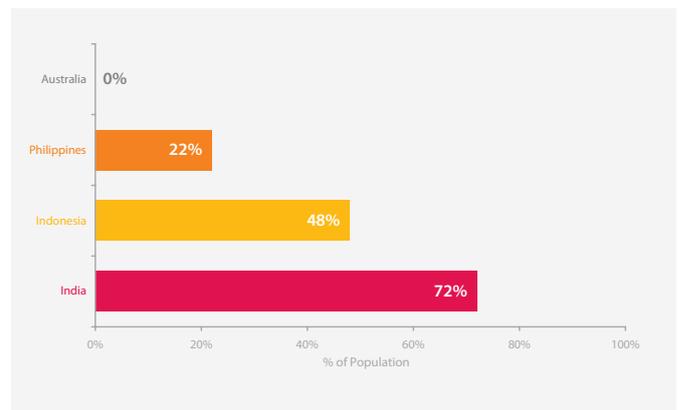
Opportunity has a strong track record of using microfinance to help break the cycle of poverty and empowering people with small businesses they can use to earn incomes and provide for their families.

With your help, we can do even more.

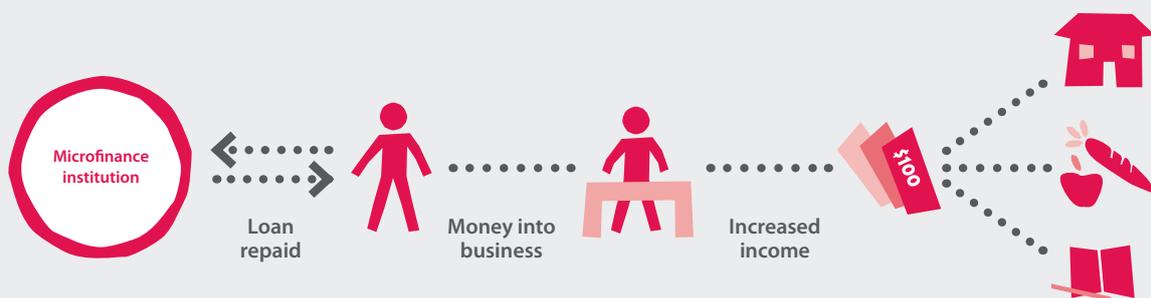
Proportion of population living on less than \$2 a day



Proportion of population without access to adequate sanitation



How microfinance helps break the poverty cycle



The Global Poverty Project

If there were just one reason to solve extreme poverty, it would be for the sake of the 1.4 billion people who live in it.

Opportunity and The Global Poverty Project took to the major cities of Australia in April and May 2010 with a two-week tour of the 1.4 billion reasons for the workplace presentation, hosted by Opportunity and kindly supported by AusAID. Presented by Hugh Evans (CEO of The Global Poverty Project and founder of the Oaktree Foundation) and featuring David Bussau (founder of Opportunity International Australia and Senior Australian of the Year 2008) the interactive and engaging presentation highlighted the raw realities of extreme poverty and illustrated that by making small changes, everyone can be part of the solution.

More than 800 people from workplaces and corporations across Australia attended the nine events, hosted at venues kindly donated by Opportunity's corporate supporters Clayton Utz, PricewaterhouseCoopers, Freehills, Minter Ellison Lawyers, Wallmans Lawyers and NAB.



Hugh Evans presenting 1.4 billion reasons for the workplace.



Because we can make the most of your dollar

The nature of microfinance means that donations to Opportunity International Australia are continually at work.

1. A donation is received

Microfinance provides a business solution to the problem of poverty. By giving out loans instead of hand-outs, Opportunity stewards your donations, making sure that for each dollar you invest in our work with the poor, more than one dollar will end up in the hands of those who need it most.



2. Funds are leveraged

Once received, the funds we send to the field are usually leveraged by our partner microfinance institutions 2.5 times (or more, depending on the country they work in). The funds we provide (thanks to your donations) are used as an indication of financial strength and security – enabling our partners to borrow more money from commercial providers. These combined funds are then available to loan to a larger number of clients, maximising the impact of your initial donation.



3. Recycling takes place

Loans are then recycled, ensuring that your money is continually at work. Opportunity has a loan repayment rate of 97%, meaning that once a client repays their loan, it is then re-lent to someone else. This next loan will also be repaid, re-lent and so on. This recycling effect means that more and more clients are able to start businesses and begin to work their way out of poverty – using what are essentially the same funds. In effect, your gift keeps on giving.



4. Costs are reduced

Leveraging and the recycling of loans means that the one-off costs it takes for Opportunity to run our programs represents a continually diminishing proportion of your donation. As time goes on, the percentage of the initial cost we used to manage the program and provide technical assistance, governance, advocacy, reporting and administration gets less and less. There are no more costs, but your donation remains at work, increasing your impact.



5. Impact is increased

As loan recipients create successful businesses, their business profits will have a ripple effect. With an increased income, a family can begin to afford better food, proper shelter, medical care and an education for their children. Plus, as clients use loans to expand their businesses, many go on to employ others – creating jobs for others in their community and boosting the local economy.



6. A sustainable solution to poverty is developed

Underpinned by sound economics, microfinance is one of the few anti-poverty mechanisms that can become self-sustaining – creating a lasting and cost-effective solution to poverty. Through the multiplier effect outlined above, the power of your donation is magnified, helping more people work their way out of poverty and transform their lives. And for every new donation you make, other people in need are able to take their first step on the pathway out of poverty.



Moving forward in 2011 and beyond

To make sure we have the greatest impact possible, Opportunity aims for all elements in the chain of development to be sustainable – the client and their business, as well as the local partner reaching out to people in need. The need is great and there is much work to be done. In 2011 we aim to build momentum, growing from the strong platform we have established to truly make a difference in people's lives.

Objective: Grow our resources

We will continue to grow our resources to ensure we can continue to reach out to more people in need.

- Raise significant donations from the Australian public, government and corporations.
- Generate new sources of capital to fund our programs.

Objective: Increase our program outreach and develop the depth of our program interventions

We will continue to develop our programs and interventions to ensure they are having the greatest impact possible.

- Strengthen and grow the outreach of our partners in India, Indonesia and the Philippines as they provide valuable microfinance products and related services, lowering effective interest rates and serving the best interests of people in poverty.
- Help distinguish our partners as social (not profit seeking) so they can secure additional funding for their programs from other sources.
- Increase coordination with providers of community development initiatives. While many other institutions only provide microcredit, our partners provide more than credit, including financial literacy, business development training and health education.

Objective: Improve organisational performance

We will conduct our operations in a way that reflects our values, demonstrating accountability and transparency in all that we do, including:

- Maintain organisational strength so that we have the best people doing the best job possible.
- Continue to keep our costs down.
- Continue to ensure good governance locally and globally.



Our supporters

Highlights of 2010

\$9,986,812

the total value of donations made in 2010

2,115

the total number of donors in 2010

160

the number of Ambassadors advocating for Opportunity at the end of 2010

20

centimetres – the size of the 'micro' artworks auctioned at *Operartunity*, a night of opera, art, good food and fundraising in March organised by Sydney Ambassador Dawn Piebenga, raising more than \$13,000



33

the number of people who attended the four 2010 Opportunity Insight Trips to see our programs in India, Indonesia and the Philippines firsthand

5,600

the number of kilometres Geoff Dittrich and the Macro for Micro team cycled from Sydney to Perth over 80 days, raising awareness and more than \$35,000 for Opportunity



6

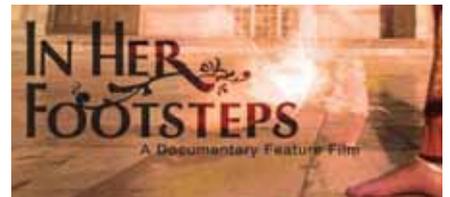
the number of corporate supporters who donated venues for The Global Poverty Project 1.4 billion reasons for the workplace presentations - including PricewaterhouseCoopers, Freehills, Clayton Utz, Minter Ellison Lawyers, Wallmans Lawyers and NAB (read more about The Global Poverty Project on page 23)

12

kilometres – the length of the 'scary swim' Ben Hutt took on from Bondi to Watsons Bay in May, raising \$6,000 to be dollar matched by the foundation of his employer Macquarie Bank

55

the number of In Her Footsteps documentary showings (with voiceover by Channel Nine's Lisa Wilkinson) held in March to raise awareness of poverty in India and how microfinance can help



48

hours – the time the young entrepreneurs competing in July's Business Icon challenge had to raise \$43,000 for Opportunity's programs at three events in Brisbane, Melbourne and Perth. Business Icon was generously supported by one of Opportunity's corporate supporters Silver Chef

3

the anniversary of the annual Brisbane River Walk which this year – thanks to Queensland Ambassador Janet Yeo and team – raised more than \$28,000

Throughout 2010, people right around Australia supported our programs in a variety of ways – with their donations, advocacy, creativity and time. As always, we were inspired by the generosity and kindness of Australians who looked outside their own backyard and recognised the needs of their neighbours around the globe. It is because of this support that we are able to do the work that we do and help families out of poverty.

3,550

metres – the highest point in the Indian Himalayas reached by the nine trekkers taking part in September's Opportunity for India Trek organised by Ambassador Jacqueline Weiley – an adventure that raised \$55,000 for our India program



35

the years since Opportunity founder David Bussau visited Darwin to help rebuild after 1975's Cyclone Tracy – a trip that (as the catalyst for his social entrepreneurship) was celebrated with a series of events in the Northern Territory in November, supported by Ambassadors Bruce March and Ilenna Copley, the Casuarina Uniting Church and Minter Ellison Lawyers

\$305,000

the estimated savings through pro bono support from organisations and corporations such as Clayton Utz, RogenSi, Hewitt, Spectrum Communications, Interesting and Indicium, helping us with everything from IT to human resources

5-8

the percentage of sales donated to Opportunity through transactional giving from the teams behind supporters such as My Grandmother's Kitchen, Love This Moment and Boon Chocolates

\$879,000

funds raised at the three Put Yourself In Her Shoes events held in Brisbane, Melbourne and Sydney in October, generously supported by BHP Billiton nationally, Freehills in Sydney and Minter Ellison Lawyers in Brisbane



\$50

the amount added to 10thousandgirl's microfinance fund with every girl who takes part in their Personal Finance Program, with the aim to raise \$1 million for Opportunity

9

the number of gifts available for purchase in Opportunity's new charity gift catalogue, Something Bigger, launched in time for Christmas 2010



20

the number of groups who took part in 'A Moment in Time', a fundraising photo shoot hosted by Ambassador Heather Thomson in Sydney, which saw a number of photographers generously donate their time to our cause

Governance

To do the work we do, trust and accountability are key. Good governance is a means of staying accountable and remaining worthy of this trust. While our values (see page 20) illustrate the importance of accountability, our Governance Statement outlines how this is maintained.

Opportunity is fully accredited by the Australian Government's Overseas Aid Program (AusAID) and is a member of the Australian Council for International Development (ACFID). We are also a signatory to the ACFID Code of Conduct – a code that defines standards of governance, management, financial control and reporting with which development organisations should comply. Also, while we are not required to, we believe that we should adhere to the standards of good governance expected of Australian Securities Exchange (ASX) listed companies, wherever reasonable and realistic for a not-for-profit organisation. These standards help us assess and maintain our performance. In addition, Opportunity has internal processes to ensure we fulfil our obligations to comply with various state and federal legislation and regulations, and remain up to date with any amendments that impact our operations. Particular areas of focus include the Corporations Act, privacy legislation, occupational health and safety regulations, various state fundraising and charities legislation and employment law.

Taking into account the best interests of all of our stakeholders – including donors, clients, members, volunteers, employees and partner microfinance institutions – our full Governance Statement can be found on our website at www.opportunity.org.au. The following is a summary.

Code of Conduct

The ACFID Code of Conduct identifies mechanisms to ensure accountability in use of public monies and aims to maintain and enhance standards within the industry.

In accordance with the Code and consistent with principles of basic human rights, Opportunity places a high importance on the dignity, values, history, religion, and culture of the people with whom we work. We are a not-for-profit organisation that exists to serve poor people, and we aim to build creative and trusting relationships.

Opportunity is inspired by Jesus Christ's call to serve the poor. We assist people in poverty without regard to ethnicity, gender or religious affiliation. Funds are not used to promote a particular religious adherence. Funds and other resources designated for specific purposes will be used only for those purposes. We oppose, and will not be a knowing party to, wrongdoing, corruption, bribery or other financial impropriety in any of our activities.

Functions of the Board

Ultimate responsibility for the governance of Opportunity rests with the Board. The Board is responsible for the oversight of the organisation, including input into, and approval of, policies, strategic planning and assessment of management capacity. The Board has delegated the responsibility of management, operation and administration to the Leadership Team, with whom it has open access to discuss current and future business issues, risks and strategies.

The functions of the Board include the following:

- input into, and approval of, corporate strategy
- approving and monitoring financial and other reporting, including budgets and financial objectives
- input into, and review of, performance objectives
- approving and monitoring major capital expenditure, investments, loans and grants
- appointing and removing directors, the Chief Executive Officer and the Company Secretary
- reviewing and monitoring internal control and accountability systems
- reviewing codes of conduct and legal compliance
- monitoring management's performance.

Structure of the Board

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with management. The Chief Executive Officer, who is a director, is responsible for implementing strategies and policies.

The structure of the Board is determined in accordance with the following principles:

- The Board is comprised of directors who possess the requisite skills and expertise to fulfil the duties and responsibilities of the position of director
- A review of Board membership occurs annually having regard to the ability of the incumbent directors to continue to provide the requisite expertise
- The number of directors may not be less than seven
- The Chairman of the Board should be a non-executive director
- At least half of the directors should be independent directors (all non-executive directors are considered by the Board to be independent).

The positions of one quarter of the directors (excluding the Chief Executive Officer) will be declared vacant each year at the Annual General Meeting. Apart from a director serving as Chairman, directors cannot serve more than three consecutive terms of three years as a director. No director can hold the position of Chairman for more than two consecutive terms of two years. All non-executive directors provide their services free of charge and do not receive retirement benefits.

The Board regularly reviews its overall performance, as well as the performance of its committees, individual directors and key executives. The Board has established an Appointments and Compensation Committee and an Audit and Risk Committee as an efficient mechanism for the detailed examination of practices in these areas.

Risk management

The Board is responsible for reviewing and overseeing systems of internal control and risk management. In identifying areas of significant operational or strategic risk and putting in place arrangements to manage those risks, the Board relies on the advice and expertise of the Audit and Risk Committee and management.

Our Risk Management Policy provides a framework to ensure financial, operational and management systems support the identification and management of risks. These risks could challenge the achievement of Opportunity's, or our partner organisations', objectives. Opportunity carefully considers external country level risks – political, economic and social – as well as partner and project level risks before starting new work or continuing work in focus countries. Some identified risks in development work include the difficulty for partner organisations to source capital, governance and leadership succession issues, challenges of geographical isolation or environmental instability, regulatory uncertainty and social and political instability.

Risks are identified by examination of operations and activities by management. Risk exposure and control mechanisms are presented to the Board, together with mitigation and improvement strategies. Regular monitoring of risks and risk management is conducted by management and the Audit and Risk Committee.

Our policies

Like any well-governed organisation, Opportunity places great emphasis on ensuring it has appropriate policies and procedures.

Amongst the many we work by, Opportunity has the following policies and procedures in place:

- Privacy policy
- Travel and travel risk management
- Investments, partnerships and program management
- Employee Handbook covering staff conduct, remuneration, training and development
- Conflict of interest.

Beesamma's story

After her husband became ill, Beesamma used a loan of 8,000 rupees (A\$195) to grow a business selling chicken snacks from a street cart in Kurnool, India. "After my husband passed away, I learned how to be independent and strong," she says. With no family to help, Beesamma was forced to provide for her two children on her own. With two more loans, she was able to grow her business and increase her income to 200 rupees (A\$4.90) a day, enough to send her children to school. "My only dream is to see my children get educated. The loan has made things much better," she says.



Choosing our partners

With a mission to provide opportunities for people living in poverty to transform their lives, Opportunity only partners with microfinance institutions that are socially focused.

We seek out local partners that are offering effective, innovative and transparent programs in our focus countries – often in areas where no other, or very few other, organisations are working. When choosing our partners, we consider:

Social mission alignment

Our partners share our values and social objectives, and are unlikely to ‘sell out’ the poor in order to satisfy the financial requirements of fund providers. We look for partners...

- with a primary objective to help people work their way out of poverty
- that work in the poorest, largely unserved regions
- with a market that exhibits a relevant ‘gap’, with conditions that are favourable for microfinance
- with sound future strategies, showing continued intent to help people out of poverty (this avoids a potential ‘mission-drift’)
- that demonstrate commitment to client satisfaction and impact.

Performance and leadership credentials

In order to properly exercise stewardship, we need to see that our partners can operate sustainable businesses. We look for partners with...

- excellent, inspiring leadership
- strong risk management and governance
- a solid operating platform and capable staff
- good financial performance and an ability to manage significant growth
- comprehensive business plans and projections underpinning a sound future
- a history of financial self-sufficiency or, for start-ups, a forecast to be so within two years.

The partnership process

1. Initial partner assessment

If we assess likely mission alignment, we will fund a formal business planning exercise, a step that forms a key input for the next phase of the partnership process – due diligence. In some cases, information obtained in this phase has led to a decision not to proceed with a partnership.

2. Detailed partner assessment

A due diligence exercise is conducted around mission alignment, performance and leadership credentials, together with an assessment of environmental risks. Our Investment Committee then reviews new partnership recommendations and proposals for ongoing support of existing partners, either passing a proposal on to our Board or making a decision not to proceed.

3. Partnership agreements

If Board approval is obtained, normal transaction execution processes are undertaken in the form of alliance, debt and equity agreements (as applicable).

4. Ongoing relationship management

This includes Board meetings, meetings between partners and their relationship managers and monthly reporting by partners of financial and operational performance.

Measuring our impact

Throughout 2010, Opportunity continued with its Social Performance Management (SPM) program, a tool to help us and our partners measure and improve the impact our programs are having in the lives of people in poverty. In the same way, the data from the SPM program will help reassure supporters that their donations are having an impact – helping people out of poverty so they can provide for the needs of their families. A key part of SPM is a survey scorecard, known as the ‘Progress Out of Poverty Index’, that asks clients 10 simple questions, such as whether the household owns a bicycle or moped, what materials the house is made of and what primary energy source is used for cooking. A range of additional indicator questions are also asked, on access to health services, school attendance of children and other factors associated with poverty. Depending on a client’s answers, a microfinance institution can estimate the relative income levels of their clients.

In 2010, six of our microfinance partners in India piloted the program – Shikhar, RGVN-CSP, C-DOT, People’s Forum, GO Finance and Arth. Initial questions about clients’ sources of drinking water and sanitation services illustrated what life can be like for people in poverty in India. A substantial proportion of clients surveyed did not have access to toilets – 48% at C-DOT, 54% at GO Finance and 64% at People’s Forum had no sanitation, while 57% of People’s Forum clients and 67% of RGVN-CSP clients had no tap or even a pump for safe drinking water. When our partners continue to survey their clients over a number of years, they will be able to see the progress out of poverty that clients and their families are making with the help of microfinance services. For example, have they been able to install electricity or proper toilets, lay concrete floors over dirt or send their children to school?

As the microfinance sector continues to evolve, Opportunity aims to ensure that impact remains paramount – that our work is helping people make their way out of poverty, permanently.



Because of Maria and Marta

Sisters Maria and Marta were taught how to weave 'tenunan' (traditional cloth) by their mother. After buying yarns and dyes with a loan of 750,000 rupiah (A\$84) from Opportunity's partner in Indonesia, they can now use their skills to earn an income and look after their families. It takes four days to weave each cloth, which they are able to sell for (A\$56).

Board of Directors 2010

Opportunity is sincerely grateful to our Board of Directors who generously offer their time, experience and expertise to help us with our mission and vision to help people out of poverty permanently.

Chris Sadler

Chairman

BCA, MBA

Director since May 2008

Chris Sadler is a director of Opportunity's Indian subsidiary, Dia Vikas Capital, and a member of the Opportunity International Network Board. He is a non-executive director of Eastern Star Gas Limited and Austock Group Limited, as well as an advisor to Daniels SharpSmart Group and Xchanging plc. Chris also sits on the Board of Alpha International in London and various Alpha Boards in the Asia Pacific region, including China, India, Indonesia, Malaysia, the Philippines and Australia. He has 20 years' experience in the investment banking industry, having worked for JP Morgan, Deutsche Bank and Citigroup.

Robert Dunn

Chief Executive Officer

BA (Hons)

Director since August 2008

Robert Dunn joined Opportunity in November 2006 as Chief Financial Officer, before taking up the position of Chief Executive Officer and director in August 2008. He is also the Chairman of Opportunity's Indian subsidiary, Dia Vikas Capital, a member of the Institute of Chartered Accountants in Australia and a director of Baptist Community Services, a major provider of aged care and community services in NSW and ACT. Prior to joining Opportunity, Robert was the Finance Director with Patrick Corporation for 14 years. He has also worked for Dart Corporation and Price Waterhouse, with postings in London and New York respectively.

Benedict (Ben) Keneally

BEC, LLB Hons1

Director since May 2010

Ben Keneally works as Head of Marketing and Strategy for Better Place Australia, a start-up business focused on supporting the adoption of renewable energy powered electric cars. Ben has worked in leadership and strategy roles in the public and private sector including spending nine years with The Boston Consulting Group and heading the Premier's Delivery Unit in the NSW Public Service.

Edward (Ted) Kerr

BA LLB

Director since May 2006

Ted Kerr is the CEO of The Australian Charities Fund, a not-for-profit organisation that partners with employers and charities to facilitate ongoing community impact through engaged employee giving. Prior to this he had a 32 year career as a lawyer. After working for Sly & Russell and Commonwealth Bank of Australia, he was a partner in the Sydney office of Mallesons Stephen Jaques for 22 years where he specialised in derivatives and consumer credit law.

Graham Leishman

Director since May 2006

Graham Leishman is a director of a number of companies that provide public transport services to the Western Australian and South Australian governments. He also operates a number of retirement villages in south east Queensland and also serves on a number of charitable Boards including Scripture Union Queensland and Youth for Christ Australia. Graham has been a director on the Board of Ormiston College for close to 20 years.

Scott Parry-Jones

Director since February 2008

Scott Parry Jones owns a software company which he founded in the early 1980s. In 2004, he was invited by David Bussau to co-found and direct a ground breaking enterprise development program in the Democratic People's Republic of Korea (North Korea). Scott is also a Board member of Focus on the Family Australia, a council member of his local church and an active mentor.

Connie Ridley

MBA

Director since February 2005

Connie Ridley has a consulting business which utilises her background in finance and securitisation. Connie gives much of her time to assist others – she is a Life Governor for the Royal Children's Hospital Melbourne, Chair of Emerge Women and Children's Support Network and the manager of the Brighton Baptist Student Hostel. Connie also speaks nationally on behalf of women and people living in poverty.

Margaret Towers

CA, FAICD

Director since May 2010

Margaret Towers is a chartered accountant with over 25 years' experience in the Australian finance sector. Margaret was previously with Price Waterhouse and was an Executive Vice President at Bankers Trust Australia. Margaret has been a non-executive director of Platinum Asset Management Limited since 2007 and provides independent consulting services to a number of Australian financial institutions.

Andrew Tyndale

Former Chairman

BCom (Hons)

Director between May 1998 – May 2010

Andrew Tyndale has 25 years' experience in investment banking, the last half as a senior executive at Babcock & Brown, which he left in late 2008 to establish a national aged care organisation. Previously, Andrew worked at Macquarie Bank and the predecessor to UBS. Andrew has served as a director of a number of public companies, including AUSDOC, Biota, Golden Circle and Chandler MacLeod, and the management companies of several publicly listed funds. Andrew is currently a director of Gloria Jean's Coffees.

Suzanne Williams

BSc Hons, LLB, FAICD

Director since May 2010

For the last nine years, Suzanne Williams has been a Senior Client Partner with the international talent management solutions business Korn/Ferry International. Prior to joining Korn/Ferry, Suzanne was the General Counsel and Corporate Secretary for the Sydney Organising Committee for the Olympic Games for five years. Suzanne has also been a partner in a national law firm, and gained Board experience as a director of the Football Federation of Australia and as a Council member of Kambala School.

David Bussau

Founder

David Bussau AM is a pioneer of microfinance, having co-founded the Opportunity International Network. He now provides consultancy services to governments, multinationals and other organisations. David was awarded the Ernst & Young Australian Entrepreneur of the Year in 2003, the ACFID Human Rights Award in 2006, the Beta Gamma Sigma Award for Entrepreneurship in 2007 and was most recently named Senior Australian of the Year 2008.

Our people

As with any development work, Opportunity operates within a challenging environment, and we are grateful to have a team of staff, volunteers and interns who continually go above and beyond as they work in the field and in our offices around the country. We seek to encourage and support the members of our team by providing an open work environment, feedback mechanisms, training and recognition.

Opportunity currently has:

- 21 full time staff in Australia, 2 overseas (India and the Philippines)
- 5 part time staff
- 9 volunteers
- 4 interns.

In 2010, we reviewed our Employee Handbook, covering staff conduct, remuneration, training and development. Opportunity adheres to The Opportunity Way, a team-developed framework outlining who we are and how we operate – our ethics, morals and principles.

2010 also saw two of our full time employees operate from the field. In late 2009, East Asia Director, Mark Daniels and his family relocated to Manila to be closer to our microfinance partners in the Philippines and Strategic Services Director, Chris Murdoch and his family moved to Hyderabad to investigate a range of community development initiatives in India. We are grateful for their dedication to our cause.

Volunteers and interns also made a substantial impact in 2010. Throughout the year, Opportunity volunteers donated more than 10,920 hours of work – providing administrative support, organising fundraising activities, sharing their skills and contributing to our various projects. Whether a university student or industry professional, volunteers enable us to remain great stewards of our resources, increasing our efficiency and ensuring that more funds are put in the hands of those who need it most. We are truly thankful for their contribution.

Strategic Services Director, Chris Murdoch and a microfinance client in India.



Leadership Team (as at 2011)

Opportunity is grateful to have a team of experienced and committed staff working their hardest to help alleviate poverty in the lives of families around the world. Our leadership team is as follows.

Chief Executive Officer **Robert Dunn**

Robert Dunn joined Opportunity in November 2006 as Chief Financial Officer, before taking up the position of Chief Executive Officer and director in August 2008. He is also the Chairman of Opportunity's Indian subsidiary, Dia Vikas Capital, a member of the Institute of Chartered Accountants in Australia and a director of Baptist Community Services, a major provider of aged care and community services in NSW and ACT. Prior to joining Opportunity, Robert was the Finance Director with Patrick Corporation for 14 years. He has also worked for Dart Corporation and Price Waterhouse, with postings in London and New York respectively.

Chief Financial Officer **Stephen Penny**

Stephen Penny joined Opportunity in February 2007. Prior to becoming Chief Financial Officer, he spent 18 months working in the Strategic Services team. A chartered accountant, Stephen worked for PricewaterhouseCoopers for seven years before spending eight years in various audit, operational and fraud senior management positions at NAB and Westpac. Stephen also holds a BSc in Accounting and Business Economics. He joined Opportunity so he could utilise his professional skills in a development capacity. Stephen is also Opportunity's Investment Partnerships Director.

Donor Relations Director **Stephen Robertson**

Stephen Robertson has 20 years' experience in the Australian and global financial services sector, having worked with leading global investment managers such as Citibank, JP Morgan and Rothschild, primarily in fundraising and client communication and relation roles. Most recently, Stephen was an Executive Director with Macquarie Bank where he was the Head of the Investment Lending Division, which provides specialist investment and lending products. With extensive experience in leading teams in Australia and overseas, Stephen has a strong passion for customer service and building long-term sustainable business relationships. He joined Opportunity as Donor Relations Director in July 2010 and also oversees Opportunity's national Ambassador program.

Donor Services Manager **Michelle Taylor**

Michelle Taylor joined Opportunity in July 2007 as a Donor Relations Manager in NSW, before going on to lead the Donor Services department. She also manages Opportunity's national Ambassador program. With qualifications in accountancy, IT and neuro-linguistic programming, Michelle has a wealth of experience in managerial roles, having spent 20 years working in finance, health, energy, transport and information technology. She has also held roles with the Australian government and ran her own consultancy company.

East Asia Director **Mark Daniels**

Mark Daniels has been with Opportunity for 13 years and is currently the East Asia Director. Mark is responsible for managing the East Asia region, mobilising technical, corporate and private donor resource allocations. This includes overseeing project monitoring and evaluation activities. Mark has also undertaken consulting work for some large multinationals, integrating microfinance into their community development programs. Mark is a CPA and previously was employed with Coopers & Lybrand in their Business Recovery and Insolvency Services Division. Mark is currently based in Manila, the Philippines.

India Director **KC Ranjani**

KC Ranjani is a financial services and development specialist with over 20 years of direct implementation and field experience in microfinance. Her experience includes policy development, risk management, market development and managing the conversion of microfinance institutions from non-government organisations into sustainable formal financial institutions. Most recently, Ranjani was the Senior Microfinance Specialist at MicroSave. She has been a Board member of a number of leading microfinance institutions in India, and has also held a number of senior management positions. Ranjani holds a Master of Bank Management and is fluent in three languages. She joined Dia Vikas Capital in 2007 to head up the organisation's national program in India.

In 2010, our Marketing & Communications Director Helen Merrick was nominated in the Telstra Business Women's Awards, becoming one of four finalists for the Telstra Young Business Woman of the Year (NSW) Award. Recognising women whose careers demonstrate the passion, expertise and determination that are needed for success, the awards have been celebrated for 16 years and this year received 4,000 nominations from around the country.

"The awards were a great opportunity to showcase all the amazing women I have met through my work and highlight their inspirational lives and entrepreneurial spirit. As a woman in a developed country, who has had the benefit of the best education, I feel it's important to use the opportunities that come my way to make a difference, and to encourage other women to do the same," she said.

Marketing & Communications Director Helen Merrick

Helen Merrick joined the Marketing & Communications team at Opportunity in November 2006. She currently leads the team as it supports the organisation on a wide range of marketing and communications activities, specifically brand, donor communications, media relations and online. Helen has over 12 years' experience in marketing, sales, publishing and event management both in Australia and the UK. She is also a member of the Telstra Business Women's Network and was recognised as a finalist in the 2010 Telstra Business Women's Awards.

Strategic Services Director Chris Murdoch

Chris Murdoch was Associate Partner of PricewaterhouseCoopers' Global Business Services and led its business strategy practice in Australia and New Zealand prior to joining Opportunity in 2006. He has over 10 years' consultancy experience in strategy development and implementation, and was a leader in the application of high technology to the road transport industry. Chris leads the Strategic Services department, which provides market participation and intelligence to Opportunity and facilitates the provision of technical services to microfinance institutions in Asia. Chris is currently based in Hyderabad, India.

Loan officer profile

Melsi:
TLM, Indonesia

Driving through chaotic and corrugated roads, Melsi swerves through traffic on her scooter to visit TLM clients located throughout Kupang and its surrounding communities.

Melsi, 20, began working as a loan officer for TLM in 2009 and now oversees 180 group clients and 10 individual clients.

Melsi graduated from senior high school in Kupang in 2008. She then helped her parents at home on their small farm before starting work at TLM a year later. Proud of the clients she serves, Melsi believes that offering women microfinance helps enable equality within local communities.

She often works overtime to see her clients, visiting them after hours so they don't have to close their businesses to meet with her. She is doing what she can to help make their small businesses a success.

Today, she rents a simple room in Airnona Village, located much closer to her work in Kupang than her home town, Naikliu Village. Though she misses her family, the income she earns not only provides for her needs, but their needs, also – Melsi is helping to pay for her brothers and sisters to go to school so their futures can be bright, too.



A letter from David Bussau

Opportunity International Australia Founder

Dear Opportunity International Global Family

It is my privilege to extend my heartfelt congratulations to everyone in Opportunity, both past and present members of what is and has been an incredible journey over the past 40 years. You all have ushered Opportunity through its challenges and victories, through many uncharted paths and newly discovered roadways. As a result of your courage and innovation, Opportunity has reached heights greater than the founders could have ever dreamed. The lives that have been changed in the many countries that we work in are nothing short of miraculous. I am honoured to be counted as one among you, privileged to be part of many life-changing experiences, and thrilled to be celebrating 40 years of working with Opportunity to make a difference in the lives of our partners.

Opportunity has been the single stone cast in the waters of chaos and poverty causing ripples of change throughout the world. May the ripples continue, may they spread farther and wider. May Opportunity stand as a model for innovation and true and lasting change. I stand with all of you, hand in hand, arm in arm and in absolute faith, I believe that Opportunity will be a formidable wall that will stem the tide of loss, loneliness, hopelessness and poverty.

Congratulations team, you have been good and faithful servants.

Warmly



David Bussau

Opportunity International Australia Founder



Review of operations

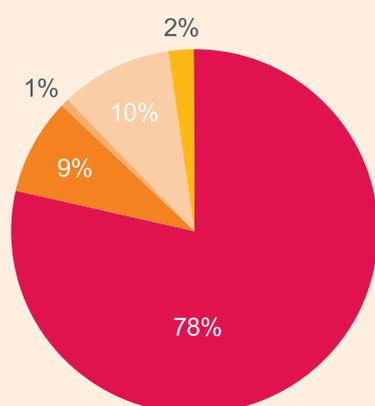
For the year ended 31 December 2010

During 2010 revenue grew to \$13,387,000. This was a pleasing result for the year to see a 57% increase in revenue as compared to the prior year. Operating expenses (including grants to overseas projects and excluding foreign exchange losses and impairment expense) were \$8,529,000 in 2010 (\$7,836,000 in 2009). The operating surplus for the year was \$4,600,000 (2009 deficit: \$897,000).

The ratio of fundraising expenses to gross proceeds from fundraising reduced considerably to 18% in 2010 (29% in 2009).

Expenditure was incurred through funds disbursed for overseas projects of \$4,230,000 and fundraising costs of \$1,869,000. Costs on overseas projects included funds sent to our partners in the form of grants as well as the direct costs of the Group in managing overseas projects. In 2010 Opportunity launched a community education project in conjunction with The Global Poverty Project in Australia, costing \$96,000.

How funds were spent



- Funds to international programs (including debt and equity)
- Program support costs
- Community education
- Fundraising costs
- Accountability and administration

In 2010, \$12,571,000 was distributed during the year to our India program. This has helped to grow the program, where Opportunity now has 19 microfinance partners, serving more than 1.5 million clients. Despite some negative media in India around microfinance in the second half of 2010, Opportunity is continuing to invest in socially-focused microfinance partners. Opportunity welcomes the potential increased regulation on microfinance in India, with hopes it will refocus the sector on the social aspect of microfinance and the needs of those living in poverty.

Equity and debt investments are not accounted for through the Statement of Comprehensive Income as when they are disbursed, they are recorded in the Group's balance sheet as assets. During 2010 Cordaid, a Dutch social fund, invested \$3.1m in Dia Vikas Capital; Opportunity's subsidiary in India. Cordaid invested at the same terms as Opportunity. This is a positive reinforcement of the good work that Dia Vikas is undertaking. Agni Trust, a local Indian Trust, also purchased shares in Dia Vikas during the year.

It is part of the Group's strategy to work alongside a small number of organisations who work on initiatives other than microfinance that benefit the clients of our microfinance partners. In 2010, Opportunity provided \$457,000 in angel capital to 4BHealthcare, which currently manages two hospitals for the poor in Guwahati and Nandyal. These hospitals are in the locations of two of the Group's microfinance partners, RGVN-CSP and Saadhana.

A finance charge of \$341,000 was incurred as a write down of loans made to our microfinance partners in India relating to discounting the future value of cash flows from the loans. This arose primarily where the Group lent to its partners at below market rates.

Loans to partners and equity assets grew from further disbursements made to partners during the year. Overall reported net assets increased due to the net surplus generated during the year.

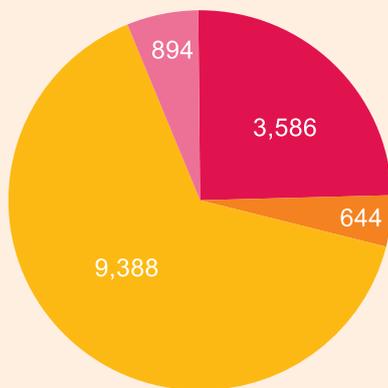
Currency losses of \$909,000 have been incurred through the translation of foreign currency assets to Australian dollars. The foreign currency translation reserve balance at 31 December 2010 was a deficit of \$3,170,000. This represents the revaluation of the net assets of our Indian subsidiary to Australian dollars at year end.

During the year the Group made significant advances in building our microfinance capability in India, where 76% of people live below the poverty line*. This included:

- Growing to 19 microfinance institution partnerships, serving more than 1.5 million clients, continuing to work across many regions of India and varying in size from microfinance partners with 7,400 clients to those with over 470,000 borrowers.
- Distributing \$10,282,000 to various partners in India in the form of equity and debt.
- Continuing to provide extensive technical support to our partners around areas such as IT assistance, risk management and assisting partners to obtain further funding from other sources.
- Closely monitoring the performance of our partners, both from a social performance perspective and a financial perspective.

*Source: UN Human Development Report 2009

2010 Nature of Disbursements \$000



- Grants & Technical Support
- Program Establishment & Management
- Loans
- Equity

The positive nature of our investments in partners in India was reflected in our share of profits in associates of \$264,000 in 2010 (\$276,000 in 2009), reflecting the general good financial performance of our partners.

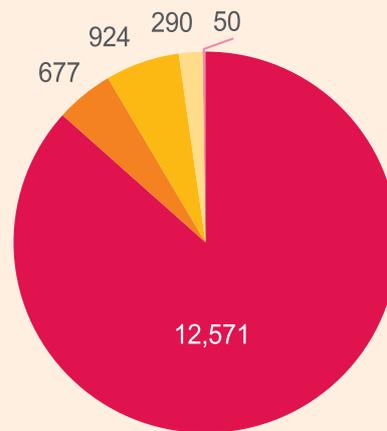
The Philippines and Indonesia are also important countries in relation to the Group's work. We continue to help our partners' better respond to the changing needs of their clients. These needs are not homogenous and a 'one product fits all' approach rarely provides the optimal solution. The financial service needs of people living in poverty are diverse and complex; incomes are not only low but they are irregular and uncertain.

In the last year, Opportunity has continued to focus its support on developing client led approaches that fundamentally orientate our partners to concentrate on researching and responding to the customer needs and the demands of existing and different market segments.

This re-engineering is complex and time intensive but the client-focused approach is good for low-income clients who will ultimately receive more appropriate products, communicated and delivered in a high quality and cost-effective manner.

Some of the features which are appealing to the clients of our partners from the product redesign include; flexible repayment options, faster disbursement times, reduced paperwork, flexible savings, shorter meeting times, the removal of the group guarantee, early termination of loans and higher average loan sizes.

2010 Destination of Disbursements \$000



- India
- Indonesia
- Philippines
- China
- Other

In 2010 Opportunity continued to work closely with OK Bank to consolidate the merger between Kauswagan Bank and Opportunity Microfinance Bank. During the year the focus was on refining and resolving legal, operational and regulatory issues. The Bank is focused on savings mobilisation and is targeting Individual Lending and Small Enterprise market segments. The bank is expected to return to profitability in 2011 after a difficult transition year in 2010.

In Indonesia, at TLM, a partnership was established with the Ford Foundation to pilot a mobile banking program which will enable financial access to some very poor and remote villages in West Timor, where 80% live below the poverty line. This is an exciting initiative in addition to the solid growth in 2010, where TLM added an additional 10,000 clients.

The Parent also disbursed \$290,000 to assist Opportunity International China in its expansion of microfinance operations.

Financial overview

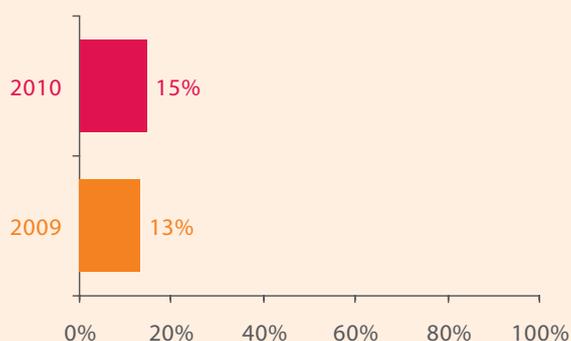
Five year averages

In 2006, Opportunity International Australia received larger than normal donations – funds specifically committed to launching our India Program. In the last three years sizeable flows of funds to our Indian microfinance partners occurred. With these large cashflows, performance ratios focusing on only one of these calendar years could present abnormal results.

Analysing ratios over a five-year period gives a clearer picture of our underlying performance and cost management. The key ratios for the five years to 2010, and to 2009 in comparison, are shown below.

Fundraising Ratio

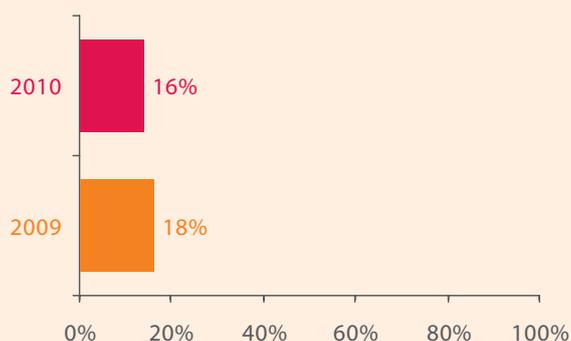
The Fundraising Ratio represents how much of each dollar raised is spent in raising that dollar. For the five years to 2009, and to 2010, this ratio was satisfactory and was impacted by the large level of donations in 2006 which may not recur.



Definition: Fundraising Ratio is the ratio of expenses associated with fundraising appeals to fundraising revenue.

Fundraising & Administrative Ratio

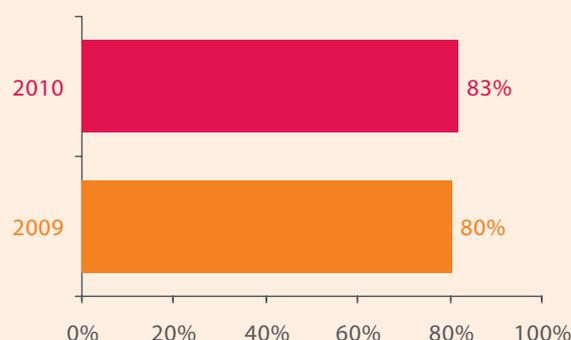
To provide a picture of the level of non-program spend, Opportunity International Australia uses a Fundraising & Administration ratio. This identifies how much of each dollar raised is spent in administration and in raising that dollar. This ratio has also been steady and at satisfactory levels.



Definition: Fundraising & Administrative Ratio is the ratio of the sum of expenses associated with fundraising appeals and administrative expenses to total revenue.

Field Operations Efficiency

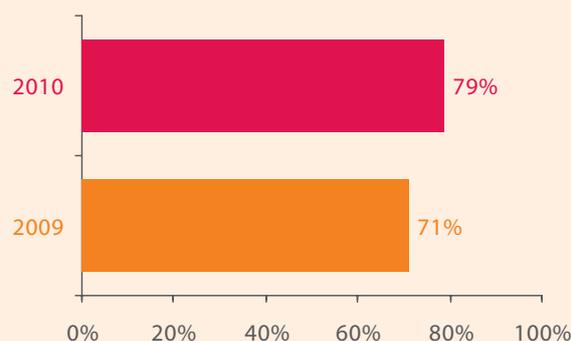
This shows how much of total expenditure is spent on programs in developing countries. The results for 2009 and 2010 reflect our funding for Indian field projects.



Definition: Field Operations Efficiency is the ratio of the cost of services to total expenditure. Cost of services includes funds sent to, and technical assistance provided to, implementing partners (whether as grant, loan or equity). It also includes costs of monitoring and evaluating such programs. Total expenditure includes funds sent to implementing partners and other operating expenses (excluding currency losses).

Field Operations Ratio

This shows how much of revenue received is spent on programs in developing countries. In 2010 significant flows of retained funds were disbursed to our Indian microfinance partners.



Definition: Field Operations Ratio is the ratio of the cost of services to total revenue. For the definition of cost of services refer to "Field Operations Efficiency".

Income Statement

For the year ended 31 December 2010

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Revenue				
Donations and gifts – monetary	9,986	5,382	9,986	5,382
Grants – AusAID	1,051	1,047	1,051	1,047
Investment income	1,680	1,269	223	239
Other income	670	822	77	327
Total revenue	13,387	8,520	11,337	6,995
Expenses				
International programs				
Funds to international programs	4,230	3,692	3,083	2,802
Program support costs	1,591	1,391	1,591	1,391
Community education	96	-	96	-
Fundraising costs				
Public	1,789	1,512	1,789	1,512
Technical grants	51	46	51	46
Events expenses	29	73	28	72
Accountability and administration	402	399	402	399
Non-monetary expenditure	531	2,272	3,975	2,753
Total expenditure	8,719	9,385	11,015	8,975
Excess/(shortfall) of revenue over expenditure	4,668	(865)	322	(1,980)
Tax expense	68	32	-	-
Net surplus/(deficit)	4,600	(897)	322	(1,980)
Net surplus/(deficit) attributable to:				
Minority interests gain/(loss)	14	(9)	-	-
The Parent	4,586	(888)	322	(1,980)
Net surplus/(deficit) for the period	4,600	(897)	322	(1,980)

Note: Some items in the income statement have been reclassified from the prior year to comply with the revised format required by the ACFID Code of Conduct and to provide greater transparency with the new format.

Opportunity International Australia had no transactions and therefore zero balances in the following categories: Non-monetary donations and gifts, bequests and legacies, revenue for international welfare, political or religious proselytisation programs, non-monetary expenditure, expenditure for international welfare, political or, religious proselytisation programs and domestic programs expenditure.

Balance Sheet

For the year ended 31 December 2010

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Assets				
Current assets				
Cash and cash equivalents	8,824	8,822	4,741	2,150
Trade and other receivables	6,470	2,754	291	1,230
Other current assets	47	244	36	89
Total current assets	15,341	11,820	5,068	3,469
Non-current assets				
Trade and other receivables	9,402	10,323	-	-
Investments in subsidiaries	83	-	23,835	24,944
Investments in associates	8,174	5,859	-	-
Other financial assets	955	1,042	955	1,042
Property, plant and equipment	885	114	138	101
Total non-current assets	19,499	17,338	24,928	26,087
Total assets	34,840	29,158	29,996	29,556
Liabilities				
Current liabilities				
Trade and other payables	418	451	368	258
Provisions	43	43	43	43
Total current liabilities	461	494	411	301
Non-current liabilities				
Provisions	93	85	93	85
Total non-current liabilities	93	85	93	85
Total liabilities	554	579	504	386
Net assets	34,286	28,579	29,492	29,170
Equity				
Accumulated funds	35,568	30,981	29,492	29,170
Reserves	(3,142)	(2,233)	-	-
Minority interests	1,860	(169)	-	-
Total equity	34,286	28,579	29,492	29,170

Note: Some items in the balance sheet have been reclassified from the prior year to comply with the revised format required by the ACFID Code of Conduct and to provide greater transparency with the new format.

Opportunity International Australia had no transactions and therefore zero balances in the following categories: inventories, assets held for resale, investment property, intangibles, other non-current assets, borrowings and other financial liabilities.

Statement of changes in equity

For the year ended 31 December 2010

	Translation Reserve	Statutory Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
2010 Consolidated \$'000						
Balance as at 1 January 2010	(2,172)	31	30,981	28,840	(261)	28,579
Total comprehensive income						
Profit or loss	-	-	4,586	4,586	14	4,600
<i>Other comprehensive income</i>						
Foreign currency translation differences	(1,588)	-	-	(1,588)	(867)	(2,455)
Total comprehensive income for the period	(1,588)	-	4,586	2,998	(853)	2,145
<i>Changes in ownership interests in subsidiaries that do not result in a loss of control</i>						
Acquisition of non-controlling interest	-	-	-	-	3,562	3,562
Total transactions with owners	-	-	-	-	3,562	3,562
Balance as at 31 December 2010	(3,760)	31	35,567	31,838	2,448	34,286
2009 Consolidated \$'000						
Balance as at 1 January 2009	1,262	(4)	31,904	33,162	13	33,175
Total comprehensive income						
Profit or loss	-	-	(888)	(888)	(9)	(897)
<i>Other comprehensive income</i>						
Foreign currency translation differences	(3,434)	-	-	(3,434)	(265)	(3,699)
Total comprehensive income for the period	(3,434)	-	(888)	(4,322)	(274)	(4,596)
<i>Transactions with owners, recorded directly in equity</i>						
Transfer of profit to statutory reserve	-	35	(35)	-	-	-
Total contributions by and distributions to owners	-	35	(35)	-	-	-
Balance as at 31 December 2009	(2,172)	31	30,981	28,840	(261)	28,579
2010 Parent \$'000						
Balance as at 1 January 2010	-	-	29,170	29,170	-	29,170
Total comprehensive income						
Profit or loss	-	-	322	322	-	322
<i>Other comprehensive income</i>						
Total comprehensive income for the period	-	-	322	322	-	322
Balance as at 31 December 2010	-	-	29,492	29,492	-	29,492
2009 Parent \$'000						
Balance as at 1 January 2009	-	-	31,149	31,149	-	31,149
Total comprehensive income						
Profit or loss	-	-	(1,979)	(1,979)	-	(1,979)
<i>Other comprehensive income</i>						
Total comprehensive income for the period	-	-	(1,979)	(1,979)	-	(1,979)
Balance as at 31 December 2009	-	-	29,170	29,170	-	29,170

Statement of cash flows

For the year ended 31 December 2010

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Cash flows from operating activities				
Receipts from donors and grantors	11,079	6,469	11,079	6,469
Payment for programs and employees	(8,089)	(7,953)	(5,951)	(6,312)
Interest received	1,680	1,270	223	240
Other income	118	-	35	-
Net cash generated by/(used in) operating activities	4,788	(214)	5,386	397
Cash flows from investing activities				
Investment in subsidiary	-	-	(2,674)	(9,916)
Investment in associates	(883)	(3,514)	-	-
Payment for plant and equipment	(882)	(18)	(126)	(9)
Net cash generated by/(used in) investing activities	(1,765)	(3,532)	(2,800)	(9,925)
Cash flows from financing activities				
Proceeds from issue of shares	3,563	-	-	-
Loans to implementing partners	(9,388)	(9,124)	-	(200)
Repayment of loans from implementing partners	2,897	2,073	98	-
Net cash generated by/(used in) financing activities	(2,928)	(7,051)	98	(200)
Net increase/(decrease) in cash held	95	(10,797)	2,684	(9,728)
Cash at the beginning of financial year	8,822	20,749	2,150	13,007
Effects of exchange rate changes on balance of cash held in foreign currencies	(93)	(1,130)	(93)	(1,129)
Cash at the end of financial year	8,824	8,822	4,741	2,150

Notes to the summarised financial report

Cash movements for designated purposes for the year ended 31 December 2010. Movement of cash received or asset held for specific purposes that is 10% or more of total revenue for the year are as follows:

Specific purpose or appeal	Available at start of year \$'000	Raised during year \$'000	Disbursed during year \$'000	Available at end of year \$'000
2010 Consolidated				
Microfinance programs in India	5,929	10,364 ²	13,293 ³	3,000
TLM Growth Program	283	882	874	291
Philippines Reform Program	18	445	118	345
Total movements for specific purposes	6,230	11,691	14,285	3,636
Total for other purposes	2,592	7,646	5,050	5,188
Total cash	8,822	19,337	19,335	8,824
2009 Consolidated				
Microfinance programs in India	19,558	2,271	15,900 ²	5,929 ²
TLM Growth Program	108	877	702	283
Philippines Reform Program	234	306	522	18
Total movements for specific purposes	19,900	3,454	17,124	6,230
Total for other purposes	849	4,283	2,540	2,592
Total cash	20,749	7,737	19,664	8,822

² Includes capital injection from Cordaid and Agni Trust of \$3,560,000. ³ Includes net loss on foreign currency translation of \$93,000 (2009: loss of \$1,128,000).

Notes to the summarised financial report

Information and declarations to be furnished under the Charitable Fundraising Act 1991 for the year ended 31 December 2010

	Consolidated 2010 \$'000	Consolidated 2009 \$'000	Parent 2010 \$'000	Parent 2009 \$'000
Details of aggregate gross income and total expenses of fundraising appeals:				
Gross proceeds from fundraising appeals	10,028	5,422	10,028	5,422
Less expenses associated with fundraising appeals				
Public	1,789	1,512	1,789	1,512
Events expense	29	73	28	72
Gross expenses associated with fundraising appeals	1,818	1,585	1,817	1,584
Net proceeds from fundraising appeals	8,210	3,837	8,211	3,838
Statement outlining the manner in which the net surplus was applied:				
Funds spent on the delivery of overseas projects	1,591	1,391	1,591	1,391
Funds spent on administration	402	399	402	399
Funds sent, or committed to send, direct to partners	6,217	2,047	6,218	2,048
Application of net proceeds from fundraising appeals	8,210	3,837	8,211	3,838

Appeals conducted during 2010 were for projects in India, Indonesia and the Philippines. Proceeds from fundraising appeals do not include grants from AusAID or other Australian Government sources or other non-operating income.

	Consolidated 2010	Consolidated 2009	Consolidated 2008	Parent 2007
Gross expenses associated with fundraising appeals <i>divided by</i> Gross proceeds from fundraising appeals	18%	29%	35%	28%
Net proceeds from fundraising appeals <i>divided by</i> Gross proceeds from fundraising appeals	82%	71%	65%	72%
Total costs of services <i>divided by</i> Total expense from ordinary activities	67%	54%	88%	49%
Total costs of services <i>divided by</i> Total revenue from ordinary activities	43%	60%	66%	56%

Total costs of services is derived from funds sent to projects and the cost of delivering those projects. It does not include funds disbursed to implementing partners by way of debt or equity.



**Independent auditor's report to the members of Opportunity International
Australia Limited**

We have audited the accompanying summarised financial report of Opportunity International Australia Limited comprising the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and related summarised notes which was derived from the financial report of Opportunity International Australia Limited for the year ended 31 December 2010. We expressed an unmodified auditor's opinion on that financial report in our auditor's report dated 12 April 2011.

The responsibility of directors' for the summarised financial report

The Directors are responsible for the preparation and presentation of the summarised financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised financial report based on our procedures, which were conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements.

Auditor's opinion

In our opinion, the information reported in the summarised financial report is consistent, in all material respects, with financial report from which it was derived. For a better understanding of the scope of our audit, this auditor's report should be read in conjunction with our audit report on the financial report.

KPMG

KPMG

Madeleine Mattera
Partner

Sydney

12 April 2011



Opportunity International Australia is committed to ethical practice and increasing transparency, accountability and sustainability. It is fully accredited by the Australian Government's Overseas Aid Program (AusAID). Donations over \$2 are tax-deductible. Opportunity is a member of the Australian Council for International Development (ACFID) and is a signatory to the ACFID Code of Conduct.

Opportunity exists to provide opportunities for people living in poverty to transform their lives. With 40 years' experience in microfinance and support services, we use a business approach to solve poverty. Rather than a hand-out, we provide our clients with a loan as small as \$100 to help grow their small business. This enables them to earn an income and afford food, water, shelter and an education for their children. Motivated by Jesus Christ's call to serve the poor, we believe in the potential of people regardless of their gender, ethnicity or religious affiliation.

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